



**PHA FOUNDATION  
MINISTRY OF HOUSING & WORKS**

**NO. PHA-F/9<sup>th</sup> –Board Meeting/2013/205  
August 22, 2013**

**SUBJECT: MINUTES OF 9<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS (BOD)  
OF PHA FOUNDATION.**

I am directed to enclose copy of approved minutes of 9<sup>th</sup> meeting of the BoD of PHA Foundation which was held on July 31, 2013 at 1030 hours in the Committee Room of Ministry of Housing & Works.

  
**(Tariq Mahmood Bhatti)  
Acting Company Secretary**

**Distribution:**

- |                                                                                                    |                                                                                            |
|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| 1. Mr. Barrister Usman Ibrahim,<br>Honorable Minister of State,<br>for Housing & Works, Islamabad. | 2. Mr. Naveed Akram Cheema,<br>Secretary, M/o Housing & Works,<br>Islamabad.               |
| 3. Mr. Liaquat Munir Rao,<br>FA (Works) / Joint Secretary,<br>Finance Division, Islamabad.         | 4. Mr. Mian Masood Akhtar,<br>Director General,<br>PAK PWD, Islamabad.                     |
| 5. Mr. Tariq Mahmood Pirzada,<br>Director General (FGEHF),<br>Islamabad                            | 6. Mr. Aurangzeb Maral,<br>Deputy Secretary (Admin)<br>M/o Housing and Works,<br>Islamabad |

**C.C.**

1. PS to MD/ Chief Executive Officer, PHA Foundation, Islamabad.
2. All Directors, PHA Foundation.



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for Housing & Works, Islamabad. *23/8/13*
2. Mr. Naveed Akram Cheema,  
Secretary, M/o Housing & Works,  
Islamabad. *23/8*
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4. Mr. Mian Masood Akhtar,  
Director General,  
PAK PWD, Islamabad. *23/08/13*
5. Mr. Tariq Mahmood Pirzada,  
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Islamabad. *23-8-13*
6. Mr. Aurangzeb Maral,  
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NO. PHA-F/9<sup>th</sup> -Board Meeting/2013/  
August 02, 2013

**SUBJECT: 9<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS (BOD) OF PHA FOUNDATION.**

9<sup>th</sup> meeting of the Board of Directors of PHA Foundation was held on July 31, 2013 at 1030 hrs in the Committee Room of Ministry of Housing & Works under the Chairmanship of the Honorable Minister of State for Housing & Works.

2. Draft minutes/ decisions of the meeting are submitted for perusal and approval of the Honorable Chairman, PHA Foundation please.

Office of the MOS for Housing & Works  
Islamabad  
Dy. No. 1688  
Dated: 2/8/13

*(Signature)*  
21/8/13  
(Tariq Mahmood Pirzada)  
Managing Director

Secretary Housing & Works

Minister of State for Housing & Works/ Chairman  
PHA Foundation Board.

*In future delay in approval  
of projects be avoided.*

*(Signature)*  
20/8/13

*The terms of Contract of  
Engineer for Kurri Road  
Project should have been  
mentioned as decided  
in meeting.*

*MM  
2/8  
AD/ces*

Secretary Housing & Works  
By No. 1688  
Date: 2/8/13

*STW.*  
*(Signature)* 20/8  
*(Signature)* 20/8/13



**LIST OF AGENDA ITEMS FOR 9<sup>TH</sup> BOARD MEETING OF PHA FOUNDATION**

**SCHEDULED TO BE HELD ON JULY 29, 2013**

<b>AGENDA ITEM NO.</b>	<b>SUBJECT</b>	<b>PAGE NO.</b>
<b>1</b>	CONFIRMATION OF MINUTES OF 8 <sup>TH</sup> BoD MEETING	<b>1</b>
<b>2</b>	COMPLETION OF 07 STALLED PROJECTS	<b>2-6</b>
<b>3</b>	RESTORATION OF CANCELLED APARTMENTS	<b>7</b>
<b>4</b>	PROGRESS OF DEVELOPMENT WORK AND STAGGERING OF INSTALLMENT KURRI ROAD HOUSING SCHEME	<b>8</b>

**MINUTES OF THE 9<sup>TH</sup> BOD MEETING OF PHA-FOUNDATION HELD ON 31<sup>ST</sup> JULY, 2013 AT COMMITTEE ROOM OF THE MINISTRY OF HOUSING & WORKS**

The meeting started with the recitation of the Holy Quran by Secretary Housing & Works. MD PHA-Foundation gave a detailed briefing to the members of the Board regarding decisions of the 8<sup>th</sup> Board meeting held on 09-07-13 and a quick recap on the implementation of the decisions of previous Board meetings was shared with the members of the Board.

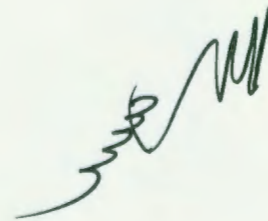
**AGENDA ITEM NO.1**

**CONFIRMATION OF MINUTES OF 8<sup>TH</sup>BoD MEETING**

The Managing Director/ Chief Executive Officer, PHA Foundation briefed the Board and stated that minutes of the previous meeting held on 9<sup>th</sup> July, 2013 were circulated among the members. However, no objection has been raised/received; therefore, the Board may confirm the minutes of the 8<sup>th</sup>BoD meeting.

**DECISION:**

**The minutes were confirmed unanimously.**





COMPLETION OF 07 STALLED PROJECTS

The matter of decision on report submitted by DG, Pak-PWD on cost & time overrun on 07 stalled PHAF projects was placed before 7<sup>th</sup> PHAF Board meeting held on 7<sup>th</sup> February, 2013 and it was decided that:-

**“Since the matter is under inquiry in FIA so PHA Foundation should wait till the said inquiry is finalized.”**

The FIA has recently completed the investigations and finally closed the inquiry vide their letter No. FIA/SIU/E-11/2013/489 dated 18-4-2013.

BRIEF HISTORY OF THE CASE

Following 07 stalled projects as per below details were launched under the Prime Minister’s Housing Programme that was announced on floor of the House on March 29, 2008.

DETAILS OF PROJECTS

S N	Name of Work	No. of Apartments	Original Bid Cost (In million)	Revised Bid Cost (In million)	Date of Start	Date of Comp	Physical progress
1	C-Type apartments G-11/3 Islamabad	208	387.520	554.067	Nov, 2008	Nov, 2010	97%
2	E-Type apartments G-11/3 Islamabad	400	548.030	857.496	Nov, 2008	Nov, 2010	90%
3	Infrastructure Work	-	184.990	257.808	Jun, 2010	Jun, 2011	74%
4	D-Type apartments G-10/2 Islamabad	368	635.500	881.158	Aug, 2008	Aug, 2010	82%
5	D-Type apartments Wafaqi Colony Lahore	60	99.830	149.695	Jan, 2009	Jan, 2010	88%

6	E-Type apartments Wafaqi Colony Lahore	60	83.72	124.399	Jan, 2009	Jan, 2010	88%
7	Shops near UET Lahore	11	10.400	14.862	Jun, 2010	Jun, 2011	82%

2. The Consultants for these projects were engaged from list of already pre-qualified consultants and were asked for planning, designing and preparation of Tender documents on emergent basis in the shortest possible time.

3. Because of short period of time several design parameters and pre-requisites were developed on the basis of assumptions/ thumb rules, which later on proved wrong when actual design based on actual soil tests reports and contours of land were carried out.

4. The planning/ designing of schemes without actual soil test reports and surveys of area resulted in increase of cost of work which ultimately led PHAF to bear an increase of cost to the extent of an average of 45% over original bid cost besides delay in completion period.

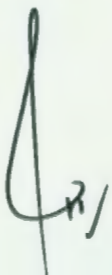
#### VARIOUS INQUIRIES CONDUCTED TO INVESTIGATE TIME & COST OVERRUN

5. In October, 2011, in order to approve the increased cost of work all the consultants submitted details of Revised Estimates and tried to justify the excesses and time overrun of their respective projects.

6. These Revised Estimates (37.77% above the original bid cost) were then placed before the competent forum in its 28<sup>th</sup> Authority meeting held on 21-10-2011 under the Chairmanship of Makhdoom Faisal Saleh Hayat, the then Federal Minister for Housing & Works for approval of excess quantities and time over run to proceed ahead with completion of works. However the BoD constituted a technical committee to probe into reasons for time & cost overrun headed by Mr. Ali Akbar Shaikh, the then Dy. Project Director (P&D) Cell, Ministry of Housing & Works. Afterwards 03 more committees were constituted at different times by Ministry of Housing & Works. The brief of the fact finding committees and their recommendations is annexed as **Annex-I** for kind perusal of the Board.



7. The report of Ali Akbar Sheikh was submitted and presented to 29<sup>th</sup> Board meeting on January 03, 2012 at Lahore however the report was not found comprehensive and as such the Federal Minister directed to and appointed Mr. Sikander Hayat Makean, Project Planning & Monitoring Cell on January 09, 2012 to conduct fact findings inquiry with TORs as detailed on **Annex-I** Page 3&4 of report attached from S No. (i) to (xv). Mr. Sikandar Hayat Makan completed report and submitted to the 1<sup>st</sup> PHAF Board meeting on March 08, 2012, however after detailed discussion and deliberation by the Board, it was again decided to constitute a new technical committee comprising of Mr. Abdul Jabbar Malano, Director (Engineering) PHA Foundation, Mr. Momen Ali Shah and Mr. Safdar Ali, SE Pak PWD on March 20, 2012 with the TOR to probe the points and allied matter raised in the report submitted by Mr. Sikandar Hayat Makan with regard to cost and time overrun. On completion of fact findings report by committee headed by Mr. Abdul Jabbar Malano, it was presented before the 3<sup>rd</sup> PHAF Board meeting held on May 18, 2012 under the chairmanship of Mr. Faisal Saleh Hayat the then Federal Minister. The chair expressed dissatisfaction on the above inquiry report and pointed out that the report has not been concluded. The committee was again directed to revisit the report and give comprehensive and conclusive recommendations in terms of what, went wrong and where it went wrong and who were the responsible for same. The revisited report was submitted to 4<sup>th</sup> BoD meeting held on July 17, 2012 and after detailed discussions the Board directed to refer the matter to FIA for further investigations and taking actions as per law against those found responsible. The Board further directed to specific terms of references (TOR) may be developed in the light of early inquiry to facilitate the FIA in the early finalization of the investigations. Later on during 5<sup>th</sup> Board meeting held on September 27, 2012, the BoD considered the previous three inquiries findings and recommended to constitute a new inquiry committee headed by Deputy MD PHAF and associated by DG Pak PWD and one Engineer from NC and one Engineer from PHAF. The mandate of inquiry committee was to examine previous two inquiries reports and submit the report containing specific recommendations regarding fixing of responsibility and future action. The committee would be also ascertained and certify that over payment made to the contractor are due to variations in BOQ's and work on ground commensurate with the payment already made and bills which have been submitted for payment.



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8. Subsequently in the 4<sup>th</sup>BoD meeting held on July 17, 2012, the matter of excess of BOQ quantities/cost and time was referred to FIA for further investigations and report thereof.

9. The FIA after carrying out investigations has submitted its report on 18-4-2013 and has closed the inquiry(**Annex-II**).

10. Consequently on 24-4-2013 all the Consultants were again approached to submit the updated Revised Estimates, if any, with tentative time of completion. As per submitted Estimates it has been found that Rs. 889.494 million for Civil & E/M works (which is an average of 45% over original bid cost) is excess over the original bid amount for the 07 stalled projects. (List of consultants and contractor attached as **Annex-III**)

11. As directed by the BOD in the 8<sup>th</sup> meeting held on July 09, 2013, common points of all previous inquiry reports regarding the stalled projects are annexed as (**Annex-IV**)

### PRESENT STATUS

After close of inquiry by FIA, following points are put forward for consideration / examination of the Board:

- (i) Work on 07 stalled projects is held up since 1½ years. Because of seasonal effects and work being unattended, executed work is under deterioration.
- (ii) Due to delay, cost escalation effect ( $45\% - 37.77\% = 7.23\%$  during last 1½ years) is increasing the completion cost.
- (iii) Credibility and reputation of Ministry of Housing & Works and PHA Foundation is being damaged at the cost of above stated factors, which is not affordable.
- (iv) The cost over run will have to be shifted to the allottees. More the delay, more the cost over run and greater the burden on the allottees.

### PROPOSALS

After closure of inquiry by FIA and taking into account the current position of projects and funds available with PHAF, following proposals are put forward for consideration / examination of the Board:

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- (i) An action administrative as well as penal for all the delinquents responsible for mismanagement, miscalculation, faulty design and extra expenditure.
- (ii) To begin with provisional payments to the contractors of four projects as detailed below may kindly be allowed.

a. C-Type apartments G-11/3 Islamabad	-	208 units
b. E-Type apartments G-11/3 Islamabad	-	400 units
c. Infrastructure Work	-	for 608 units
d. Shops near UET Lahore	-	11 Nos

- (iii) The financial impact of additional cost to be recovered from to the allottees as provided in the conditions of allotment (**Annex V**).
- (iv) Approval for extension of completion time may kindly be accorded. For detail please see (**Annex VI**).

The above four projects costing to Rs. 553.00 million is excess from the original bid cost which is an average of 48.90 % for which provisional payment of these projects may be allowed to complete these projects on priority basis.

**Decision:**

The Members of the Board took into account the proposal contained in the working paper. The chair inquired the reasons for staggering the implementation plan of the seven stalled projects and reasons for submission of approval in respect of only four projects. The MD PHA-F explained that in the previous meeting held on 9-7-2013 the members of the Board had desired to submit the proposal in respect of the projects at least in two phases. The chair and members of the Board discussed the issue at length and approved the completion of all seven projects with the revised cost estimates, keeping in view the fact that further delay will entail further escalation in cost of projects and existing structures are also likely to deteriorate further.

The time schedule for completion of these projects was also extended as envisaged in the working paper. An additional amount of Rs.889.494 million has been estimated to be incurred over the original bid cost on the completion of this project. The Board unanimously approved that the revised cost may be recovered on the basis of the formula of per sq. ft. from the allottees in terms of Clause 8.1 of the terms and conditions of allotment.



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RESTORATION OF CANCELLED APARTMENTS

Few applications have been received regarding restoration of apartments at different projects of Lahore and Islamabad.

2. Previously such type of requests were considered on hardship and compassionate grounds in the Meeting of Directors chaired by Deputy Managing Director/ Senior Director and the recommendations of the meeting were approved by the MD, PHA on the following terms and conditions;

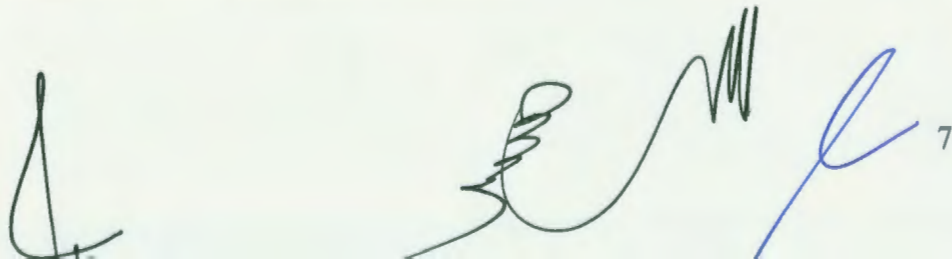
- i. 10% cancellation charges will be deducted.
- ii. Full payment at the time of restoration will be made by the applicant.
- iii. Restoration will be done subject to availability of the apartment.
- iv. The applicant will not be eligible for transfer of the restored apartment till one year from the date of restoration.

3. It is pertinent to mention here that the cost of projects of Lahore and Islamabad has increased and the revised completion cost is different from the previous cost estimates.

4. In view of above, a policy decision is solicited that in future, if such requests are acceded to, the revised prices of apartments may be recovered from allottees subject to fulfillment of terms and conditions mentioned above.

Decision:

After detailed discussion the proposal for the recovery of revised completion cost from the allottees on restoration of cancelled apartments was agreed to. However the Minister directed that the restoration requests of the allottees must be processed on merit with no room for discretion. The list of vacant apartments shall be made available on the website of PHA Foundation. A transparent mechanism shall be evolved to restore the cancelled apartments of allottees.



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**PROGRESS OF DEVELOPMENT WORK AND**  
**STAGGERING OF INSTALLMENT**

Members/allottees of Kurri Road Project have approached this office and showed their reservations regarding slow progress at site. They are of the view that due to slow progress of work PHA may allow relaxation in payment schedule.

2. It is important to highlight here that due to slow pace of work at site, six months relaxation in payment schedule was granted by PHA in its 7<sup>th</sup> Board meeting held on February 7, 2013.

3. Since there is no considerable improvement in work at site therefore, requests of the allottees regarding relaxation in payment schedule are placed before Board for consideration and decision.

**Decision:**

**This item was analyzed by the members of the Board and after thorough discussion the Board decided that owing to the slow pace of work at Kurri Road Housing Scheme the request for relaxation in payment schedule for one quarter is acceded to. The installment due in the quarter of July 2013 may be deferred to the next quarter i.e. October 2013.**

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The Chair desired update on the Kurri Road Project. MD PHA-F stated that NESPAK 3<sup>rd</sup> Party validation Report has been received and Mr. Moeenuddin Kakakhel, retired Chief Executive Engineer of Pak PWD has been appointed as "The Engineer" of Kurri Road Project contract No.PHA/11-201 in terms of the Contract. The Engineer is evaluating report and is likely to give his findings within next ten days. The Chair desired that the contractor be engaged and be asked to complete the work at the earliest. The deadline for resumption was fixed as 31<sup>st</sup> August, 2013.

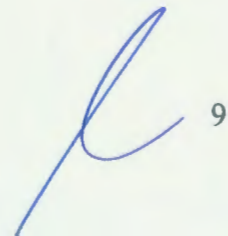
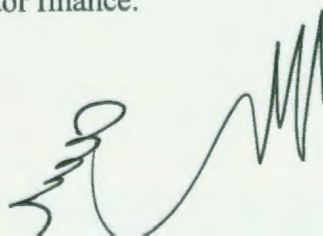
During the course of discussion the Minister of State directed to end the stalemate at Kurri road project and MD PHA-F was directed to resolve all issues with the contractor and ensure the early completion of infrastructure so that the construction of housing starts and is completed at the earliest.

#### **Table Agenda item-II**

The Board also discussed the action against those who were responsible for cost and time over run of the seven projects discussed on agenda item No.2. It was decided that the matter may be taken up at departmental level for administrative action. Mr. Liqat Munir Rao pointed out that the closure of inquiry from FIA should not be endorsed and the departmental position of PHA-F may be officially communicated to FIA in order to safeguard the interest of the allottees.

#### **Table Agenda item-III**

Mr. Liaqat Munir Rao proposed that the services of Mr. Tafakhar Ali Asadi BPS-19, an officer of accounts group who has previously served as director finance may be requisitioned as he rendered valuable services in streamlining the Finance Wing of PHA-F. The Secretary directed MD to send a requisition letter for requisitioning services of Mr. Tafakhar Ali Asadi for his posting as director finance.



**Table Agenda item-IV**

The request for the extension of time as worked out by the Engineering Wing tabulated below has been approved by Board.

**TIME EXTENSION OF 7 STALLED PROJECTS**

<b>Sr. No.</b>	<b>Project Description</b>	<b>Date of Start</b>	<b>Stipulated Date of Completion</b>	<b>Anticipated Date of Completion</b>
01	Construction 'C' type apartments at G-11/3 Islamabad	29-10-2008	29-04-2010	30-11-2013
02	Construction 'E' type apartments at G-11/3 Islamabad	29-10-2008	31-10-2010	31-12-2013
03	Infrastructure works of 'C & E' type apartments at G-11/3, Islamabad	20-07-2010	15-01-2011	31-12-2013
04	Construction of "D" type apartment at G-10/2, Islamabad	29-08-2008	28-08-2010	30-07-2014
05	Construction of "D" type apartment at Wafaqi Colony, Lahore	27-01-2009	<u>26-04-2010</u> 31-12-2010	31-12-2013
06	Construction of "E" type apartment at Wafaqi Colony, Lahore	27-01-2009	<u>26-04-2010</u> 31-12-2010	31-12-2013
07	Construction of shops near UET, Lahore	06-2010	02-2011	31-10-2013

