FEDERAL GOVERNMENT EMPLOYEES HOUSING AUTHORITY
10-MAUVE AREA, G-10/4
ISLAMABAD

AGENDA ITEM
LAW & LAND WINGS

Subject: **APPROVAL OF EXECUTIVE BOARD OF FGEHA THROUGH CIRCULATION FOR SIGNING OF MEMORANDUM OF UNDERSTANDING (MOU) AMONGST FGEHA, SCBA AND DHA FOR PARK ROAD HOUSING SCHEME, ISLAMABAD AND HOLDING THE PROCESS OF AWARD OF WORK THROUGH G TO G UNDER RULE 42 (F) OF PPRA-2004 IN ABEYANCE**

FGEHA and SCBA acquired approximately 8,433 Kanals of land located in Mouza Tamma, Mohriyan, and Chak Farash, Tehsil, and District Islamabad for development of a residential housing project to serve members of FGEHA and SCBA. For this purpose, a housing scheme known as the "Park Road Housing Scheme Islamabad" was jointly initiated in 2017. The project encompasses plots of various categories, i.e., residential, commercial, apartment, amenity; and public utility areas, aimed at providing residential and commercial facilities to the allottees/ members of FGEHA and SCBA.

2. The development contract was awarded to M/s HRK on 19th April 2023 and the contractor was mobilized immediately on 20th April 2023. However, the contractor violated the contract by submitting fake Bank Guarantee amounting to Rs. 716 M against Mobilization Advance and bogus/ forged interim payment certificates (IPCs) amounting to Rs.1.4 B. In order to safeguard the interest of FGEHA, immediate actions were taken and matter was referred to Ministry of Housing & Works for inquiry and FIA for investigation. The Executive Board of FGEHA in its 32nd meeting held on 22nd February 2024 while appreciating the steps taken by the management of FGEHA directed to take strict action in the light of outcome of the inquiry being conducted by the Ministry **(Annex-A)**. Consequently, the construction agreement with the contractor was terminated on 29th March 2024 in the light of recommendations of inquiry conducted by Ministry of Housing and Works.

3. As a way forward to carry on with the execution and complete the project on time, an inter-ministerial meeting, co-chaired by Federal Minister for Housing & Works, Federal Minister for Interior and Federal Minister for Law & Justice, was held on 20th March 2024 in the committee room of Ministry of Housing & Works. ***It was advised that keeping in view the urgency of matter and involvement of public interest at large, FGEHA should explore the options of direct contracting with State Owned Entities under rule 42 clause (f) of PPRA Rules 2004*** **(Annex-B)**. In compliance of the directions of inter-ministerial meeting, a follow-up meeting was held between FGEHA and SCBAP on 21st march 2024 under the chairmanship of Secretory Housing & Works and it was decided that ***development work would be made through packaging under rule 42 clause (f) of PPRA rules 2004. It was further decided that package-I would comprise of the total area under the SCBA share only; and SCBAP will spearhead the development work of the area under its share, whereas FGEHA will provide all the assistance in this regard (Annex-C)***.

4. To implement the aforementioned decisions, the process of award of contract under clause 42 (f) of PPRA 2004 was started and letters were sent to SOEs, i.e., FWO, NLC, NCL and Railcop on 3rd April 2024. The technical bids were opened on 14th May 2024, however the results of technical evaluation were held in abeyance on the request of SCBAP in view of a proposal from DHA.

5. It is pertinent to mention that besides the impediments caused by the fake Bank Guarantee and forged IPC; FGEHA and SCBAP also faced the issues in acquiring the possession of certain portions of land as well as shortage of funds to compensate the affecttees. In order to resolve these issues, SCBAP proposed to facilitate the execution and completion of project by utilizing the expertise of DHA through a legal framework. A series of meetings were ensued thereon amongst the officers/ office-bearers of FGEHA, SCBAP and DHA, including few of these meetings in the office of Minster and Secretary Housing & Works wherein the way forward and modalities were discussed.

6. As an outcome of these meetings, it was agreed that the parties may enter into a formal agreement for the execution of the project, however, as a precursor to that, it was proposed that a Memorandum of Understanding (MOU) be signed amongst DHA, SCBAP, and FGEHA to move forward smoothly and effectively towards the execution of a formal **"Execution Agreement"** after negotiations. Pursuant to the aforementioned meetings, a draft MOU has been forwarded by DHA.

7. It is pertinent to mention that after threadbare discussion with Minister for Law & Justice, Secretary Law and President SCBAP, it was advised that **"Since the subject Memorandum of Understanding (MOU) is legally non-binding agreement and does not create any enforceable legal obligations for any party involved, instead it serves as a precursor to the parties entering into a formal *'Execution Agreement'* in the subsequent stage providing a framework for detailed terms and conditions in the subsequent agreement; therefore, parties (FGEHA, SCBAP & DHA) may enter into the MOU to initiate the negotiations for conclusion of formal Execution Agreement. The same shall be placed before the Executive Board of FGEHA for deliberation/ decision".** *Furthermore, the terms of the draft MOU explicitly state that this MOU is not a binding document, reinforcing that no legal accountability will arise from any party's failure to adhere to the terms described therein.*

The summary of the terms of the draft MOU **(Annex-D)** is as under:-

i. An Executive Committee shall be formed, comprising DG FGEHA, Administrator DHA, and President of SCBAP.
ii. The Executive Committee shall appoint an Independent Evaluator.
iii. FGEHA and SCBAP shall ensure the provision and conveyance of peaceful and unencumbered rights and possession of the land to DHA.
iv. FGEHA and SCBAP shall ensure the complete discharge of all third-party liabilities such as compensations for land and BUP acquisition.
v. The conditions precedent shall be fulfilled within a period of 90 days from the signing of the MOU.
vi. Subject to the fulfilment of the conditions precedent within the specified time and the satisfaction of the Independent Evaluator, DHA shall enter into an Execution Agreement with FGEHA and SCBAP.
vii. As part of the Execution Agreement, FGEHA and SCBAP shall transfer the land to DHA through the grant of leasehold rights and deliver possession of the entire land.
viii. DHA will be responsible for the development of the entire scheme and in lieu of development works, DHA will retain all plots, including commercial, apartment buildings, amenity, and other plots, except for residential plots, which shall be delivered to FGEHA and SCBAP.

8. Entering into the said MOU will pave the way for the parties to reach mutually beneficial terms and conditions for the formal Execution Agreement, keeping in mind the best interest of the existing members and allottees of the project. During the duration of the MOU, it is intended to formalize the formal Execution Agreement based on the following terms:-

i. The rights of members of FGEHA & SCBA will be protected, and allotments of all the allottees shall remain intact.

ii. The layout plan of the scheme will remain the same, and town planning/allocation of residential plots shall not be changed/altered by DHA.

iii. The development of the scheme shall be carried out by DHA free of cost, against which land measuring 1,008 Kanals comprising commercial, apartments, and amenity plots which will be retained by DHA.

iv. FGEHA shall clear all land in terms of payments of compensation for land and BUPs. A total number of 430 plots measuring 500 sq. yards will be offered to the local landowners under the land-sharing formula for Mouza Tamma, which will substantially reduce the financial liability of FGEHA.

v. Any other matter in the best interest of FGEHA as well as the existing allottees shall be incorporated in the Execution Agreement.

RECOMMENDATIONS

9. In view of the above, following proposals are placed before the Board for approval

i. Approval to sign the draft MOU **(Annex D)** and entering into formal negotiations to finalise/ conclude an **"Execution Agreement"** which shall be placed before the Board for deliberation and decision.

ii. The process of hiring of SOEs under rule 42 clause (f) of PPRA rules 2004 be held in abeyance until the execution of a formal agreement among parties (FGEHA, SCBAP & DHA).

1. Mian Riaz Hussain Pirzada Minister Housing & Works/Chairman Executive Board	
2. Dr. Shahzad Khan Bangash Secretary, M/o Housing & Works, Islamabad	**3. Mr. Alamgir Ahmed Khan** Additional Secretary, M/o Housing & Works, Islamabad
4. Mr. Muhammad Israr, Draftsman Law & Justice Division, Islamabad	31/7/2024 **5. Ch. Muhammad Anwar Hussain,** Senior Chief (Technical/PP&H), Planning Commission, Islamabad
on leave, as informed telephonically. **6. Mr. Saad Faazil Abbasi** Senior Joint Secretary (Expenditures), Finance Division, Islamabad	**7. Mr. Muhammad Ali Randhawa** Chief Commissioner, ICT, Islamabad.
8. Mr. Muhammad Shahid Hussain,Managing Director, PHA Foundation, Islamabad	**9. Mr. Muhammad Ali Randhawa** Chairman CDA, Islamabad.
10. Mr. Muhammad Rasheed Director General, Pak PWD, Islamabad	31st July, 2024 **11. Capt. (R.) Muhammad Zafar Iqbal** Secretary EB/Director General, FGEHA, Islamabad
31/07/24. **12. Col. (R.) Imtiaz-Ul-Haq Khattak** Chief Engineer, FGEHA, Islamabad	**13. Mr. Muhammad Ashfaq Ghumman** (Co-opted Member) Senior Joint Secretary, M/o Housing & Works, Islamabad
14. Mr. Adnan Dayar (Co-opted Member) Joint Secretary (Estate) M/o H&W, Islamabad	