GOVERNMENT OF PAKISTAN

Prime Minister's Economic Governance Reforms

National Risk Assessment on Corruption Vulnerabilities and Mitigation Plan

(Reform Action 11)



October 2026

Identifying Risks
Strengthening Systems
Building Integrity

Disclaimer and Interpretive Safeguard

The **National Risk Assessment on Corruption (NRA) is a preventive, risk-management exercise covering only federal government entities in Pakistan.** ***It does not classify any institution as corrupt or non-corrupt, and nothing in this report constitutes a finding of corruption, misconduct, culpability or criminal liability against any institution, regulator, line ministry or official.***

The assessment measures the relative presence of institutional and functional conditions that may increase exposure to corruption risk. Rankings, risk bands and pillar profiles compare the assessed entities with one another. They do not measure absolute levels of corruption. A higher assessed risk indicates a greater need for preventive controls, oversight and institutional strengthening. A lower assessed risk does not certify the absence of vulnerability.

Terms used throughout the report, such as *corruption risk*, *risk exposure*, *vulnerability*, *risk signal*, *typology* and *priority for mitigation*, refer to indicators of potential risk and preventive concern, not to established wrongdoing. Complaints, audit observations, procurement red flags, inquiries, investigations and references carry different legal and evidentiary meanings. Many are allegations or observations rather than concluded findings, and none is treated as equivalent to established misconduct. Counts of such records partly reflect the scale of an entity's operations, the coverage of audit and the reach of reporting channels, as well as underlying vulnerability.

Typologies describe recurring patterns through which weaknesses in rules, records or controls *could* be exploited. Their presence in an entity does not establish that any scheme has occurred. Regulatory and external typologies describe how oversight arrangements can sustain risk, not misconduct by any regulator, ministry or official. Classification of a typology by offence type indicates the offence it resembles, not a legal determination. Questionnaire results reflect safeguards that are documented, which may differ from how those safeguards operate in practice.

Mitigation measures respond to identified vulnerabilities, not to proven misconduct. They are intended to strengthen controls, transparency and accountability, and are to be implemented with due regard to due process, appeal rights, data protection and the separate roles of audit, executive action, parliamentary oversight and criminal adjudication.

The report should be read and cited in this light, and its findings should not be used as the basis for adverse action against any institution or individual without independent verification through the appropriate legal and administrative processes.

Prelude

The National Risk Assessment on Corruption (NRA) was undertaken by the National Accountability Bureau (NAB), as technical lead, under Reform Action 11 of the Prime Minister's Economic Governance Reforms (PMEGR). The assessment is the first structured, evidence-based effort to identify, assess and prioritise corruption-risk vulnerabilities across federal public-sector entities, and to translate them into typologies and a targeted mitigation plan. It reflects NAB's commitment to moving beyond enforcement alone towards a preventive, risk-based approach to integrity in public institutions, carried out in close partnership with the institutions that hold the relevant data, mandates and expertise.

Acknowledgements

The assessment was guided by a Working Group/Task Force constituted under the **Ministry for Law and Justice**. NAB also gratefully acknowledges the member organisations of the Working Group/Task Force for their active participation, technical input and support: the Ministry of Law and Justice, the Ministry of Finance, the National AML/CFT Authority, the Federal Investigation Agency (FIA), the Financial Monitoring Unit (FMU), the Securities and Exchange Commission of Pakistan (SECP), the Pakistan Bureau of Statistics (PBS) and the Provincial Anti-Corruption Establishments.

The members of the Task Force contributed to the design of the methodology, the selection of indicators and the review of findings at each stage. Their collective expertise ensured that the assessment drew on the full range of evidence held across government and that its conclusions were tested against practical experience. The collaborative approach they made possible is central to the legitimacy and usefulness of the results.

NAB further extends its sincere thanks to:

- the **Auditor General of Pakistan (AGP)**, for providing audit observations and records that form a core part of the evidence base;
- the **Public Procurement Regulatory Authority (PPRA)**, for procurement data, red-flag information and grievance records;
- the **heads and representatives of all entities assessed**, for their cooperation in providing information, completing the governance questionnaire, supplying supporting documents and engaging constructively on matters raised during the assessment.

Finally, NAB acknowledges the dedication of its own officers and staff, who carried out the analysis, coordinated with participating institutions and prepared this report. Their commitment, together with the support of all the institutions named above, made it possible to complete this assessment within a limited time frame. NAB looks forward to continued collaboration with all stakeholders in implementing the mitigation plan

Limitations of the Assessment

This assessment was carried out within a limited time frame and on the basis of data available at the time of analysis. It presents the best available evidence and analysis within those constraints. It should be read as a first, structured assessment of corruption-risk vulnerability in the federal public sector, not as a complete or final account.

The assessment relies on records already held across government, including audit observations, procurement data, law-enforcement records, fiscal and state-owned enterprise data, and entity questionnaire responses. It did not involve new audits, investigations or field verification, so its results depend on the completeness, accuracy and consistency of those records, which vary across entities and sources. Data were collected up to a defined cut-off date. The assessment covers the federal entities identified through the selection criteria and prioritizes a limited number for detailed analysis. Entities,

functions and processes outside this scope were not assessed, and their exclusion does not imply the absence of risk. Questionnaire responses were checked against the documents cited, but they reflect the existence of documented safeguards rather than an independent test of how effectively those safeguards operate in practice.

For these reasons, the results are indicative. They should be used to guide preventive attention and further verification, not as a definitive judgement. The NRA is designed as a recurring exercise, and its findings will be refined in future cycles as data quality, coverage and the evidence base improve, through the annual reassessment of corruption risk and the monitoring arrangements set out in the mitigation plan.

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List of Abbreviation

Abbreviation	Full form
ACE	Anti-Corruption Establishment (provincial)
ADR	Alternative Dispute Resolution
AGP	Auditor General of Pakistan
AGPR	Accountant General Pakistan Revenues
AI	Artificial Intelligence
AMI	Advanced Metering Infrastructure
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
AMR	Automated Meter Reading
APMS	Asset Performance Management System
AT&C	Aggregate Technical and Commercial (losses)
BISP	Benazir Income Support Programme
BOT	Build-Operate-Transfer
BS	Basic Scale (federal civil-service grade)
CCI	Council of Common Interests
CCP	Competition Commission of Pakistan
CCoSOEs	Cabinet Committee on State-Owned Enterprises
CDA	Capital Development Authority
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGA	Controller General of Accounts
CGVI	Corruption and Governance Vulnerability Index
CM	Chief Minister
CMU	Central Monitoring Unit (Finance Division)
CNG	Compressed Natural Gas
CNIC	Computerised National Identity Card
CPPA-G	Central Power Purchasing Agency (Guarantee) Limited
CRM	Compliance Risk Management
CTP	Common Training Programme
DAC	Departmental Accounts Committee
DGPC	Directorate General of Petroleum Concessions
DISCO(s)	Electricity Distribution Company(ies)
ECC	Economic Coordination Committee (of the Cabinet)
ECNEC	Executive Committee of the National Economic Council
EFF	Extended Fund Facility (IMF)
e-PADS / EPADS	Electronic Pakistan Acquisition and Disposal System
ERP	Enterprise Resource Planning (system)
ETPB	Evacuee Trust Property Board
FASTER	Fully Automated Sales Tax e-Refund system
FBR	Federal Board of Revenue
FESCO	Faisalabad Electric Supply Company
FIA	Federal Investigation Agency

FIR	First Information Report
FMU	Financial Monitoring Unit
FTO	Federal Tax Ombudsman
FY	Fiscal Year
G-to-G	Government-to-Government (contracting)
GCDA	Governance and Corruption Diagnostic Assessment (IMF)
GDP	Gross Domestic Product
GENCO	Generation Company (GENCO Holding Company)
GEPCO	Gujranwala Electric Power Company
GIS	Geographic Information System
GOV	Cross-cutting governance typology (code prefix)
GPS	Global Positioning System
GRC	Grievance Redressal Committee
HR	Human Resources
HS	Harmonized System (customs commodity classification)
ICT	Information and Communication Technology; also Islamabad Capital Territory
ID	Identifier
IESCO	Islamabad Electric Supply Company
IMF	International Monetary Fund
IPP	Independent Power Producer
IPSAS	International Public Sector Accounting Standards
IRIS	FBR's integrated online tax administration system
ISMO	Independent System and Market Operator
IT	Information Technology
KMI	Key Monitoring Indicator
KPI	Key Performance Indicator
LPG	Liquefied Petroleum Gas
M-Tag	Electronic toll tag used on motorways and highways
MoC	Ministry of Communications
MoLJ	Ministry of Law and Justice
NAB	National Accountability Bureau
NADRA	National Database and Registration Authority
NAO	National Accountability Ordinance, 1999
NEECA	National Energy Efficiency and Conservation Authority
NEPRA	National Electric Power Regulatory Authority
NETU	National Economic Transformation Unit
NFC	National Faceless Centre (FBR)
NGC	National Grid Company
NH&MP	National Highways and Motorway Police
NHA	National Highway Authority
NMMC	National Mitigation Monitoring Committee
NPVS	National Pensioners Verification System (NADRA)
NRA	National Corruption Risk Assessment

NSER	National Socio-Economic Registry
NTDC	National Transmission and Despatch Company
NTRC	National Transport Research Centre
OECD	Organisation for Economic Co-operation and Development
OGRA	Oil and Gas Regulatory Authority
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PASSCO	Pakistan Agricultural Storage and Services Corporation
PBA	Pakistan Banks' Association
PBS	Pakistan Bureau of Statistics
PC-I	Planning Commission Form I (project concept and approval document)
PD	Power Division (typology code prefix)
PEC	Pakistan Engineering Council
PFM	Public Financial Management
PIFRA	Project to Improve Financial Reporting and Auditing
PITC	Power Information Technology Company
PLRA	Punjab Land Records Authority
PM	Prime Minister
PMEGR	Prime Minister's Economic Governance Reforms
POS	Point of Sale
PP	Pakistan Post (typology code prefix)
PPC	Pakistan Penal Code
PPIB	Private Power and Infrastructure Board
PPMC	Power Planning and Monitoring Company
PPP	Public-Private Partnership
PPRA	Public Procurement Regulatory Authority
PR	Pakistan Railways (typology code prefix)
PRAL	Pakistan Revenue Automation (Private) Limited
PSID	Payment Slip Identification (number)
QR	Quick Response (code)
RFID	Radio-Frequency Identification
RoW	Right-of-Way
RTI	Right of Access to Information (Act 2017)
SBP	State Bank of Pakistan
SECP	Securities and Exchange Commission of Pakistan
SMART	Specific, Measurable, Achievable, Relevant and Time-bound
SMS	Short Message Service
SNGPL	Sui Northern Gas Pipelines Limited
SOE	State-Owned Enterprise
SOP	Standard Operating Procedure
SRO	Statutory Regulatory Order
SSGC	Sui Southern Gas Company
STP	Specialised Training Programme

SUPARCO	Space and Upper Atmosphere Research Commission
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TSA	Treasury Single Account
UFG	Unaccounted-for Gas
UNCAC	United Nations Convention against Corruption
UNODC	United Nations Office on Drugs and Crime
USD	United States Dollar

NATIONAL RISK ASSESSMENT ON CORRUPTION

Executive Summary

Federal Public Sector Entities, Pakistan · Reform Action 11 of the Prime Minister's Economic Governance Reforms (PMEGR)

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Top 10 entities and Top 5 regulators and line ministries prioritised	Entity-level corruption risk typologies identified	Cross-cutting governance typologies and reforms	Individual mitigation measures across three horizons

Mandate and Purpose

Pakistan has long faced institutional weaknesses associated with governance mismanagement, corruption, and inadequate accountability. Over the past few years, the government has introduced structured policy measures to address these longstanding management challenges, improve public service delivery, and strengthen transparency and accountability. In line with international best practices, these efforts have focused on expanding fiscal space, strengthening public financial management, improving the integrity of public procurement, and restoring public confidence in government institutions. As part of this broader reform agenda, the government has prioritized streamlining processes and strengthening institutional performance across key areas, including the Power Sector, Federal Board of Revenue (FBR), the Public Procurement Regulatory Authority (PPRA), the Securities and Exchange Commission of Pakistan (SECP), state-owned enterprises (SOEs), the State Bank of Pakistan (SBP), and the debt management function, including the Debt Office.

The Government of Pakistan, in collaboration with multiple development partners, has undertaken various diagnostic studies to identify governance challenges and inform reforms aimed at strengthening public institutions. Following engagements with development partners, including the International Monetary Fund (IMF) in December 2025, the Prime Minister of Pakistan launched the Prime Minister's Economic Governance Reforms (PMEGR), bringing cross-sectoral reform programmes together within a single consolidated framework. The PMEGR identifies specific reform areas, defines key performance indicators (KPIs), and establishes timelines and expected outcomes for implementation. It also assigns responsibility to the relevant public-sector agencies for implementing the identified reforms and achieving the specified outcomes.

There is a clear understanding that, although numerous diagnostic studies have been conducted in the past, their findings have not always translated into completed reforms. The government is now committed to making this reform agenda results-oriented. Accordingly, this National Risk Assessment (NRA) is anchored in the PMEGR Reform Action 11**, "National Risk Assessment on Corruption"**, which provides for a risk assessment on corruption, the identification of priority agencies, a risk-reduction action plan, strengthened implementation and monitoring capacity, and continuing progress reporting. The National Accountability Bureau (NAB) is the technical lead for the assessment under the supervision of Ministry of Law and Justice, the National AML/CFT Authority has an inter-agency coordination role, and other relevant institutions participate.

The NRA also supports **Uraan Pakistan**, the Government's homegrown National Economic Transformation Plan for 2024–29, built on the 5Es framework for economic reforms. Its reform measures contribute directly to several of these goals: digitalization of government functions advances E-Pakistan. Integrity is an enabling condition for each of the 5Es: resources lost to corruption and weak controls are resources unavailable for transformation.

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The rationale is both policy-driven and practical. Anti-corruption institutions, line ministries, regulators, audit bodies and other oversight actors operate with finite resources. A risk-based framework directs preventive attention to the functions where institutional vulnerability and potential consequence combine most strongly, identifying not only which institutions warrant attention but which functions and decision points within them create comparatively greater exposure to corruption risk.

> **INTERPRETIVE SAFEGUARD**
>
> The NRA does not classify any institution as corrupt or non-corrupt. It assesses the relative presence of institutional and functional conditions that may increase exposure to corruption risk. A higher assessed risk indicates a greater need for preventive controls, oversight and institutional strengthening; it is not a finding of corrupt conduct by an institution or its officials. Complaints, audit observations, inquiries, investigations and red flags carry different legal and evidentiary meanings and are not treated as interchangeable with established misconduct.

Objectives of the Assessment

The overall objective of the NRA is to establish a structured, standardized and context-specific mechanism for identifying and prioritizing corruption-risk vulnerabilities in Pakistan's federal public sector, with particular attention to functions that carry material fiscal, regulatory or systemic consequences. Within this, the assessment has three operational objectives:

- **Methodological:** to set transparent criteria that allow different entities and functions to be assessed on a comparable basis while retaining flexibility for their different mandates.
- **Prioritization:** to develop a national risk profile that supports the shortlisting of entities and the identification of departments, regulators and line-ministry functions requiring comparatively greater preventive attention.
- **Action-oriented:** to convert identified vulnerabilities into targeted mitigation measures with responsible actors, implementation horizons and monitoring indicators.

These objectives translate into five outputs: a standardized assessment framework, a national corruption-risk profile, a shortlist of priority entities and functions, corruption-risk typologies, and a mitigation and implementation plan.

Scope of the Assessment

The NRA focuses on federal public-sector entities with significant fiscal exposure, public interaction, administrative or regulatory authority, or systemic importance, including ministries and divisions, regulators, revenue authorities, state-owned enterprises, infrastructure bodies, public financial-management institutions and enforcement agencies. Priority sectors include revenue administration, energy, public procurement, infrastructure, social protection, subsidies, sectoral regulation, enforcement,

and financial and asset management. Their inclusion reflects potential relevance and consequence, not an assumption that corruption exists.

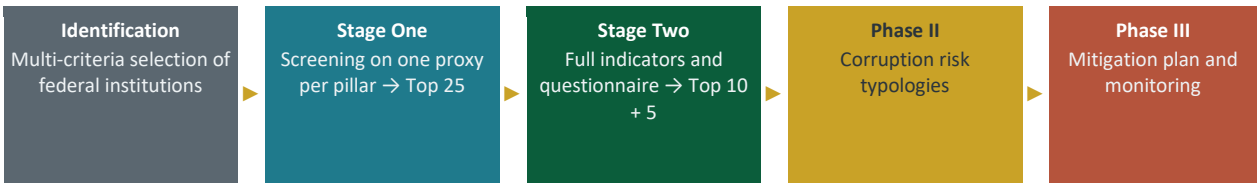
Institutional	Sectoral	Functional	Fiscal materiality
Federal public-sector entities	Revenue, SOEs, energy, regulation, works, procurement, social protection, transport and postal services	Procurement, contract management, revenue, licensing and regulation, payments, asset and land management	Material implications for the Federal Budget or public financial position

Within entities, the assessment examines specific functions, recognising that vulnerabilities vary across an organisation. Particular attention is given to vulnerabilities with material implications for the Federal Budget and the wider public financial position, arising from direct expenditure, foregone revenue, public assets, subsidies, liabilities, guarantees, major contracts, financial losses, contingent fiscal risks or regulatory decisions affecting public finances.

Conceptual Approach and Methodology

The NRA uses a Pakistan-specific framework. International frameworks, including UNCAC, UNODC and OECD guidance, are used to identify relevant principles, risk factors and good practices, while the substantive assessment of Pakistani federal entities is determined by their mandates, functions, fiscal exposures, administrative data, legal arrangements and oversight evidence. The framework draws on established theory, namely principal–agent theory, Klitgaard's corruption-control framework, institutional theory, the fraud triangle, and collective-action and regulatory-capture perspectives, and separates corruption risk into three components that are combined through triangulation: **exposure** (how consequential a function is if integrity fails), **institutional vulnerability** (conditions that could make misuse easier or detection harder) and **observed risk evidence** (indications that an area warrants closer preventive attention). No single data stream determines an entity's result in isolation.

The assessment runs in three connected phases. **Phase I** produces the ranked risk profile through the Corruption and Governance Vulnerability Index (CGVI), a composite index built on five pillars: Inherent Exposure, Secondary Risk Signals, Control and Transparency Weakness, Macro-Critical Impact, and Data Opacity and Detectability. **Stage One** screened the federal entities identified through multi-criteria selection, applying one proxy indicator per pillar from existing records, and shortlisted twenty-five entities. **Stage Two** assessed these twenty-five entities, together with five regulators and line ministries, on a fuller indicator set drawn from audit, procurement, law-enforcement and fiscal records, blended with the Entity Governance and Institutional Integrity Questionnaire, whose responses were checked against the documents cited. Entity Scores are placed in six risk bands: Low (0–29), Moderate (30–44), Substantial (45–59), High (60–74), Very High (75–90) and Extremely High (above 90). **Phase II** developed corruption risk typologies for the highest-ranked entities, and **Phase III** converted them into a mitigation plan.



Key Findings: The National Corruption Risk Profile

How these results should be read. The rankings, Entity Scores and risk bands in this assessment classify relative vulnerability to corruption risk to prioritize preventive attention and institutional strengthening. **These are not findings of incidence of corruption in any institution or by its officials, and only rank institutions regarding their weaknesses/vulnerabilities.** An entity's position reflects, above all, the scale of the public resources it manages and the number of decisions it takes, together with records such as audit observations and complaints, which are observations or allegations rather than concluded findings. An entity can therefore rank high while maintaining strong documented safeguards. No conclusion about the integrity of any institution or individual should be drawn from its rank or band, and the results should not be reported or cited in that context.

Of the twenty-five entities assessed in depth, one falls in the High band, three in the Substantial band, fourteen in the Moderate band and seven in the Low band; no entity reached the Very High or Extremely High bands. The ten entities with the highest assessed residual risk, which form the focus of the typologies and the mitigation plan, are shown below, colored by risk band.



A BALANCED PICTURE

None of the twenty-five entities assessed in depth falls in the Very High band (75–90) or the Extremely High band (above 90). Only one entity, the distribution companies, is in the High band; three are Substantial, fourteen Moderate and seven Low, so twenty-one of the twenty-five, more than four in five, sit in the Moderate or Low bands, and even the highest Entity Score is some distance below the Very High threshold.

At Stage One, when entities were screened on a single proxy indicator per pillar, one entity fell in the Very High range; once the full indicators and the governance questionnaire were applied at Stage Two, its score fell below that threshold. This is the intended effect of the method: the Stage Two score also credits the safeguards an entity can document, and several entities documented governance structures, integrity controls, transparency measures and follow-up of audit findings across almost all questionnaire items.

This does not mean that risk is low or that no action is needed, and it does not establish that any entity is free of misconduct. It shows that the vulnerabilities identified are specific and addressable rather than evidence of systemic institutional failure, and that existing controls provide a base on which the mitigation plan can build.

The ranking is not simply a ranking by size: the financial value of the Top 10 varies by a factor of a hundred, and smaller entities such as ETPB and Pakistan Post reach the Top 10 through other pillars. Inherent Exposure and Secondary Risk Signals together account for more than half of every entity's assessed risk, but the balance differs markedly. Secondary Risk Signals provide the largest share for DISCOs, CDA, PASSCO and NHA; Inherent exposure, because of its revenue mandate, dominates for FBR; Macro-Critical Impact weighs most heavily for BISP and Pakistan Railways; and Control and Transparency Weakness is relatively prominent for ETPB, Pakistan Post and CDA.

Two distinct profiles emerge, with different implications for mitigation. DISCOs and FBR rank high despite strong documented safeguards. DISCOs because both their exposure and their risk signals are high, and FBR principally because of the scale of its revenue mandate, with risk signals that are moderate relative to that scale. Both call for measures that reduce exposure and act on risk signals. CDA, PASSCO and ETPB, by

contrast, owe much of their position to weak documented safeguards and call for measures that build basic integrity controls. DISCOs rank highest on every law-enforcement indicator, while NHA records the most procurement red flags. Each Top 10 entity is overseen by a regulator or line ministry, NEPRA, OGRA, and the Ministries of Finance, Interior, National Food Security and Research, Communications, Railways and Religious Affairs and Interfaith Harmony, which share responsibility for the risks identified and for their mitigation.

Key Findings: How Vulnerabilities Arise

Phase II identified **fifty-six entity-level typologies** across the Top 10, between four and eight per entity, together with **ten cross-cutting governance typologies** and **eighteen regulatory and line-ministry typologies** that sustain entity-level risk from outside the entities themselves. A typology describes a recurring pattern of vulnerability, a way in which a weakness in rules, records or controls could be exploited; it does not establish that corrupt conduct has occurred.

The governance typologies arise from how the federal government operates as a whole and cannot be addressed by any single entity acting alone. Recognizing the need for a coordinated, government-wide response, the government has initiated reforms to strengthen governance and address these systemic weaknesses. Accordingly, these typologies focus on weaknesses in the broader governance framework rather than those confined to individual institutions. Classified by offence type and anchored in UNCAC and domestic law, eight scheme types are identified: conflict of interest and favoritism; non-transparent procurement and bid manipulation; revenue leakage and non-recovery; bribery and extortion; embezzlement and diversion of property; external influence in public-benefit targeting; and abuse of functions. Non-transparent procurement is the most widespread, present in all ten entities, while misrepresentation of records is the most common by number, driven by core records that remain paper-based or editable without an audit trail. Within procurement, risk concentrates after award, where variations, extensions, measurement and release of guarantees are decided without independent review. At the oversight level, the common thread is weak follow-through: findings are made, but sanctions, recoveries and root-cause corrections do not reliably follow.

NINE RECURRING RISK PATTERNS ACROSS THE TOP 10

Procurement manipulation All 10 entities	**Revenue leakage** 9 entities	**Weak reconciliation** 9 entities
Embezzlement and diversion 7 entities	**Abuse of functions and patronage** 7 entities	**Irregularities and falsification** 6 entities
Non-enforcement of remedies 6 entities	**Land and property corruption** 4 entities	**Ghost or Unverified Payees** 4 entities

Fundamentals of Governance

Several government initiatives are already under way, including faceless assessment and system-based case selection at FBR, NADRA-linked verification of pensions and social transfers, and the transition of government entities from paper based working to paperless environment through its e-Office system. The task now is to make their results more visible, measurable and institutionally embedded. The mitigation plan therefore begins with common reforms that respond to the ten governance typologies and apply across all institutions:

- **Merit-based appointments:** centralised, domain-sensitive selection of heads, executives and regulators, with defined tenures, published performance expectations and safeguards against interference.

- **Moving government from paper to digital:** Digitalisation leaves a time-stamped record of every action, reduces face-to-face contact and the opportunity for bribery, allows automatic verification against other records, gives managers and auditors real-time information and lowers administrative costs.
- **Integrated data sharing:** secure, authorised links between FBR, NADRA, power-sector entities, police, FIA and others, with clear rules on access, confidentiality and misuse.
- **Rationalising mandates:** reviewing overlapping functions and clarifying responsibilities across ministries, regulators and operating agencies.
- **Right-sizing SOEs and strengthening boards:** evidence-based restructuring that digitises processes and retrains staff rather than relying on abrupt cuts, together with independent, expert boards and standardised board reporting.
- **Procurement portals, performance accountability and audit:** interoperable national and provincial portals; clear performance indicators for regulators and institutions; and systematic performance audits with tracked follow-through.
- **Faster dispute resolution, a stronger enforcement chain and fair exemptions:** time-bound handling of revenue and utility cases, a single case record from detection to recovery, and costed, reviewable tax exemptions.
- **Closing the federal–provincial gap:** a standing federal–provincial coordination mechanism for state assets and utility enforcement, linking land records, making joint task forces permanent and agreeing common procedures, with particular relevance to DISCOs, Pakistan Railways and NHA.

A PROPOSED REFORM PATH FOR THE POWER SECTOR

Many of the power sector's difficulties stem from past decisions taken without adequate assessment of their fiscal and economic impact, notably generation contracts with guaranteed capacity payments, sovereign guarantees and dollar-indexed returns. The cost of that capacity now flows through the distribution companies to consumers and the exchequer, while their own losses are added to tariffs. The plan proposes incentivising distributed rooftop solar, which avoids the parts of the network where losses and theft are concentrated, alongside a lawful, consensual renegotiation of power producer contracts to examine repurposing under-used plants as battery storage that supports distributed solar, reducing consumer bills and the deadweight cost of capacity payments. Privatisation of distribution companies should be encouraged, but complemented by competitive markets and enforceable performance obligations, without blanket sovereign guarantees or dollar-indexed returns, so that it improves service and reduces the fiscal burden rather than replacing a public monopoly with a private one.

The Mitigation Plan

The mitigation plan sets out **seventy-four mitigation blocks**, one for each entity and regulatory typology, containing **396 individual measures**, built on the same evidence as the typologies and designed to address the underlying weaknesses and enabling factors rather than their symptoms. Measures respond to vulnerabilities, not to proven misconduct, and several expressly preserve due process, consumer and appeal rights, data protection and the separation between audit, executive action, parliamentary oversight and criminal adjudication. Each measure is assigned a lead institution and phased over three horizons:

SHORT TERM · up to 2 years	MEDIUM TERM · 2 to 5 years	LONG TERM · 5+ Years
Administrative steps within the entity or regulator, under existing rules and systems	Procedures, controls, staffing, system integration, digitisation and data sharing	Legal, regulatory, structural and inter-agency reform

EXISTING CONTROLS

The mitigation plan builds on a substantial base of reforms already adopted or under way. The Public Procurement Rules 2026 make e-PADS mandatory for all federal procurement and treat off-platform procurement and tailor-made specifications as mis-procurement. A data-sharing arrangement between the Competition Commission and PPRA now supports the detection of collusive bidding. FBR has introduced faceless customs assessment, e-invoicing, a National Faceless Centre and compliance-risk-based case selection and has notified an Audit Policy 2026 under monthly oversight. Asset declarations are required from public servants in BS-17 and above, federal pensions are verified through NADRA, and BISP beneficiaries are moving to digital wallets. Further progress includes smart metering in the distribution companies, electronic motorway tolling, the digitisation of Pakistan Railways and CDA land records, the restructuring of Pakistan Post and the approved winding-up of PASSCO. Where a control exists, the measures verify its coverage, detect exceptions and enforce it; new measures are added only where a gap remains.

The plan operates at four levels. **Common governance reforms** respond to the ten cross-cutting vulnerabilities and are set out once for all institutions. **Entity measures**, introduced by an explanatory overview for each entity, address each of the fifty-six entity typologies, from project readiness and controlled direct contracting at NHA to tracing and demarcating missing railway land, separating CDA's regulatory and commercial roles, and linking BISP's performance to households lifted out of poverty.

IMPLEMENTATION AND MONITORING

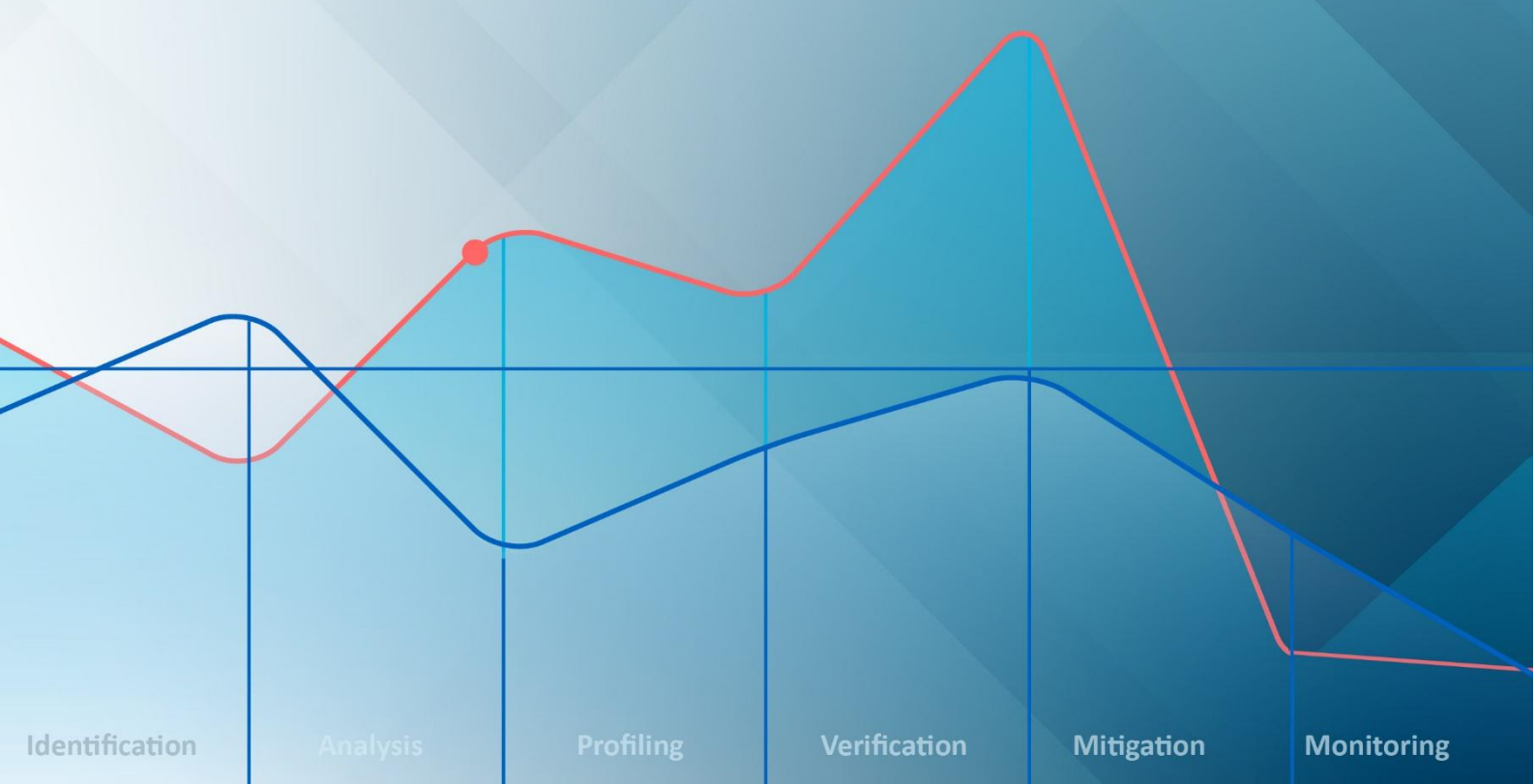
Within two years, the short-term measures, most of which rely on existing powers and systems, can be put in place by the entities and their regulators. Over two to five years, the medium-term measures build the systems, data interfaces and capacity needed to sustain them, and beyond five years the long-term measures address the legal, regulatory and structural foundations. Implementation will be overseen by a National Mitigation Monitoring Committee convened by the Minister for Law and Justice, with the National AML/CFT Authority as its secretariat and NAB, the Ministry of Law and Justice and the Finance Division as members. A master register of measures will be issued within 60 days, entity plans approved within 90 days, progress reported quarterly by entity focal points and bi-annually to the Prime Minister, and measures counted as complete only on dated evidence that the control works.

Conclusion

The NRA provides a structured and evidence-based view of where corruption vulnerability is concentrated in Pakistan's federal public sector, how it operates and why it persists. It shows that the most significant vulnerabilities arise not from isolated failures but from recurring weaknesses in post-award contract control, record integrity, reconciliation, verification of entitlement and the follow-through of oversight. By linking each vulnerability to a mitigation measure with a lead institution and a defined horizon, and by grounding entity measures in common governance reforms, the assessment gives the Government a practical basis for preventive action under Reform Action 11, supports the goals of Uraan Pakistan, and provides a baseline for measuring risk reduction in future assessment cycles.

CHAPTER 1

Background, Context and Conceptual Foundations



CHAPTER 1

Background, Context and Conceptual Foundations

National Risk Assessment on Corruption of Federal Public Sector Entities, Pakistan

CHAPTER PURPOSE

This chapter sets out the domestic policy mandate, the Pakistan-specific governance and fiscal context, the international reference frameworks, the theoretical foundations and the interpretive safeguards for the National Risk Assessment on Corruption (NRA). It treats corruption risk as a preventive institutional-management concern. It does not classify any institution or its officials as corrupt or non-corrupt.

THE NRA AT A GLANCE

15	11	25+5	10 + 5	Oct 2026
Reform actions in the PM's Economic Governance Reform Plan *Published 31 Dec 2025*	Our focus is 11th Reform Action Plan of PMEGR "National Risk Assessment on Corruption"	Federal entities, regulators and line ministries shortlisted for detailed assessment *NRA design*	Departments + regulators / line ministries prioritised *NRA design*	Target for corruption-risk Assessment

1.1. Background and Rationale

Public institutions manage public resources, exercise regulatory and administrative powers, deliver services, supervise markets, collect revenues and implement public policy. The integrity risks attached to these functions are not uniform. A function responsible for large-value procurement faces a different risk environment from one responsible for licensing, tariff determination, tax assessment, subsidy administration, inspection or asset management. A national assessment therefore needs an approach that identifies not only which institutions warrant attention, but also which functions and decision points within them create comparatively greater exposure to corruption risk.

Pakistan's NRA is anchored in the Prime Minister's Economic Governance Reforms (PMEGR). Reform Action 11, titled "National Risk Assessment on Corruption," assessment on corruption, the identification of priority agencies, a risk-reduction action plan, strengthened implementation and monitoring capacity, and continuing progress reporting (Government of Pakistan, Finance Division [GoP-FD], 2025). The reform document identifies the National Accountability Bureau (NAB) as technical lead for the assessment, assigns the National AML/CFT Authority an inter-agency coordination role, and provides for participation by other relevant institutions.

The PM Economic Governance Reform Plan was published at end-December 2025 and sets out 15 reform actions with key performance indicators, timelines and monitoring arrangements, supported by semi-annual progress reports. The rationale for the NRA is therefore both policy-driven and

practical. Anti-corruption institutions, line ministries, regulators, audit bodies and other oversight actors operate with finite resources. A risk-based framework directs preventive attention to the functions where institutional vulnerability and potential consequence combine most strongly. OECD guidance similarly holds that public integrity systems should combine enforcement with preventive risk management, including periodic assessment, risk-based controls, monitoring and quality assurance (Organisation for Economic Co-operation and Development [OECD], 2020).

Pakistan's anti-corruption and oversight landscape is also marked by overlapping mandates, duplicated functions and fragmented oversight. A wide range of institutions examine the same public bodies from different angles. The Auditor General of Pakistan audits public accounts, while the Accountant General Pakistan Revenues and the Controller General of Accounts maintain and pre-audit them. NAB and FIA both investigate corruption and financial crime at the federal level, while provincial Anti-Corruption Establishments do so within the provinces. The Securities and Exchange Commission of Pakistan and the Competition Commission of Pakistan regulate corporate conduct and market competition, PPRA oversees procurement, and sector regulators supervise utilities. The Federal Ombudsman, the Federal Tax Ombudsman and other specialised ombudsmen handle complaints of maladministration, and Prime Minister's and Chief Ministers' Inspection Teams conduct their own inquiries. Each of these bodies has a legitimate mandate, but their boundaries are not always clear, their procedures and data are rarely connected, and the same matter can be examined by several institutions at once while others receive little scrutiny.

The result is duplication of effort, inconsistent findings, delay in reaching conclusions and, at times, conflicting directions to the institutions under review, while responsibility for acting on findings remains diffuse. Strengthening integrity therefore requires not only more oversight but better-organised oversight: rationalising overlapping mandates, eliminating redundant functions, clarifying which institution leads on each type of matter, and improving coordination and information sharing among audit, investigation, regulatory and complaint-handling bodies. Institutional consolidation and harmonisation of this kind would allow scarce investigative and audit capacity to be directed where risk is greatest, reduce the burden on institutions subject to repeated scrutiny, and make it clearer who is accountable for following findings through to corrective action. The risk-based approach of the NRA is intended to support this rationalisation by providing a common evidence base on where vulnerabilities lie.

This framing differs deliberately from any exercise that labels an institution "corrupt" or "non-corrupt." A public-sector risk assessment examines conditions that may increase exposure to corruption risk, such as concentrated authority, high discretion, incomplete traceability, weak reconciliation, control gaps or inadequate disclosure. It does not, by itself, establish criminal liability, culpability or misconduct. Its purpose is to identify where institutional design, controls, transparency or oversight may need strengthening before weaknesses translate into more serious fiscal or governance consequences.

1.2. Governance, Fiscal Exposure and the Pakistan Context

Corruption-risk assessment becomes particularly relevant when public-sector integrity is considered alongside the scale and complexity of government financial operations. Fiscal governance covers the collection of revenue, authorisation and execution of expenditure, management of public assets and liabilities, public investment, accounting, reporting and audit. Weaknesses at any of these stages can create room for irregular, preferential or insufficiently traceable decisions, even where the weakness itself is not evidence of corruption.

The GCDA treats fiscal governance as a core state function because weaknesses in tax policy, tax and customs administration, budgeting, public financial management, public investment and audit can have material macroeconomic effects (IMF, 2025). For the NRA, the analytical point is not that a weak fiscal outcome proves corruption. Fiscal indicators establish **materiality**: they show the scale of resources and public interests that could be affected if a control weakness, conflict of interest or misuse of discretion were to occur. The sections below present the latest official data on that scale.

The same distinction applies to public interaction and regulatory authority. Frequent interaction with citizens or firms creates repeated decision points, but interaction is not inherently problematic, and regulators need discretion to perform technical functions. The relevant questions are whether decision criteria are clear, whether decisions can be reconstructed and reviewed, whether conflicts are managed, and whether records support effective oversight.

Scale, however, is only one part of the picture. What matters equally is the nature of the authority exercised in each function and the quality of the controls around that authority. The same distinction applies beyond these four areas, to revenue administration, public procurement, public financial management, regulation and public-facing enforcement functions. Table 1 brings these areas together, setting out the primary form of exposure in each and the questions the NRA needs to answer about it.

Table 1: Public-sector areas, forms of exposure and illustrative NRA questions

Public-sector area	Primary form of exposure	Illustrative NRA questions
Revenue administration	Revenue collection; taxpayer and trader interaction	How much discretion exists in assessment, classification, exemption, refunds, enforcement or settlement? Are decisions documented, reviewable and reconciled?
Procurement and contracts	Public expenditure; supplier selection; contractual commitments	Are competition, evaluation, award, variations, certification and payments transparent and traceable?
Public financial management	Budgetary resources; authorisation; accounting and cash management	Are approvals, segregation of duties, reconciliation and audit trails proportionate to financial exposure?
State-owned enterprises	Assets, liabilities, guarantees, revenues and commercial operations	Are board, procurement, financial-reporting and internal-control arrangements proportionate to scale and complexity?
Regulators and licensing bodies	Market-shaping decisions; licensing; tariffs; standards and enforcement	Are decision criteria clear? Are conflicts managed? Are decisions reasoned, documented and subject to review?
Energy sector entities	Tariffs, subsidies, receivables and inter-agency payment chains	Do payment chains reconcile across agencies? Are subsidy and cost-recognition decisions rule-based and disclosed?
Subsidies and social transfers	Eligibility decisions; high-volume payments; beneficiary databases	Are identification, verification, exception handling and payment reconciliation controls adequate?

Public-sector area	Primary form of exposure	Illustrative NRA questions
Infrastructure and public works	Large-value projects, contracts, assets and land-related decisions	Are appraisal, procurement, variation, measurement, certification and payment decisions adequately controlled?
Enforcement and public-facing functions	Repeated exercise of administrative authority over citizens or firms	Are inspections, sanctions, approvals and appeals standardised, supervised and auditable?

Note: Inclusion indicates potential fiscal or institutional relevance. It does not presume misconduct within any sector or entity.

CONTROLS ALREADY BEING STRENGTHENED

A balanced assessment recognises the controls that are already reducing discretion and improving traceability. Examples in the latest official documents include:

Revenue administration. *The FBR Transformation Plan covers AI-based audit selection, digital invoicing, production monitoring, faceless customs assessment and cargo tracking. Tax returns filed increased from 3.7 million to 7.0 million. The Audit Policy 2026 has also been notified, centralising case selection through the Compliance Risk Management system to promote consistent and even-handed treatment of taxpayers.*

Procurement. e-PADS is being extended to federal and provincial agencies, and the Auditor General has completed an external audit of the system.

Disclosure. Revised civil servant conduct rules support online publication of asset declarations of high-level federal civil servants, and banks' access to asset declarations has been extended to all public officials.

The NRA treats such measures as mitigating controls. They lower residual risk even where inherent exposure remains high.

1.3. International Frameworks and Global Good Practice

International frameworks offer a substantial body of experience on integrity-risk management, corruption prevention, governance diagnostics and financial-crime risk assessment. They establish principles for risk identification, prioritisation, mitigation, monitoring and institutional learning. They do not prescribe a universal corruption-risk score that can be transferred mechanically from one jurisdiction to another. The United Nations Office on Drugs and Crime (UNODC) treats corruption-risk assessment as a structured management cycle. In its *State of Integrity* guide, an organisation establishes its operating environment, identifies and prioritises risks, designs and implements mitigation measures, evaluates their effect and adjusts its systems accordingly (UNODC, 2020). The *OECD Public Integrity Handbook* emphasises that integrity risks vary by sector and organisation, distinguishes inherent from residual risk, and links risk assessment to control design and continuous monitoring (OECD, 2020). The United Nations Convention against Corruption (UNCAC) provides the principal global legal framework for prevention, including transparency, integrity systems, public-sector controls and access to information.

The NRA draws on these principles and goes further by applying them to Pakistan's federal public sector in an integrated, evidence-based exercise. It measures corruption-risk vulnerability through a composite index built specifically for Pakistani entities, the Corruption and Governance Vulnerability Index (CGVI). The CGVI combines audit, procurement, law-enforcement and fiscal records with a document-verified governance questionnaire. The NRA ranks entities and the regulators and line

ministries that oversee them, and explains how vulnerabilities arise through typologies classified by offence, function, structure and system.

Table 2: International frameworks and their application to the Pakistan NRA

Framework	Principal contribution	Application to the NRA
UNODC / UNCAC	Preventive integrity systems; structured organisational corruption-risk assessment; mitigation cycle.	Supports risk identification, prioritisation, mitigation planning and periodic adjustment.
OECD Public Integrity Handbook	Context-based integrity risk management; internal control; inherent and residual risk.	Supports tailoring indicators and controls to entity and function characteristics.
IMF governance framework / GCDA	Macro-critical governance vulnerabilities across core state functions.	Translates system-level findings into entity- and function-level evidence, rankings and measures, incorporating relevant recommendations into the mitigation plan

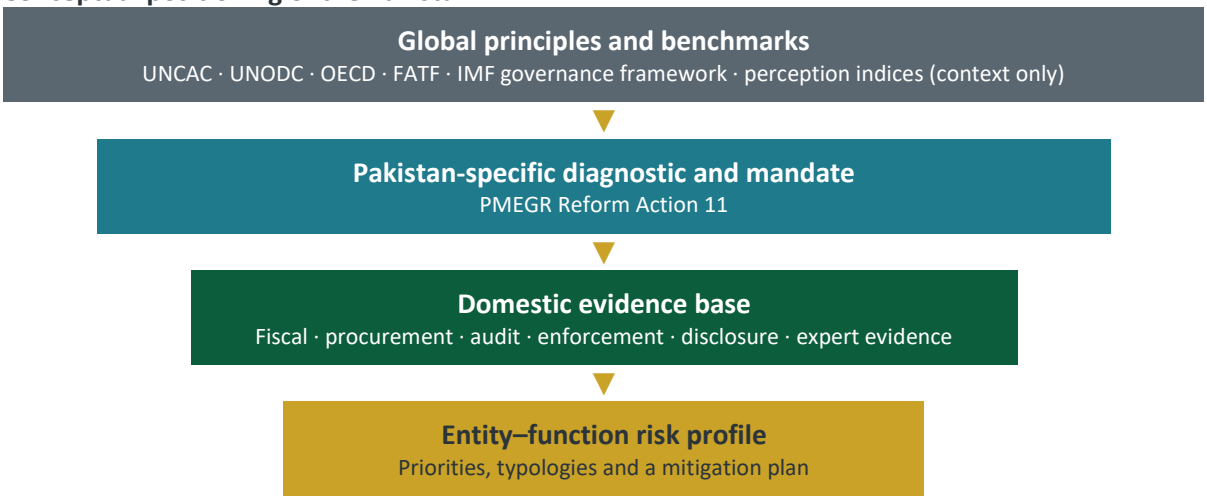
1.4. Why a Pakistan-Specific Assessment Framework Is Required

The case for a Pakistan-specific methodology is not a rejection of international practice. Contextualisation is itself part of international good practice: the OECD stresses that integrity risks vary across sectors and organisations, and FATF cautions that tools must be adapted to national risk and context (OECD, 2020; FATF, 2025).

Pakistan's federal public sector includes ministries and divisions, statutory and autonomous bodies, revenue authorities, regulators, state-owned enterprises, infrastructure organisations, public financial-management institutions and enforcement agencies. These differ in the resources they manage, the legal powers they exercise, how often they interact with citizens and firms, and how far their decisions depend on judgement. A meaningful NRA must assess risk in relation to the specific function in which authority is exercised.

"Discretion," for example, refers to very different operational realities. In procurement it may arise in specification design, bid evaluation or contract variation; in revenue administration, in classification, assessment or settlement; in regulation, in licensing, pricing, market entry or enforcement; and in subsidies, in eligibility and exception handling.

Conceptual positioning of the Pakistan NRA



PAKISTAN-SPECIFIC METHODOLOGICAL PRINCIPLE

International frameworks are used to identify relevant principles, risk factors and good practices. The substantive assessment of Pakistani federal entities is determined by Pakistan-specific institutional mandates, functions, fiscal exposures, administrative data, legal arrangements and oversight evidence.

1.5. Literature and Theoretical Foundations

No single theory explains all forms of corruption risk. Some emphasise delegated authority and information asymmetry; others focus on discretion and accountability, institutional rules and incentives, control weaknesses, coordination among multiple actors, or the capture of regulatory decisions. The NRA uses six established perspectives as complementary lenses. Their purpose is to explain why certain institutional characteristics merit assessment, not to infer corrupt behaviour from the mere presence of those characteristics.

1.5.1. Principal–agent theory

Principal–agent theory examines how delegated authority creates accountability challenges when principals cannot fully observe agents' actions. In public administration, these challenges arise from information asymmetry, weak monitoring, limited traceability and inadequate review, rather than delegation itself (Gailmard, 2014). Applied to the NRA, the theory supports assessing discretionary authority, decision traceability and disclosure completeness as distinct risk dimensions.

A function-level approach is preferable because units within the same organisation differ in delegated authority and oversight arrangements, resulting in different risk profiles across procurement, licensing and finance functions.

1.5.2. Klitgaard's corruption-control framework

Klitgaard's (1988) influential work on controlling corruption emphasises the interaction of monopoly, discretion and accountability. The formulation is best used as a heuristic that directs attention to institutional conditions which may create opportunity for abuse; it is not a literal formula for calculating whether corruption exists.

Klitgaard's heuristic translated into NRA questions

Corruption risk	≈	Monopoly	+	Discretion	−	Accountability
Relative exposure to be assessed, not a finding		How concentrated is authority over a consequential decision?		How much judgement do the applicable rules allow?		Can the decision be reconstructed, reviewed and challenged?

Source: Authors' adaptation of Klitgaard (1988)

Transparency is related to, but distinct from, accountability. An institution may have a formal review mechanism while disclosing little externally, or it may publish a great deal while internal responsibility for decisions remains unclear. The NRA therefore keeps traceability and disclosure completeness as separate dimensions.

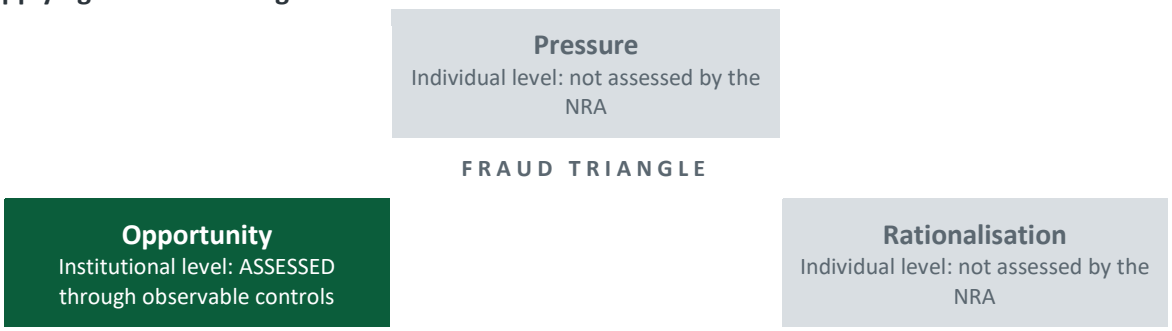
1.5.3. Institutional theory and new institutional economics

Institutional theory examines how formal rules interact with organisational practices, incentives and norms to shape outcomes. North (1991) emphasises that institutions comprise formal and informal constraints, meaning written rules alone do not guarantee effective controls. Fragmented data, incomplete decision records and weak coordination can undermine their implementation. This perspective supports a Pakistan-specific assessment, as risk varies with an entity's mandate, data systems, fiscal exposure, administrative capacity and institutional relationships. Context is therefore essential to understanding how risks emerge and materialise.

1.5.4. The fraud triangle and the institutional opportunity dimension

The fraud-triangle literature, originating with Cressey (1953) and later applied in auditing and fraud research, identifies pressure, opportunity and rationalisation as key elements, with capability subsequently added as a fourth element (Wolfe & Hermanson, 2004; Free & Murphy, 2015). For an institutional NRA, the assessment focuses on opportunity, which can be examined through observable controls, including segregation of duties, approval structures, audit trails, reconciliations, access rights, procurement procedures and supervision. Individual pressure and rationalisation are not inferred, as these psychological factors require evidence beyond the scope of an institutional review. Weak controls indicate potential vulnerabilities but do not establish that misconduct has occurred, ensuring a neutral, evidence-based assessment.

Applying the fraud triangle at institutional level



1.5.5. Collective Action, Regulatory Capture and Systemic Risk

Persson, Rothstein and Teorell (2013) frame corruption in some contexts as a collective-action problem rather than solely a principal–agent issue, based on research in Kenya and Uganda that should not be generalised to Pakistan. This perspective highlights how vulnerabilities may emerge across institutional interfaces when responsibilities, information, approvals, payments and oversight are distributed among multiple organisations. Stigler's (1971) economic theory of regulation further suggests that regulatory decisions may serve the interests of regulated industries rather than the wider public, while Krueger (1974) demonstrates how government restrictions, such as licences and quotas, create rents that economic actors compete to obtain, generating economic costs. For the NRA, these perspectives support examining cross-agency coordination and reconciliation, the clarity and consistency of decision criteria, conflict-of-interest management, stakeholder access, the independence and reasoning of regulatory determinations, and the publication of decisions.

How theoretical perspectives inform the NRA risk dimensions

Theory \ NRA dimension	Exposure	Discretion & authority	Traceability	Disclosure	Internal controls	Coordination across agencies	Regulatory integrity
Principal–agent		●	●	●	○		○
Klitgaard heuristic		●	●	○	○		○
Institutional theory	○	○	○	○	●	●	○
Fraud triangle (opportunity)		○	●		●		
Collective action	○		○	○	○	●	
Regulatory capture / rent-seeking	●	●		●			●

(●) means the theory is a main reason why the NRA measures that risk dimension, because the theory directly explains why weakness in that area increases corruption risk. An open circle (○) means the theory is relevant to the dimension and supports it, but is not its main basis. A blank cell means the theory does not directly address that dimension.

1.6. Integrated Conceptual Framework for the NRA

The literature and international guidance support a multidimensional view of corruption risk. An institution may be fiscally significant but well controlled; it may have limited financial exposure but exercise highly consequential regulatory discretion; or it may have strong formal rules but weak traceability or reconciliation. A defensible national assessment therefore separates the components of risk before aggregating them. This section proposes three components that perform different functions and are not interchangeable: **exposure**, **institutional vulnerability** and **observed risk evidence**.

Three components of the NRA risk profile

EXPOSURE *How consequential is the function if integrity fails?*	**VULNERABILITY** *What conditions could make misuse easier or detection harder?*	**RISK EVIDENCE** *What indicates the area warrants closer preventive attention?*
▪ Financial value and procurement volume ▪ Revenue importance ▪ Regulatory or market reach ▪ Assets, liabilities and guarantees ▪ Scale of public interaction	▪ High discretion ▪ Traceability and disclosure gaps ▪ Weak segregation of duties ▪ Reconciliation problems ▪ Cross-agency coordination gaps	▪ Audit observations ▪ Procurement red flags ▪ Complaints and grievances ▪ Inquiries and investigations ▪ Recurring control exceptions
Combined through triangulation into an entity–function risk profile ► priority for mitigation		

Table 3: Distinguishing exposure, vulnerability and observed risk evidence

Component	Core question	Illustrative indicators	What it does NOT establish
Exposure	How consequential is the function if a failure occurs?	Financial value; procurement volume; revenue importance; regulatory reach; asset and liability scale; public interaction.	That controls are weak or that corruption has occurred.
Institutional vulnerability	What conditions could make misuse easier or detection harder?	Discretion; traceability gaps; disclosure gaps; segregation weaknesses; reconciliation problems; coordination gaps.	That the vulnerability has been exploited.
Observed risk evidence	What indicates the area warrants closer preventive attention?	Audit observations; red flags; complaints; inquiries; investigations; FIRs; recurring irregularities.	Misconduct, liability or conviction.

Evidence triangulation for an entity–function risk profile



No single administrative, audit, procurement or expert data stream determines an entity's result in isolation.

1.7. Objectives and Intended Outputs of the Assessment

The overall objective of the NRA is to establish a structured, standardised and context-specific mechanism for identifying and prioritising corruption-risk vulnerabilities in Pakistan's federal public sector, with particular attention to functions that carry material fiscal, regulatory or systemic consequences.

The first operational objective is **methodological**: to set transparent criteria that allow different entities and functions to be assessed on a comparable basis while retaining flexibility for their different mandates. The second is **prioritisation**: to develop a national risk profile that supports the shortlisting of entities and the identification of departments, regulators and line-ministry functions requiring comparatively greater preventive attention. The third is **action-oriented**: to convert identified vulnerabilities into targeted mitigation measures with responsible actors, implementation horizons and monitoring indicators.

Table 4: Intended outputs of the NRA and their purpose

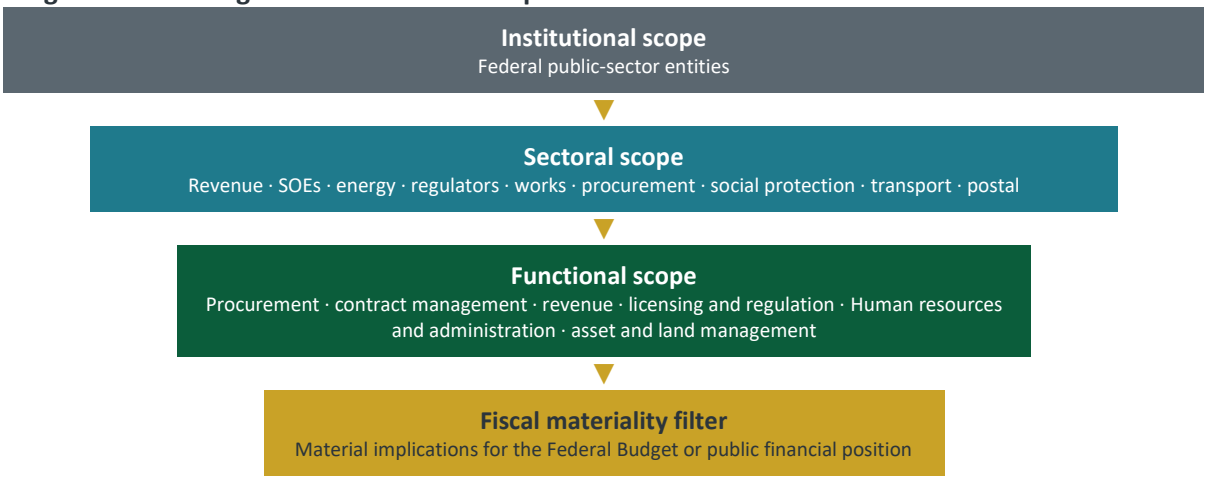
Output	Purpose
Standardised assessment framework	Enable structured comparison of institutions and functions.
National corruption-risk profile	Show how risk factors and exposure are distributed across the assessed federal universe.
Shortlist of priority entities and functions	Concentrate detailed analysis and preventive resources.
Corruption-risk typologies	Identify recurring mechanisms through which vulnerabilities may manifest.
Mitigation and implementation plan	Translate results into controls, institutional reforms and monitoring.

1.8. Scope of the Assessment

The NRA focuses on federal public-sector entities with significant fiscal exposure, public interaction, administrative or regulatory authority, or systemic importance. These may include ministries and divisions, regulators, revenue authorities, state-owned enterprises, infrastructure bodies, public financial-management institutions and enforcement agencies. Priority sectors include revenue administration, energy, public procurement, infrastructure, social protection, subsidies, sectoral regulation, enforcement, and financial and asset management. Their inclusion reflects potential relevance and consequences, not an assumption that corruption exists. The assessment examines specific functions within these entities, such as procurement and contract management, revenue collection, licensing, inspections, project implementation, subsidies and transfers, and selected service-delivery processes, recognising that vulnerabilities may vary across an organisation.

Particular attention is given to vulnerabilities with material implications for the Federal Budget and the wider public financial position. Materiality may arise from direct expenditure, foregone revenue, public assets, subsidies, liabilities, guarantees, major contracts, financial losses, contingent fiscal risks or regulatory decisions affecting public finances. Accordingly, the assessment considers not only the value of recorded corruption cases but also the potential fiscal consequences associated with the functions under review.

Progressive focusing of the assessment scope



CHAPTER 2

Assessment Methodology



CHAPTER 2

Assessment Methodology

The Corruption and Governance Vulnerability Index (CGVI)

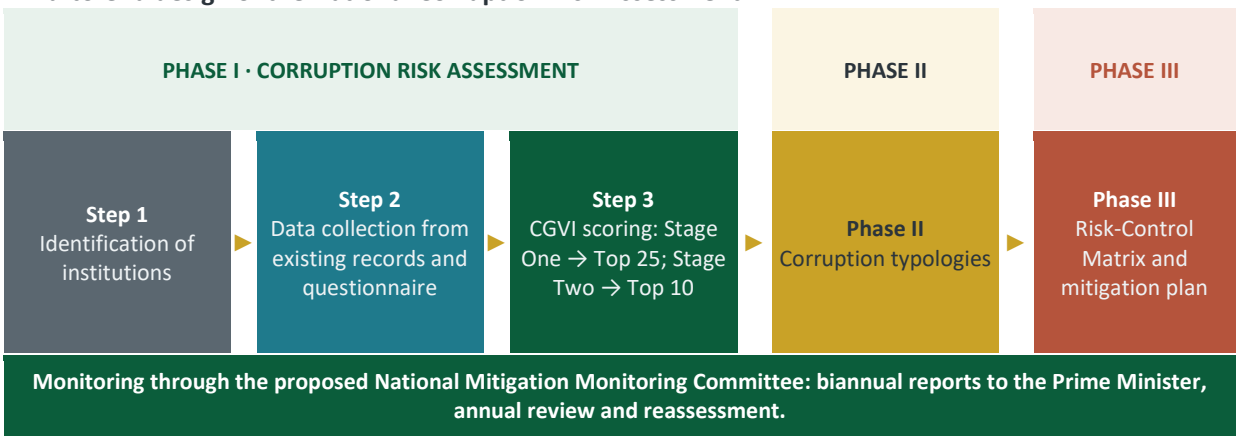
CHAPTER AT A GLANCE

This chapter sets out how the NRA identifies, scores and ranks corruption vulnerability across federal entities. Stage One screens the assessment population to the **Top 25 entities**; Stage Two scores these entities in greater depth, blending administrative records with a structured governance questionnaire, to produce the **Top 10 entities**. Typologies and a targeted mitigation plan follow. Technical details, including indicator definitions, weights and a worked illustration, are provided in **Annex A**.

2.1. Three-Phase Design

The assessment runs in three connected phases. Phase I produces the ranked risk profile; Phase II explains how and why vulnerabilities arise in the highest-scoring entities; Phase III converts those findings into a mitigation plan that is monitored over time.

End-to-end design of the National Corruption Risk Assessment



2.2. Approach and Core Definitions

The methodology rests on an established conceptual and institutional basis rather than being designed in isolation. Three international frameworks shape its architecture. The **UNODC** approach to organisational corruption-risk assessment treats risk management as a cycle: establishing the context, identifying and prioritising risks, designing mitigation, implementing it, and evaluating and adjusting. The NRA follows this cycle in its three phases, moving from a risk profile (Phase I) to typologies that explain how risks arise (Phase II) and a time-bound mitigation and monitoring plan (Phase III). The **OECD** Public Integrity Handbook emphasises that integrity risks are context-specific, that inherent risk must be distinguished from residual risk after controls, and that assessment should lead to control design. This is reflected in the separation between exposure and control weakness in the CGVI pillars, the use of a governance questionnaire to capture safeguards that records do not show, and the residual-risk treatment in Section 2.8. The **United Nations Convention against Corruption (UNCAC)** provides the preventive principles on which the assessment draws, including transparency, objective criteria in procurement and public finance, and integrity systems, as well as the offence categories used to classify typologies in Chapter 4.

The theoretical framework set out in Chapter 1 links these principles to what the CGVI measures. Principal–agent theory and Klitgaard's heuristic, in which corruption risk rises with monopoly and discretion and falls with accountability, underpin the **Inherent Exposure** pillar, which captures financial scale, discretion and public interface, and the **Control and Transparency Weakness** pillar, which captures the accountability side. The fraud triangle's focus on institutional opportunity, and institutional theory's attention to the gap between formal rules and practice, explain why the assessment looks for observable control gaps and traceability rather than individual motives. The distinction between exposure, institutional vulnerability and observed risk evidence developed in Chapter 1 maps directly onto the pillars: exposure onto Inherent Exposure and **Macro-Critical Impact**, vulnerability onto Control and Transparency Weakness and **Data Opacity and Detectability**, and observed evidence onto **Secondary Risk Signals**. The two-stage design, in which a light screening is followed by an evidence-rich assessment, applies the same logic of proportionality and triangulation, so that no single data stream decides an entity's position.

The methodology is risk-based and evidence-driven, consistent with practice promoted by UNODC, the OECD, FATF and the World Bank. It relies on verifiable administrative records, supplemented by a structured governance questionnaire, rather than on perception alone. Six definitions apply throughout.

Core definitions applied in the assessment

Corruption Interpreted in line with UNCAC and domestic law: bribery, embezzlement, abuse of functions, illicit enrichment, trading in influence and procurement fraud.	**Corruption risk** The likelihood that corruption may occur in an institution or process, combined with its potential consequences.	**Inherent risk** Risk before any controls or safeguards are considered; the intrinsic vulnerability of a sector or process.
Control effectiveness The extent to which governance, oversight and integrity mechanisms mitigate identified risks.	**Residual risk** The risk that remains after existing controls are taken into account; the risk that must ultimately be managed.	**Corruption typology** A structured classification of schemes by modus operandi, actors, enabling conditions, concealment and consequences.

2.3. Identifying Institutions

Federal institutions are identified through a multi-criteria, risk-based selection. The output is a consolidated list that forms the population for Stage One screening; entities identified as vulnerable in the IMF Governance and Corruption Diagnostic Assessment are included (IMF, 2025).

Selection criteria for the assessment population

1 Significant financial flows	**2** High degree of public interaction	**3** Significant regulatory or discretionary authority	**4** High volume of complaints or inquiries with LEAs, or unsettled audit paras before the PAC
5 Low transparency score in Transparency International Pakistan reports over three years	**6** Identified as vulnerable in the IMF GCDA (e.g. FBR, public procurement, SOEs)	**7** For regulators and ministries: budget, number of governed entities in the Top 25 and their average score	**OUTPUT** **Consolidated list of institutions for screening**

2.4. Data Sources

The assessment draws on records already held across government. These records are used not only as evidence of detected misconduct but as signals of **structural vulnerability**: persistent audit observations,

procurement red flags or repeated complaints can indicate elevated risk where no investigation has occurred.

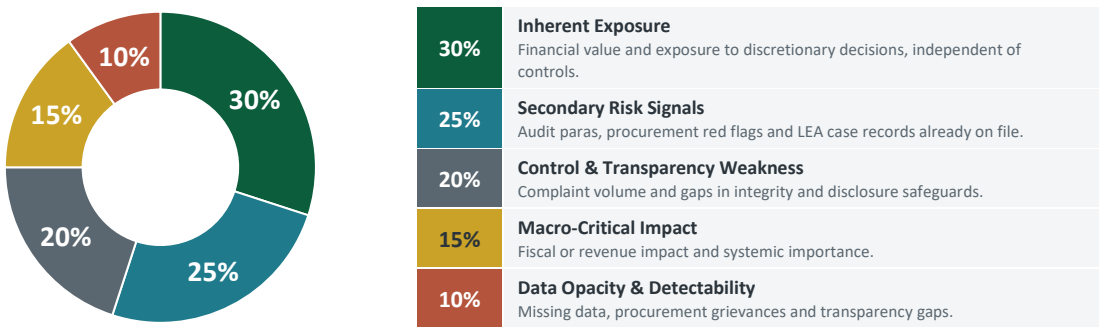
Table 5: Primary data sources

Source	What it provides
Auditor General of Pakistan (AGP)	Audit paras pending before the PAC (Stage One); number and value of audit paras by functional category (Stage Two)
Finance Division and PSDP documents	Entity budget allocation and expenditure
FIA, NAB	Complaints, inquiries, investigations, FIRs, references and challans, with amounts involved
PPRA / e-GP	Procurement red flags and procurement grievances
Finance Division SOE Unit and SBP	SOE losses, subsidy outlay and circular-debt contribution
Transparency International Pakistan	Institutional sub-scores from the National Corruption Perception Survey (Stage One only)
Entity Governance and Institutional Integrity Questionnaire	Existence of governance, integrity and disclosure safeguards in each Stage Two entity

2.5. The CGVI and Stage One Screening

Risk is scored through a two-stage composite index, the CGVI. Its standardisation, weighting and aggregation follow the OECD–JRC *Handbook on Constructing Composite Indicators* (Nardo et al., 2008). Both stages use the same five pillars and pillar weights. Inherent Exposure and Macro-Critical Impact together carry 45 percent of the weight, so entities are ranked chiefly by the federal fiscal resources placed at risk rather than by public perception.

Figure 2.4. The five CGVI pillars and their weights



Stage One applies **one proxy indicator per pillar** to every entity in the population, using data the state already publishes or can request administratively. It is entirely quantitative. Right-skewed counts and amounts are log-transformed, all indicators are rescaled to 0–100, and the perception score is inverted so that higher trust means lower risk. The 25 highest Screening Scores advance to Stage Two.

Table 6: Stage One screening proxies

Pillar (weight)	Proxy indicator	Treatment
Inherent Exposure (0.30)	Budget or financial exposure (Rs)	Log, then min-max
Secondary Risk Signals (0.25)	Number of audit paras pending before the PAC	Log, then min-max
Control & Transparency Weakness (0.20)	Complaints and LEA records (count)	Log, then min-max
Macro-Critical Impact (0.15)	Cumulative losses: SOE losses, subsidy outlay or circular-debt contribution	Min-max
Data Opacity & Detectability (0.10)	TI Pakistan institutional perception score	Inverted min-max

2.6. Stage Two Assessment and Final Ranking

Stage Two scores each of the Top 25 entities on a fuller set of indicators. Within each pillar, a **quantitative sub-index** is built from administrative records, with audit paras broken down by functional category (procurement and contract management, financial and asset management, fraud and embezzlement, and others) so that the evidence behind each score is visible. A **qualitative sub-index** is built from the Entity Governance and Institutional Integrity Questionnaire. The two are blended for each pillar, and the blended pillar scores are weighted into the entity's CGVI.

Table 7: Stage Two quantitative indicators and weights within each pillar

Pillar	Quantitative indicators (weight within pillar)
Inherent Exposure	Financial value (0.50); discretionary and financial-management control vulnerability, measured by audit paras on financial and asset management (0.50)
Secondary Risk Signals	Audit paras number (total); audit paras value (total); procurement and enforcement red flags; LEA inquiry, investigation and FIR count; LEA reference and challan count; total value at risk (one-sixth each)
Control & Transparency Weakness	LEA complaint count (1.00)
Macro-Critical Impact	Fiscal or revenue impact (0.50); systemic importance score (0.50)
Data Opacity & Detectability	Missing or unpublished data score (0.50); PPRA grievance count (0.50)

The questionnaire, the Entity Governance and Institutional Integrity Questionnaire, records for each entity whether specific safeguards exist. It contains 22 scored items grouped into four sections, as shown below.

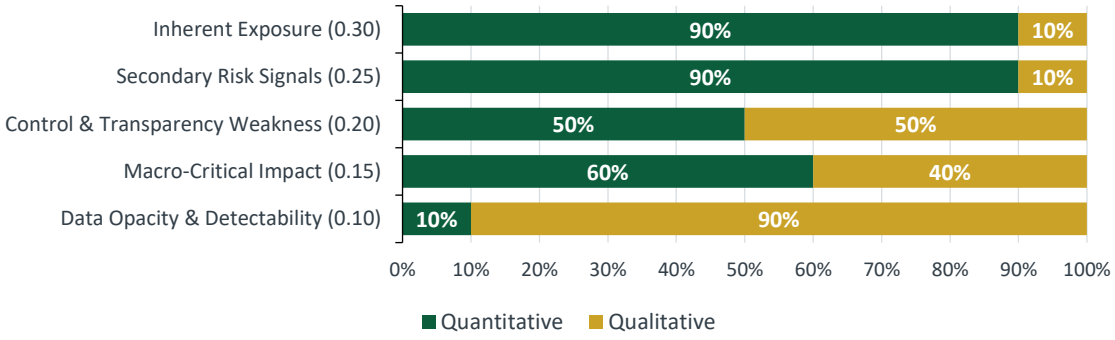
Table 8: Entity Governance and Institutional Integrity Questionnaire

Questionnaire section	What it covers	Pillar it informs
Section 1: Institutional and governance structure	Board oversight; independent internal audit function; merit-based appointments; documented delegation of authority; risk-management arrangements; performance indicators and performance audit	Inherent Exposure
Section 2: Anti-corruption and integrity controls	Code of conduct; conflict-of-interest and asset declarations; whistleblower protection; gifts and hospitality policy	Control and Transparency Weakness (with Section 3)

Section 3: Transparency and public disclosure	Procurement through e-GP; disclosure of budgets and decisions; grievance redress; responsiveness to right-to-information requests	Control and Transparency Weakness (with Section 2); Data Opacity and Detectability
Section 4: Control effectiveness and impact	Implementation of audit recommendations; disciplinary action taken; follow-up of internal-audit findings; assessment of the impact of past reforms	Secondary Risk Signals

The questionnaire records, for each entity, whether specific safeguards exist. Each item is answered Yes, Partial or No (scored 100, 50 and 0) and averaged into four section scores, which are inverted so that stronger safeguards mean lower risk. Responses are checked against the documents the entity cites. The share of each pillar drawn from the questionnaire reflects how far that pillar measures institutional design rather than recorded events; weighted by pillar size, the overall blend is approximately **70 percent quantitative and 30 percent qualitative**.

Figure 2.5. Quantitative and qualitative shares within each pillar (Stage Two)



STAGE TWO SCORING EQUATIONS

Eq. 5	**Quantitative sub-index**	$\text{Quant} = \Sigma\, w_k \times \textit{Std. indicator}_k$ *Weights within each pillar sum to 1.00 (Table 2.3).*
Eq. 6	**Qualitative sub-index**	$\text{Qual} = 100 - \text{Questionnaire section score}$ *Section score = average of item scores (Yes 100, Partial 50, No 0).*
Eq. 7	**Blended pillar score**	$\text{Pillar} = w_{\text{quant}} \times \text{Quant} + w_{\text{qual}} \times \text{Qual}$ *Quantitative/qualitative weights as shown in Figure 2.5.*
Eq. 8	**Entity CGVI (Entity Score)**	$\text{CGVI} = 0.30{\cdot}\text{IE} + 0.25{\cdot}\text{SRS} + 0.20{\cdot}\text{CTW} + 0.15{\cdot}\text{MCI} + 0.10{\cdot}\text{DOR}$ *Each term is the 0–100 blended pillar score.*

Entities are ranked in descending order of Entity Score, and the ten highest form the **Top 10 entities** carried into Phases II and III. Each score is also placed in a risk band that guides its treatment.

Entity Score risk bands

Low	Moderate	Substantial	High	Very High	Extremely High
0–29	30–44	45–59	60–74	75–90	Above 90

Bands classify relative vulnerability for prioritisation; they are not findings of corrupt conduct.

The scale has six bands. Entities scoring above 90 are classified as **Extremely High Risk**. A score in this range means that an entity combines very high exposure with strong recorded risk signals and weak documented controls across almost all pillars. Such entities require immediate, in-depth review and an entity-specific mitigation plan escalated for oversight, subject to verification of the underlying data. The **Very High** band covers scores from 75 to 90 and so on.

2.7. Ranking Regulators and Line Ministries

Each of the Top 25 entities is assigned to its regulator or line ministry. Every governing body with at least one entity in the Top 25 receives a Regulator Score, the equally weighted average of three standardised

indicators: the number of Top 25 entities it governs, their aggregate budget, and their average Screening Score. The five highest scores form the list of the **Top 5 regulators and line ministries**, each placed in a High (67–100), Medium (34–66) or Low (0–33) band.

2.8. Residual Risk and Validation

The pillars map onto the definitions in Section 2.2. Inherent Exposure and Macro-Critical Impact capture inherent risk; Control and Transparency Weakness, together with the questionnaire, captures the inverse of control effectiveness; and Secondary Risk Signals and Data Opacity and Detectability supply corroborating evidence. The Entity Score is therefore, in substance, a **residual risk** score on a 0–100 scale. All weights are held in a single editable table in the companion scoring workbook, where each set must sum to 1.00; changing a weight recalculates every score. Before results are finalised, the Working Group/Task Force reviews the weights and tests the sensitivity of the ranking to alternative values.

2.9. Phase II: Corruption Typologies

For each of the Top 10 entities, the Task Force conducts an in-depth qualitative assessment to capture the context-specific drivers of vulnerability, including informal practices. Each scheme is documented in a typology matrix, and draft typologies are validated by the Working Group/Task Force.

Typology matrix: fields documented for each scheme

WHO	HOW & WHY	SO WHAT
Typology name	Enabling factors, including informal practices	Frequency of occurrence
Description of the scheme	Control weaknesses exploited	Financial impact
Main actors involved	Concealment methods, including legal persons and virtual assets	Governance impact

2.10. Phase III: Mitigation Plan

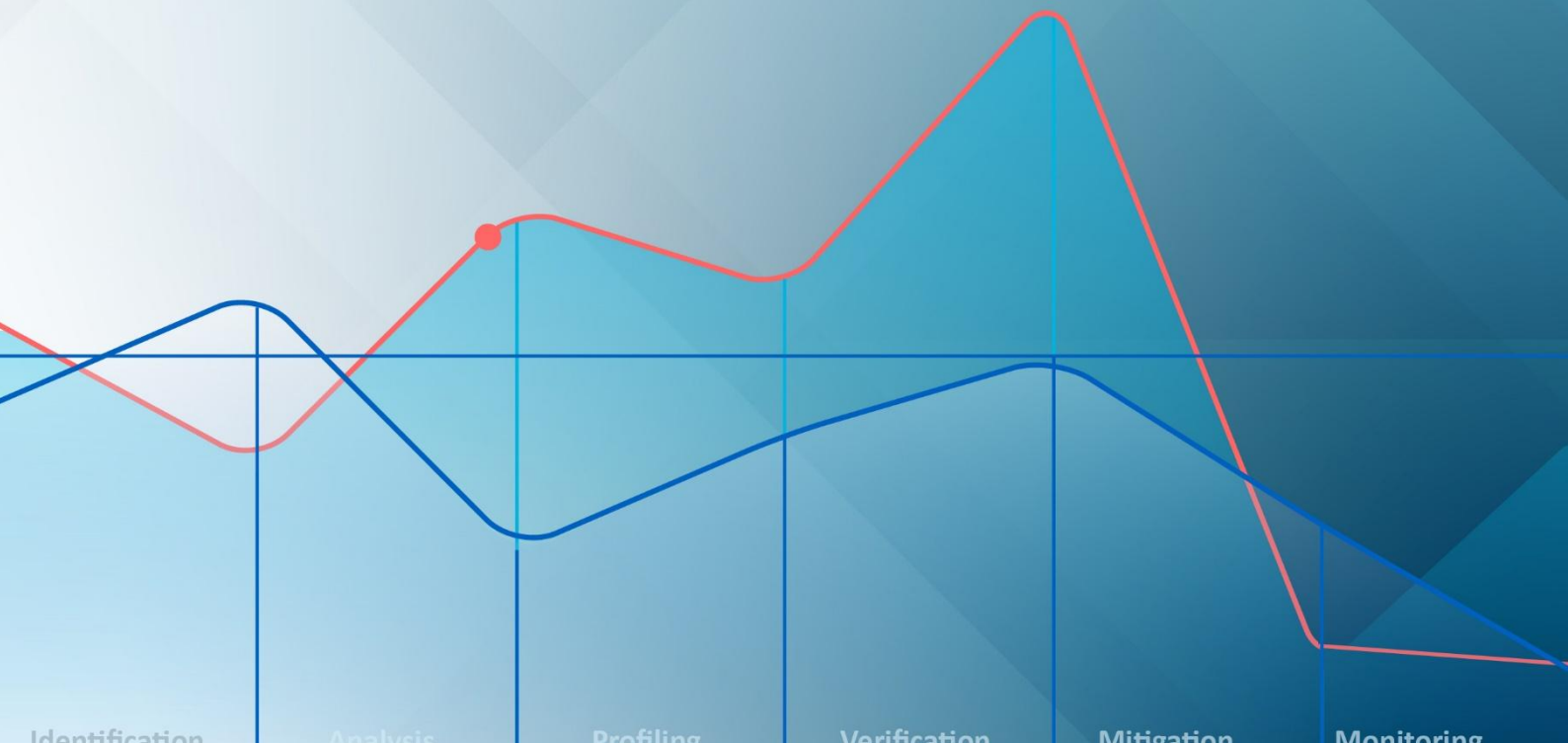
For each identified vulnerability, a Risk-Control Matrix sets out the corrective response. Entity-level measures are complemented by cross-cutting reforms, including whistleblower protection, digitisation of key processes, conflict-of-interest management, transparency and access to information, AML/CFT and beneficial-ownership transparency, and capacity to trace and recover illicit proceeds.

Risk-Control Matrix structure

Field	What it records
Vulnerability / typology	The specific weakness or scheme identified in Phase II, and the process in which it arises
Root cause	The underlying condition that enables the vulnerability, such as excessive discretion, weak segregation of duties or incomplete records
Existing controls	Safeguards already in place, which are credited before new measures are proposed
Recommended measure	The corrective action proposed to close the gap
Responsible institution	The entity, regulator or line ministry accountable for implementation
Timeline	The implementation horizon and key milestones

CHAPTER 3

National Corruption Risk Profile



CHAPTER 3

National Corruption Risk Profile

25 + 5	10 + 5	61.1
Entities assessed in depth in Stage 1 *25 federal entities and 5 regulators and line ministries*	Carried into Chapters 4 and 5 *Top 10 entities and Top 5 regulators and line ministries short listed in Stage 2*	Highest Entity Score *DISCOs, High band*

READING THIS CHAPTER

Scores in this chapter measure **relative** corruption-risk vulnerability among the entities assessed, on a scale of 0 to 100. The rankings, Entity Scores and risk bands classify relative vulnerability to corruption risk to prioritise preventive action and institutional strengthening. They do not establish any incidence of corruption and only ranks institutions by weaknesses/vulnerabilities. They reflect exposure, risk signals in existing records and the strength of documented safeguards. A higher score indicates a greater need for preventive attention; it is not a finding that corruption has occurred in any entity or that any official is responsible for it.

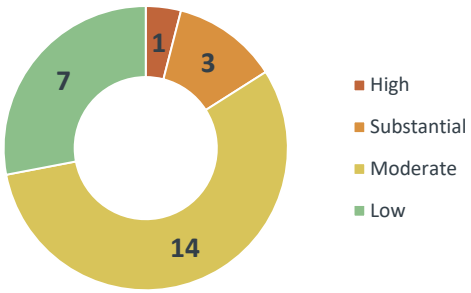
Rankings and risk bands should not be taken or cited as indicator about the integrity of any institution

3.1. Assessment Population and Data Coverage

The risk profile was built in two stages. Stage One screened the federal entities identified through the selection criteria in Chapter 2. The twenty-five entities with the highest Screening Scores were assessed in depth in Stage Two, using the full indicator set and the governance questionnaire, together with five regulators and line ministries that oversee them. The ten entities with the highest Stage Two Entity Scores, together with the five regulators and line ministries, form the Top 10 + 5 analysed in Chapters 4 and 5.

Within the twenty-five entities assessed in Stage Two, one falls in the High band, three in the Substantial band, fourteen in the Moderate band and seven in the Low band. No entity reached the Very High band

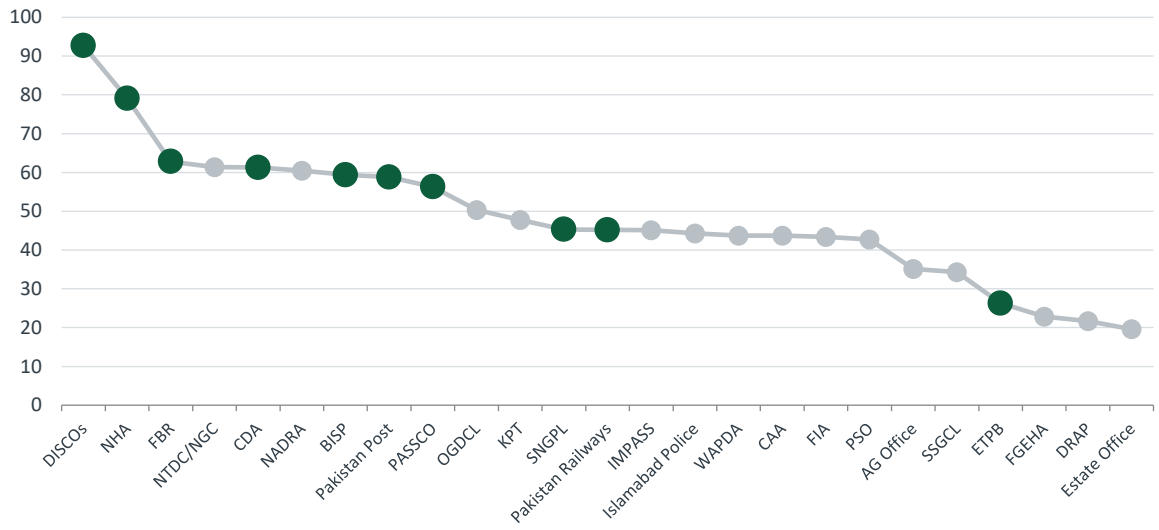
Figure 1: Top 25 entities by risk band



3.2. Stage One Results: The Top 25 Entities

Stage One applied one proxy indicator per pillar to every entity. Figure 3.2 shows the resulting Screening Scores in rank order. DISCOs recorded by far the highest score (92.7), followed by NHA (79.1). A group of entities then follows closely between 56 and 63, comprising FBR, NTDC/NGC, CDA, NADRA, BISP, Pakistan Post and PASSCO, after which scores decline steadily to 19.6 for the twenty-fifth entity. Nine of the final Top 10 were already among the thirteen highest-scoring entities at screening; the exception, ETPB, shows how the detailed assessment in Stage Two can alter the picture.

Figure 2: Stage One Screening Scores of the twenty-five shortlisted entities

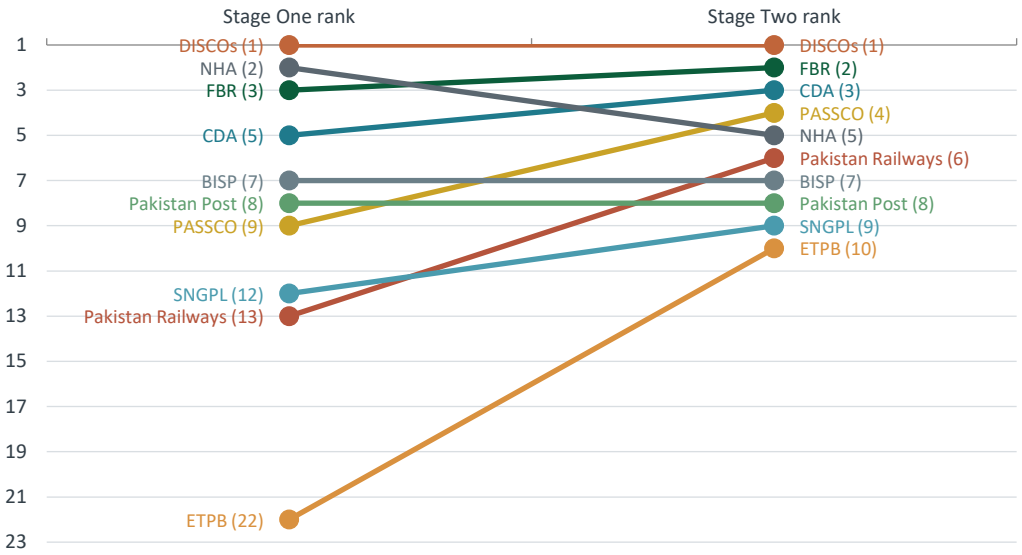


Source: Stage Two assessment results. Green bars indicate entities that were subsequently ranked in the Top 10 at Stage Two.

3.3. Movement between Stage One and Stage Two

Stage Two replaced single proxies with a fuller body of evidence: audit paras by functional category and value, procurement red flags, law-enforcement records, fiscal impact, systemic importance and the governance questionnaire. Figure 3 traces how each Top 10 entity's rank changed as a result. ETPB shows the largest rise, from twenty-second to tenth, followed by Pakistan Railways (thirteenth to sixth), PASSCO (ninth to fourth) and SNGPL (twelfth to ninth). NHA moved from second to fifth. Two entities ranked highly at screening, NTDC/NGC and NADRA, fell outside the Top 10 once their full profiles were assessed.

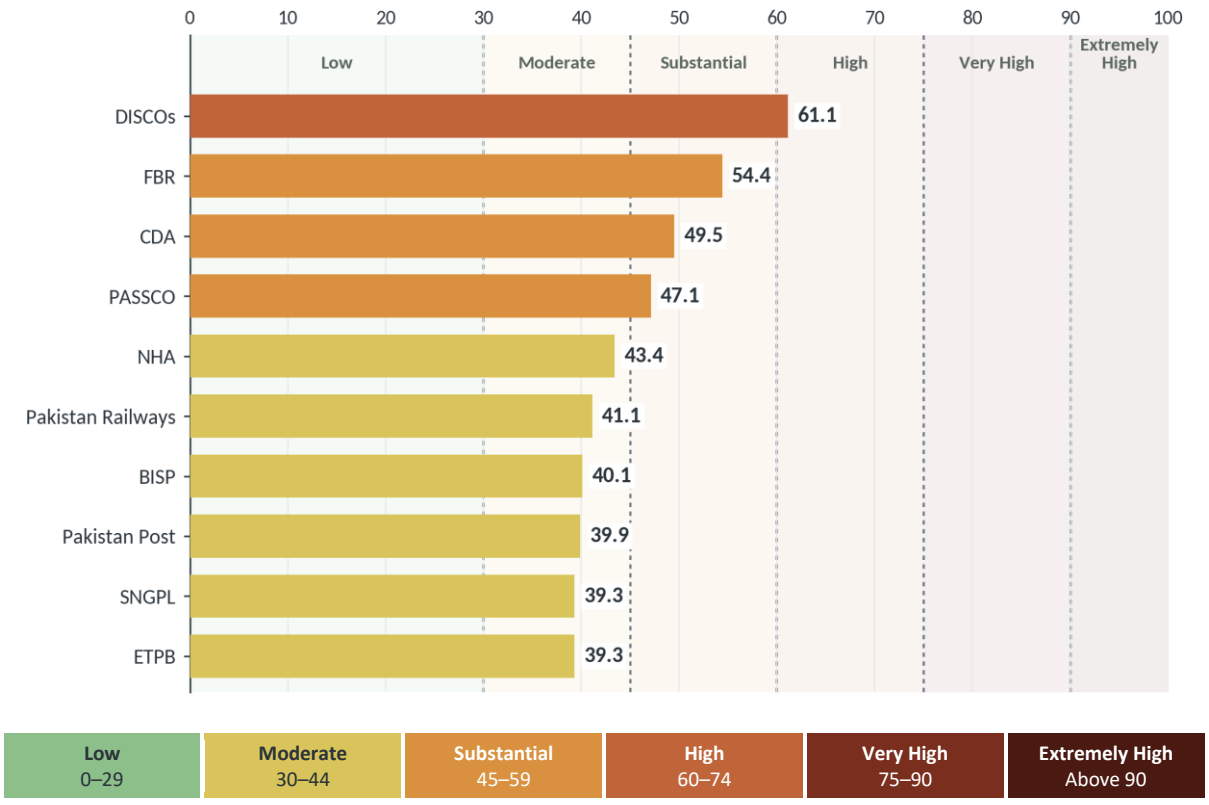
Figure 3: Stage One and Stage Two scores of the Top 10 entities



3.4. Stage Two Results: The Top 10 Entities Ranked by Residual Risk

DISCOs rank first, the only entity in the High band. Rest of the entities fall in the substantial and moderate risk bands.

Figure 4: Entity Scores of the Top 10 entities



Low	Moderate	Substantial	High	Very High	Extremely High
0–29	30–44	45–59	60–74	75–90	Above 90

A BALANCED PICTURE: NO ENTITY IN THE VERY HIGH OR EXTREMELY HIGH BANDS

The results should be read in proportion. Of the twenty-five entities assessed in depth at Stage Two, none falls in the Very High band (75–90) or the Extremely High band (above 90). Only one entity, the distribution companies, is in the High band; three are Substantial, fourteen are Moderate and seven are Low. Twenty-one of the twenty-five, more than four in five, therefore sit in the Moderate or Low bands, and even the highest Entity Score is some distance below the Very High threshold.

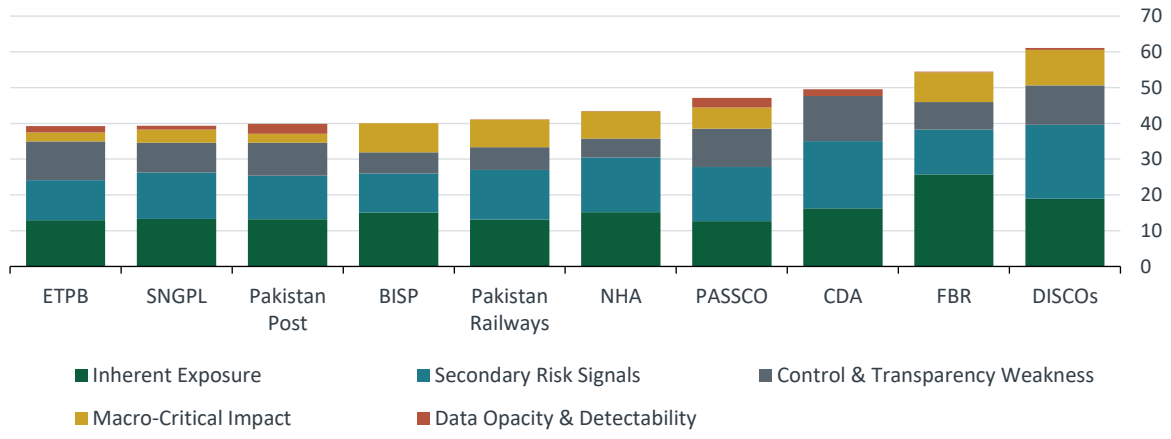
The two-stage design explains part of this picture. At Stage One, when entities were screened on a single proxy indicator per pillar, one entity fell in the Very High range. Once the full indicator set and the governance questionnaire were applied at Stage Two, its score fell below that threshold. This is the intended effect of the method: a screening score reflects exposure and recorded signals, while the Stage Two score also takes account of the safeguards an entity can document. Several entities documented governance structures, integrity controls, transparency measures and follow-up of audit findings across almost all questionnaire items, which reduced their residual risk.

The absence of entities in the top two bands does not mean that corruption risk is low or that no action is needed. Moderate and Substantial scores still reflect specific, recurring vulnerabilities, set out as typologies in Chapter 4, and the High score of the distribution companies reflects their scale, losses and recorded risk signals. Nor does it establish that any entity is free of misconduct; the CGVI measures relative vulnerability, not wrongdoing. What the picture does show is that the vulnerabilities identified are specific and addressable rather than evidence of systemic institutional failure, and that the controls already in place in several entities provide a base on which the mitigation plan in Chapter 5 can build.

3.5. What Drives the Scores

Figure 5 shows the contribution of each pillar to the Entity Scores. Inherent Exposure and Secondary Risk Signals together account for more than half of every score, consistent with the index design, although their relative contributions vary across entities. Secondary Risk Signals contribute the largest share for DISCOs, CDA, PASSCO and NHA, while Inherent Exposure dominates for FBR, reflecting its financial scale and the large number of audit paras relating to financial and asset management. Since FBR's functions largely involve the assessment, collection and refund of public revenue, the volume of paras in this category must be read in the context of its transaction volume and mandate. Macro-Critical Impact contributes most to the scores of BISP and Pakistan Railways, while Control and Transparency Weakness is relatively more prominent for ETPB, Pakistan Post and CDA.

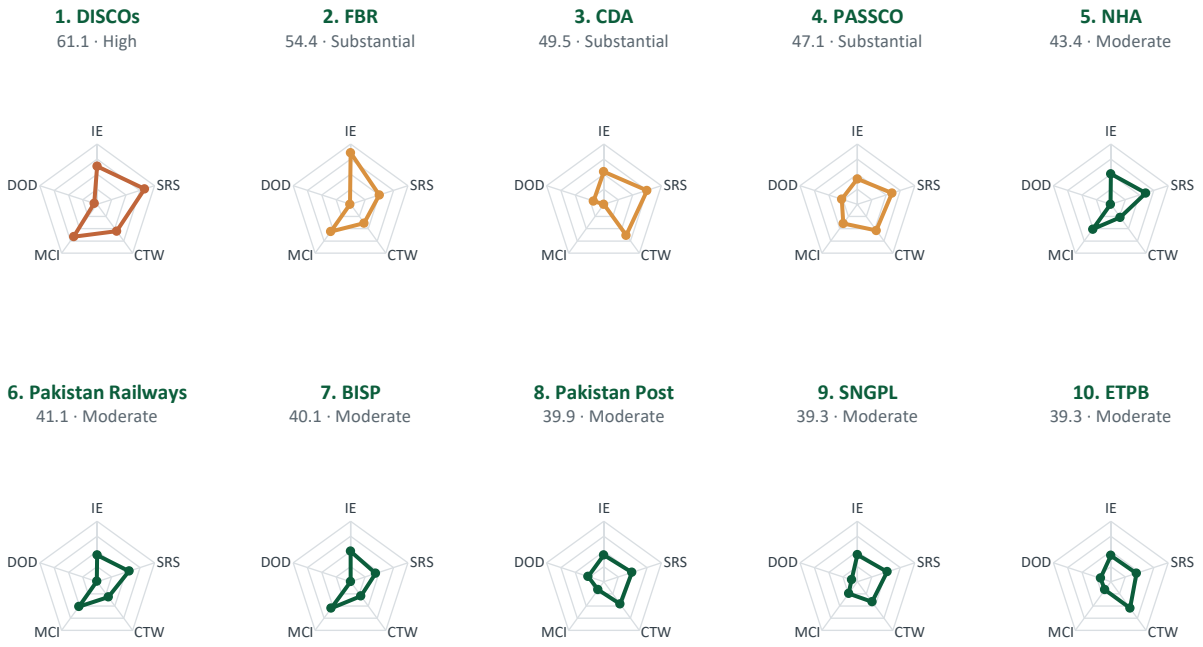
Figure 5: Weighted contribution of each pillar to the Entity Score



Each segment equals the pillar weight multiplied by the entity's blended pillar score; segments sum to the Entity Score.

The pillar profiles of the top 10 ranked entities, shown in Figure 6, illustrate these differences. DISCOs present a broad profile with weaknesses across exposure, signals and impact. FBR is concentrated on exposure and impact. CDA and PASSCO share a profile weighted towards risk signals and control weaknesses, with PASSCO also showing the highest Data Opacity score among the four.

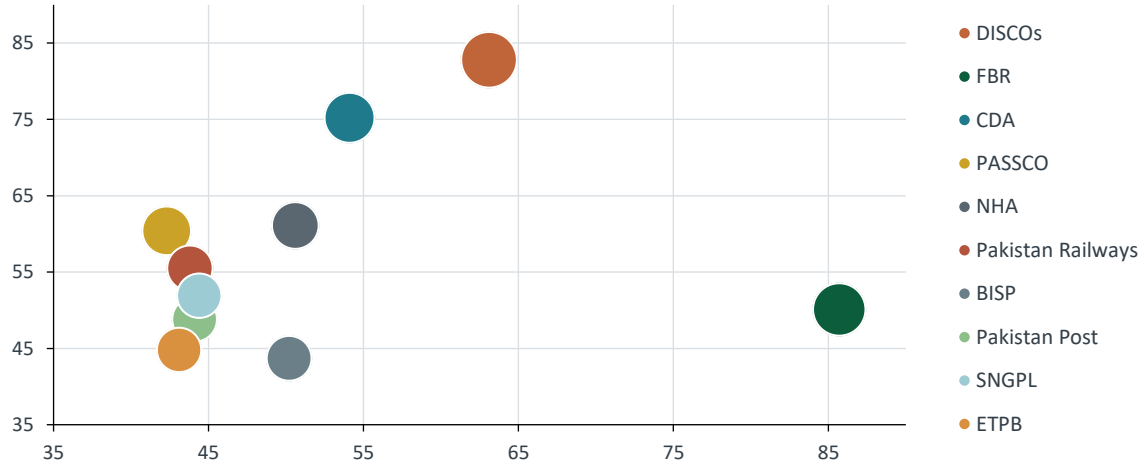
Figure 6: Pillar profiles of the Top 10 entities



IE = Inherent Exposure · SRS = Secondary Risk Signals · CTW = Control and Transparency Weakness · MCI = Macro-Critical Impact · DOD = Data Opacity and Detectability. Blended pillar scores on a 0–100 scale; outer ring = 100. Line colour indicates risk band: High (red), Substantial (orange), Moderate (green). Number = rank; figure below name = Entity Score.

Figure 7 places the Top 10 on a simple risk map, comparing Inherent Exposure with Secondary Risk Signals, the two pillars that carry the greatest weight. DISCOs sit in the upper-right area, high on both. FBR stands apart with the highest exposure but moderate signals. CDA, NHA and PASSCO show stronger signals relative to their exposure, while BISP, Pakistan Post, SNGPL and ETPB cluster at moderate levels on both dimensions.

Figure 7: Risk map: Inherent Exposure against Secondary Risk Signals

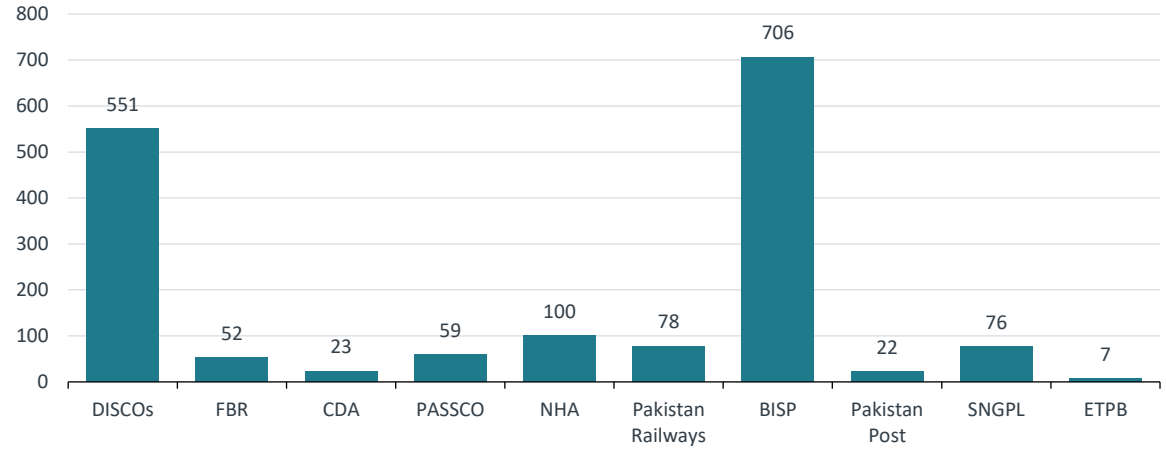


Horizontal axis: Inherent Exposure blended score. Vertical axis: Secondary Risk Signals blended score. Bubble size: Entity Score.

3.6. The Evidence behind the Scores

The financial value of the Top 10 entities varies by a factor of a hundred. BISP (Rs 706 billion) and DISCOs (Rs 551 billion) are by far the largest, followed by NHA (Rs 100 billion). At the other end, ETPB (Rs 7.1 billion) and Pakistan Post (Rs 22.4 billion) are small, but reach the Top 10 through other pillars. This confirms that the ranking is not simply a ranking by size.

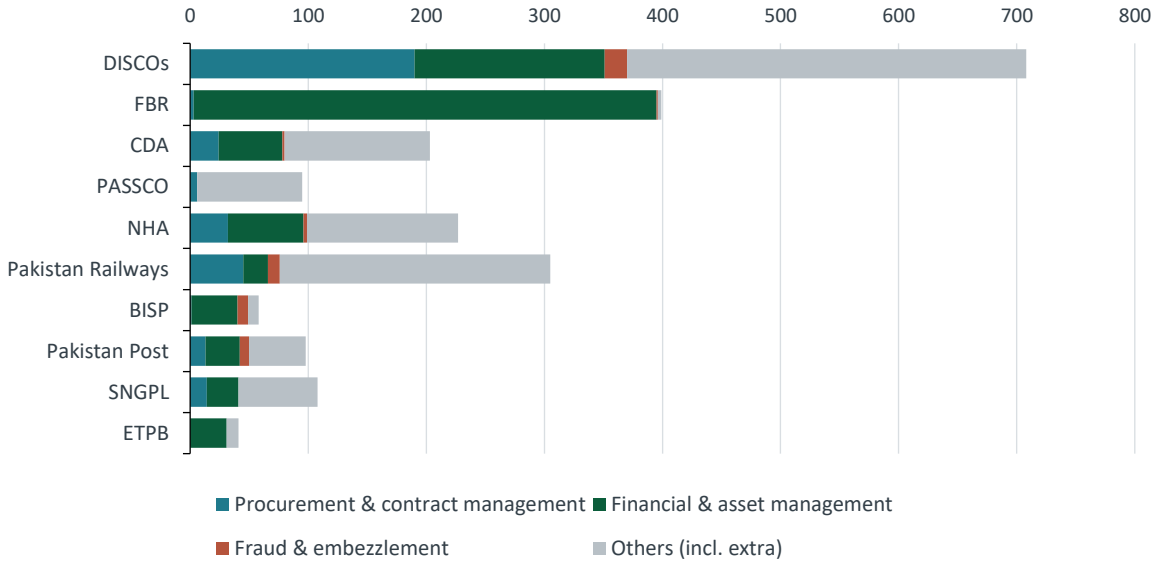
Figure 8: Financial value of the Top 10 entities (Rs billion)



Process financial value as used in the Inherent Exposure pillar.

The composition of audit paras also varies across entities. Almost all of FBR's paras, as expected for a revenue administration, and most of ETPB's relate to financial and asset management. DISCOs have the largest share of paras concerning procurement and contract management. For PASSCO and Pakistan Railways, most paras fall under the "Others" category, covering operational and administrative matters beyond procurement and finance. Fraud and embezzlement paras account for a small share overall and are most visible in BISP, Pakistan Post, and Pakistan Railways

Figure 9: Audit paras by functional category



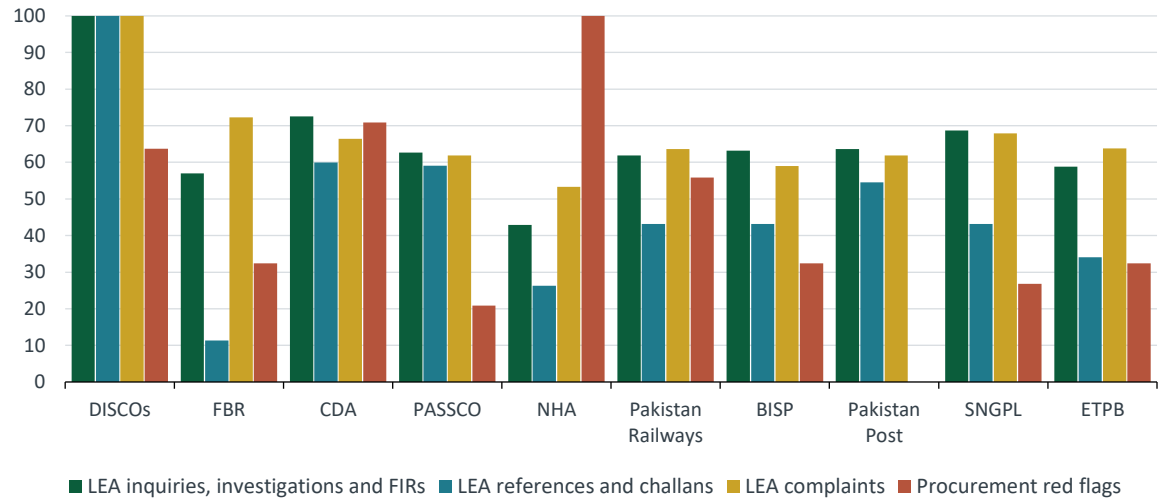
**Stage Two assessment results. Number of audit paras by category; "others" includes paras recorded as extra.*

FBR, reflecting large number of audit paras relating to financial and asset management. Since FBR's functions largely involve the assessment, collection and refund of public revenue, the volume of audit paras relating to financial and asset management should be interpreted in the context of its mandate and transaction volume, rather than attributed entirely to FBR's own administrative and financial management. The Supreme Court of Pakistan has also clarified the limits of the Auditor General's jurisdiction in relation to taxpayer records and tax proceedings. Accordingly, if the analysis were limited to paras directly attributable to FBR's own financial and administrative management, its relative position would fall to fifth place. However, to ensure parity and consistency, the assessment criteria have been applied uniformly across all entities.

Box 1: Interpretive Safeguard

Law-enforcement and procurement signals, standardised to a 0–100 scale across the twenty-five Stage Two entities, are shown in Figure 9. DISCOs rank highest on every law-enforcement indicator, reflecting 1,653 inquiries, investigations and FIRs, 450 references and challans and 6,492 complaints. NHA records the most procurement red flags (34), followed by CDA (24). These counts partly reflect the scale of each entity's operations and the reach of reporting channels, and are therefore treated as signals rather than measures of misconduct.

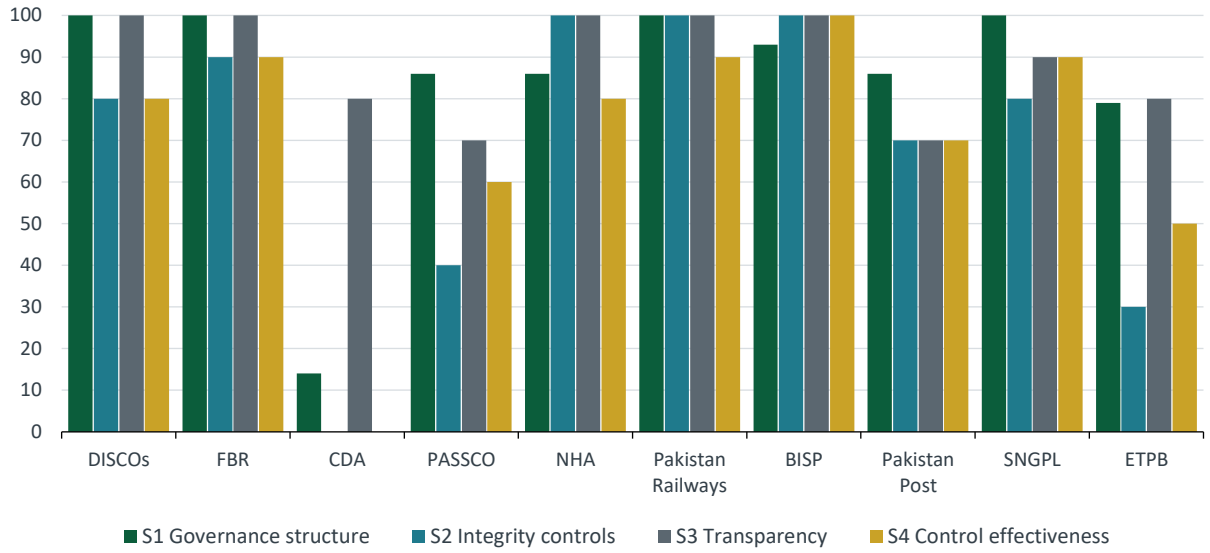
Figure 10: Standardised law-enforcement and procurement signals



Indicators are log-transformed and standardised to 0–100 across the twenty-five Stage Two entities.

The governance questionnaire shows a clear divide. FBR, BISP, Pakistan Railways, NHA, SNGPL and DISCOs report safeguards in place across almost all items. Prima facie the CDA struggles with institutional safeguards. Likewise ETPB and PASSCO reflect gaps in integrity controls and effectiveness Because questionnaire responses are checked against the documents cited, high scores indicate that safeguards are documented; but it does not reflect that the safeguards are necessarily effective in practice.

Figure 11: Governance questionnaire scores by section



Section scores on a 0–100 scale, where 100 means all safeguards in that section are reported and documented.

Figure 12 compares each entity's overall questionnaire score with its Entity Score, revealing two distinct patterns. DISCOs and FBR score high despite strong documented safeguards, but for different reasons: DISCOs face high exposure and risk signals, while FBR's score is driven primarily by its exposure, reflecting the scale of its revenue mandate. In contrast, CDA, PASSCO and ETPB owe much of their scores to weaknesses in documented safeguards. This distinction guides mitigation priorities: reducing exposure and addressing risk signals, and strengthening basic integrity controls.

Figure 12: Entity Score against overall questionnaire score



3.7. Regulators and Line Ministries

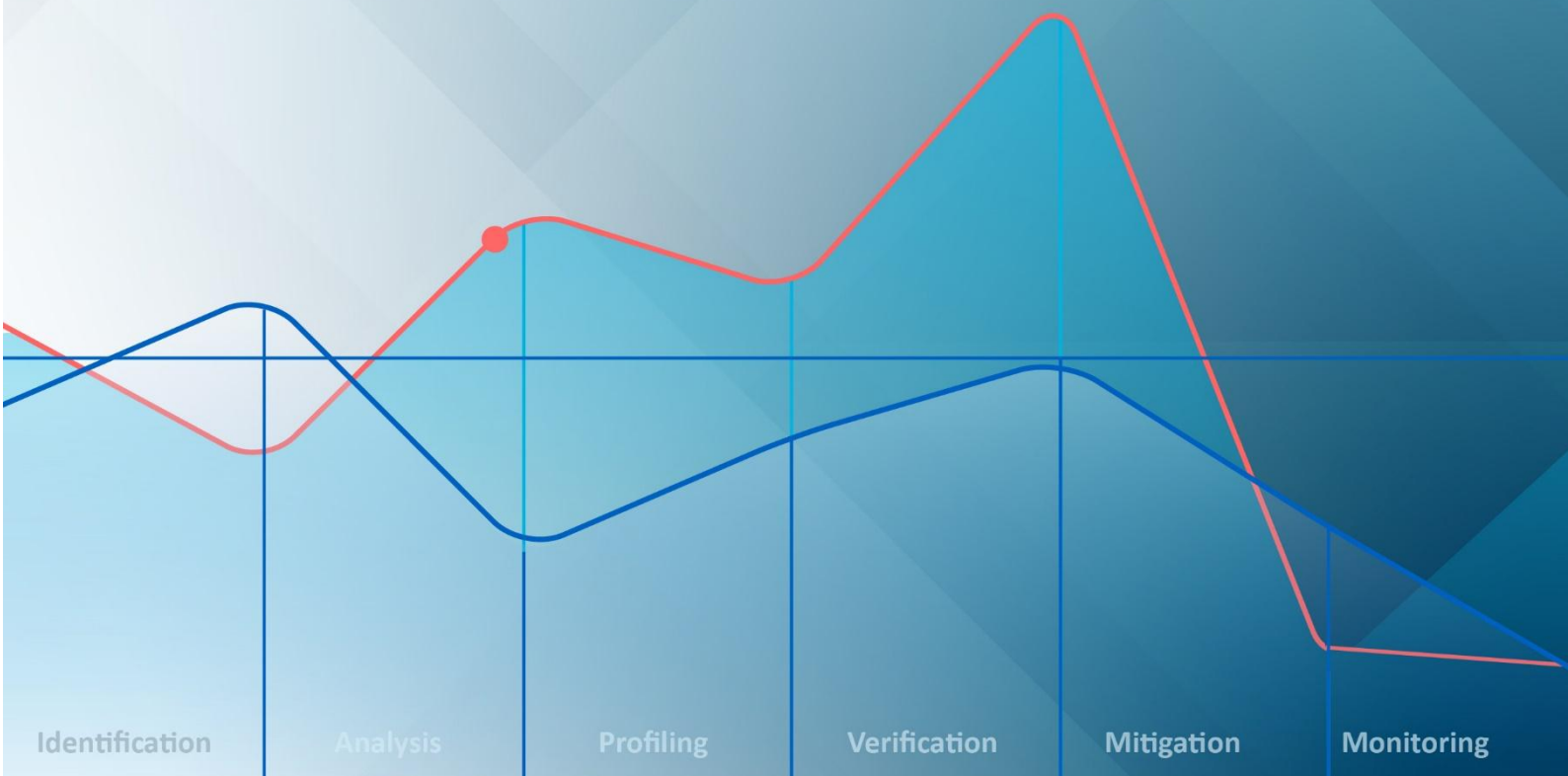
Each Top 10 entity is overseen by a regulator or line ministry, which shares responsibility for the risks identified and for the mitigation measures in Chapter 5. The governing bodies recorded in the assessment are shown below. The Ministry of Communications oversees two of the Top 10 (NHA and Pakistan Post); every other governing body oversees one. The Regulator Score described in Chapter 2 will be finalised once the assignment of all twenty-five Stage Two entities to their governing bodies has been completed.

Governing regulator or line ministry of each Top 10 entity

DISCOs NEPRA	**FBR** Ministry of Finance	**CDA** Ministry of Interior	**PASSCO** Ministry of National Food Security and Research	**NHA** Ministry of Communications
Pakistan Railways Ministry of Railways	**BISP** BISP	**Pakistan Post** Ministry of Communications	**SNGPL** OGRA	**ETPB** Ministry of Religious Affairs and Interfaith Harmony

CHAPTER 4

Sectoral Corruption Risk Typologies



CHAPTER 4

Sectoral Corruption Risk Typologies

How and why vulnerabilities arise in the highest-ranked federal entities

CHAPTER AT A GLANCE

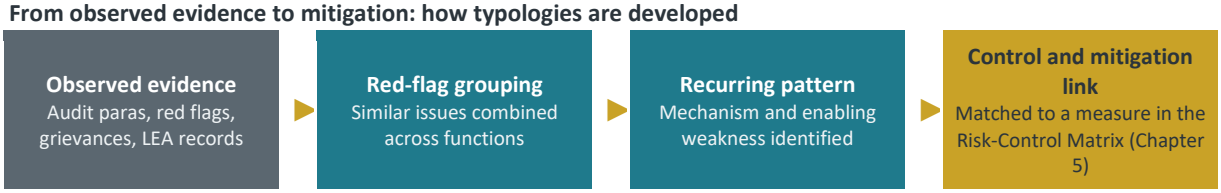
This chapter presents the corruption risk typologies developed in Phase II for the Top 10 entities carried forward from the Stage Two assessment. Fifty-six entity typologies are identified, together with ten cross-cutting governance typologies and eighteen regulatory and line-ministry typologies that sustain entity-level risk from outside the entities themselves. The chapter first sets out the cross-cutting governance typologies; the entity typologies are then classified by offence type and presented in detail by sector and entity, with each entity typology identified as functional, structural or systemic, then traced to the regulators, line ministries and external institutions on which their persistence depends, and finally brought together in a cross-sector matrix.

4.1. Purpose and Classification of Typologies

The risk profile in Chapter 3 identifies **where** corruption vulnerability is concentrated. It does not, on its own, explain **how** that vulnerability could translate into loss or abuse. Typologies fill this gap. By grouping individual audit observations, red flags and case records into recurring patterns, they turn scattered evidence into a small number of recognisable schemes, each with an identifiable mechanism, an enabling control weakness and a likely consequence. This makes the findings usable: a typology can be linked directly to the control that would prevent it, and therefore to a measure in the mitigation plan in Chapter 5.

Each typology in this chapter has been developed from the function-level red flags compiled for the ten entities, read alongside the Stage Two dataset: Auditor General of Pakistan (AGP) audit observations by functional category, PPRA and e-PADS procurement records and grievances, law-enforcement inquiries and complaints, sector-regulator and entity records, and Corruption and Governance Vulnerability Index (CGVI) scores. Where several red flags describe the same underlying weakness, even if they were recorded under different functions, they have been combined into one typology. Each typology is named after the mechanism it describes, rather than the function in which it was recorded, so that the name itself indicates how the vulnerability operates.

From observed evidence to mitigation: how typologies are developed



Typologies are viewed at two levels, which together give different views of the same evidence. The first level, **definitional** typologies, asks what type of scheme is involved, grouping schemes by the offence they most closely resemble under UNCAC and domestic law (Section 4.3). The second level asks where a scheme arises and why it persists. Every entity typology in Sections 4.5 to 4.9 is labelled accordingly. A **functional** typology arises within a particular government function, such as procurement, revenue collection, disbursement, asset management, financial management or human resources. A **structural** typology reflects a weakness built into the shared systems and procedures on which entities rely, such as unreconciled records, unenforced contractual remedies, incomplete registers or unverified payee lists. A **systemic** typology arises from the way institutions interact or from government-wide arrangements, such

as payment chains that pass through several agencies or external influence over decisions. Some typologies combine two of these characteristics and are labelled accordingly. Structural and systemic weaknesses cannot be resolved by any single entity acting alone.

Two levels of typology classification

LEVEL 1 · DEFINITIONAL *What type of scheme is it?* Offence or scheme types under UNCAC and domestic law, such as procurement fraud, bribery, embezzlement, falsification and abuse of functions (Section 4.3)		
LEVEL 2 · FUNCTIONAL, STRUCTURAL OR SYSTEMIC *Where does the scheme arise, and why does it persist? Shown as a label beside each entity typology (Sections 4.5 to 4.9)*		
FUNCTIONAL *In which government function does it occur?* Procurement and contracts; revenue assessment and collection; disbursement and payments; asset, land and stock management; financial management; human resources	**STRUCTURAL** *Which shared system or procedure allows it?* Unreconciled records and accounts; unenforced contractual remedies; incomplete land, property and asset registers; unverified payee lists	**SYSTEMIC** *Which inter-agency or government-wide arrangement sustains it?* Payment chains passing through several agencies; loss benchmarks; external influence over targeting and decisions

A single scheme can be viewed at both levels. For example, a fake bank guarantee is a fraud and falsification scheme at Level 1; at Level 2 it is a structural typology, because it persists where guarantees are not confirmed with the issuing bank, a weakness shared by several entities.
A single scheme can be viewed at both levels. For example, a fake bank guarantee is a fraud and falsification scheme at Level 1; at Level 2 it is a structural typology, because it persists where guarantees are not confirmed with the issuing bank, a weakness shared by several entities.

Two further lenses extend this classification beyond the entities. **Regulatory and line-ministry typologies** describe how the bodies that regulate or own the entities, namely PPRA, the Competition Commission of Pakistan (CCP), NEPRA, OGRA, the Power Division and the Ministry of Communications, can sustain entity-level risk when findings are not converted into consequences. **Cross-cutting fundamental governance typologies** cover weaknesses in how government as a whole appoints leaders, keeps records, shares data, procures, resolves disputes, enforces the law and holds institutions to account. An entity cannot correct these on its own, yet they determine whether its own controls have any deterrent effect.

4.2. Fundamental Governance Vulnerabilities

Pakistan has already initiated a broad programme of public-sector reforms under its wider economic transformation agenda, including digital procurement, revenue administration reforms, NADRA-linked pension verification, social-protection reforms, smart metering, digitised land records and stronger SOE governance. These existing controls provide a foundation for addressing identified vulnerabilities, although their implementation and effectiveness must be ensured. The key controls already adopted or under way are discussed in detail in Chapter 5. However, persistent weaknesses in government-wide systems, coordination, oversight and accountability require reforms that extend beyond individual entities.

Building on these existing controls, the assessment also identifies cross-cutting weaknesses in how the federal government maintains records, shares information, organizes institutions, manages procurement and human resources, resolves disputes, enforces the law, and ensures accountability. These weaknesses extend beyond individual entities and require coordinated, government-wide reforms. These cross-cutting conditions impacted all entities, sectors, and regulatory bodies across the assessment. These vulnerabilities are systemic in nature and addressing these weaknesses requires government-wide reforms, as no single entity can resolve it independently. Accordingly, ten cross-cutting governance typologies (GOV-1 to GOV-10) are identified. These provide a common vulnerability in governance

framework against which the remaining typologies can be understood and correspond to the common governance reforms proposed in Chapter 5

GOV-1

Heads of institutions, senior executives, board members and regulators are not always selected through transparent, merit-based procedures, and selection criteria are rarely tailored to the technical demands of each institution. Where appointments respond to external considerations rather than professional suitability, leaders may lack the expertise their mandates require, tenures are short or uncertain, and managers are less able to resist improper pressure or carry through difficult reforms.

The same weakness allows external interference in the management of state-owned enterprises and public programmes. Influence on appointments, procurement, recruitment and operational decisions can come from outside formal governance channels, so that decisions follow patronage rather than performance and accountability for results becomes unclear. The effects appear in patronage recruitment, owner influence over company management and the targeting of public benefits.

GOV-2

Many core government functions still rely on paper files, manual records and face-to-face processing. Manual processes leave no reliable audit trail, depend on individual officials' judgement and allow records to be altered, delayed or selectively applied. Digital initiatives are under way in several institutions, but coverage is uneven, systems often operate in isolation, and progress is rarely measured against defined targets. Manual processing is an enabling condition in tax assessment and refunds, contract measurement and payment, stores and cash handling, utility billing, and land and property records.

GOV-3

Information held by one public institution cannot readily be checked against records held by another. Identity, tax, utility, property, banking and law-enforcement data sit in separate systems with limited, case-by-case sharing arrangements. As a result, the same person can appear eligible in one register and deceased or ineligible in another, declared incomes and transactions cannot be matched with consumption or assets, and recovery cannot draw on information already held elsewhere in government. Fragmented data sustains payments to ghost beneficiaries and pensioners, mis-invoicing and fake-invoice chains, unrecovered dues and theft that is never converted into prosecution.

GOV-4

Ministries, regulators, public-sector entities and operating agencies often share related functions without clear boundaries. Where several bodies are partly responsible for the same outcome, none is fully accountable for it, decisions can be deferred or contested between them, and administrative costs rise without improving service. The power sector illustrates the problem most clearly, where policy, ownership, regulation and operations overlap across the ministry, the regulator, the distribution companies and several sector bodies; similar overlaps exist between social-protection programmes and between ministries and their implementing agencies.

GOV-5

Several state-owned enterprises retain organisational structures, staffing levels and administrative costs that reflect past mandates rather than current operational requirements. Overstaffing in some functions coexists with shortages of technical and managerial skills in others, while high fixed costs limit resources available for maintenance, systems and service improvement. Although restructuring has begun in some cases, most entities have yet to be systematically reviewed against their current functional needs.

GOV-6

Procurement manipulation is the only risk pattern identified across all ten entities. Although federal procurement now operates through EPADS, records remain incomplete or inconsistent, particularly for post-award variations, extensions and contract performance.

GOV-7

Regulators and public institutions require independence, but independence has not been matched by clear performance expectations or systematic reporting on outcomes. Decisions are not always accompanied by published reasoning and evidence, findings are not consistently followed by enforcement, and there is no regular independent assessment of whether institutions achieve their statutory objectives. Legitimate discretion should be distinguished from decisions that lack adequate evidence, transparency or procedural compliance.

Audits concentrate largely on compliance with financial rules. Performance audits that examine economy, efficiency, effectiveness and the achievement of objectives are not carried out systematically, and no single forum tracks whether audit findings, parliamentary directions and reform commitments are implemented. Accountability institutions are fragmented, so findings are reported but not resolved and the same weaknesses recur from one audit cycle to the next.

GOV-8

Prolonged litigation and extended interim relief hold up recovery of public dues, the implementation of contracts, revenue collection and the enforcement of regulatory decisions. Large amounts of tax and utility revenue remain under litigation and stays can continue for long periods without a decision on the merits. Where delay itself becomes a means of avoiding payment or enforcement, it weakens the deterrent effect of every control further up the chain.

GOV-9

Detection of theft and fraud in public utilities depends on the police and prosecution services, which sit with the provinces. Enforcement is uneven, cases are lost between complaint, registration, investigation and prosecution, and field staff and police can sell protection from detection, turning enforcement drives into a source of rents. In some high-loss areas, law-and-order conditions limit the ability of staff to inspect, disconnect or recover dues at all. Together these conditions mean that a large share of detected wrongdoing never reaches a consequence.

GOV-10

Some corruption risks arise at the policy level rather than in day-to-day administration. Excessive regulatory and licensing requirements can create pressure for exemptions, concessions and subsidies, expanding discretionary authority and creating opportunities for undue favors. Uncertainty and unpredictability in regulatory decisions further increase these risks. Where exemptions, incentives and special regimes are granted without transparent criteria, published cost-benefit analysis or sunset clauses, they can distort competition, facilitate elite capture and enable preferential treatment without adequate justification.

4.3. Definitional Typologies

The first level of classification groups typologies by the type of offence or scheme they most closely resemble. The categories follow the United Nations Convention against Corruption (UNCAC) and the corresponding provisions in domestic law. Classifying typologies this way matters for two reasons. It allows the NRA's findings to be compared with international experience, and it indicates which typologies may, if substantiated, fall within the remit of law-enforcement agencies rather than administrative correction alone. Eight offence or scheme types are identified. One of them, revenue leakage and non-recovery, is an administrative irregularity rather than an offence; it is retained because it both conceals and finances the other schemes.

Table 9: Typologies classified by offence or scheme type

Offence or scheme type	Legal anchor (UNCAC; domestic, indicative)	Typologies identified in this chapter (examples)
Conflict of interest and favouritism	UNCAC Arts. 7(4) and 8; Government Servants (Conduct) Rules 1964	Favouritism in supplier selection and appointments (PASSCO); HR irregularities and appointments outside the rules (DISCOs)
Procurement fraud and bid manipulation	UNCAC Art. 9(1); PPRA Ordinance 2002 and Public Procurement Rules 2004 (incl. Rule 42 on alternative methods); NAO 1999 s. 9(a)	Bid manipulation and preferential award (NHA); direct contracting and non-competitive variations (CDA); preferential awards and fake bank guarantees (Pakistan Railways); specification and direct-contracting risks in technology procurement (FBR)
Revenue leakage and non-recovery (administrative irregularity)	UNCAC Art. 9(2); Public Finance Management Act 2019; General Financial Rules	Delayed tax recovery, including revenue held in litigation (FBR); toll dues not recovered (NHA); rent not recovered (CDA, ETPB); weak recovery and unreconciled receivables (DISCOs, SNGPL); unrecovered overpayments (BISP); unrecovered receivables (Pakistan Post)
Fraud and falsification of records and documents	UNCAC Art. 9(3); PPC ss. 420, 467, 468, 471 and 477-A	Fraudulent refund claims and risks to taxpayer records (FBR); falsified measurements (NHA); fabricated receipts (PASSCO); meter tampering and billing adjustments (SNGPL); tampered pension records (Pakistan Railways); manipulated lease records (ETPB)
Bribery and extortion (collusive and extortive)	UNCAC Art. 15; PPC ss. 161 to 165A; Prevention of Corruption Act 1947 s. 5; NAO 1999 s. 9(a)	Under-invoicing and misdeclaration by importers at customs (FBR); collusion in gas theft (SNGPL); agent collusion and unauthorised deductions (BISP); reported instances of illegal gratification (Pakistan Railways)
Embezzlement, misappropriation or diversion of property	UNCAC Art. 17; PPC s. 409; NAO 1999 s. 9(a)	Diversion of wheat stocks (PASSCO); misappropriation of funds and coach materials (Pakistan Railways); embezzlement of postal funds (Pakistan Post); theft of stores (DISCOs); diversion of rental income (ETPB)
External influence and clientelism in public-benefit targeting	UNCAC Art. 18 (non-mandatory); no specific domestic offence	Influence over beneficiary selection and exclusion of eligible households (BISP)
Abuse of functions and misuse of authority	UNCAC Art. 19; Prevention of Corruption Act 1947 s. 5(1)(d); NAO 1999 s. 9(a)(vi)	Discretion in assessment, exemptions and case allocation (FBR); irregular plot allotment (CDA); irregular allotments of property (ETPB); appointments outside the rules (DISCOs); misuse of authority (Pakistan Railways)

Classification indicates the offence type a typology resembles. It does not imply that any offence has been committed. Domestic provisions are indicative and do not represent a legal determination of which offence would apply.

Procurement fraud is the most widespread scheme, present in all ten entities. NHA has the highest red-flag count of all 25 entities assessed in Stage Two (34, of which 10 are procurement-related), and DISCOs ran 1,197 recorded procurements that generated 108 grievances and 30 appeals. Fraud and falsification is the most common offence type by number, accounting for thirteen typologies. Its driver is the state of core records, which remain paper-based or editable without an audit trail: NHA measurement books, PASSCO stock registers, Pakistan Railways and Pakistan Post pension rolls, and ETPB lease files. Guarantees and receipts are generally not confirmed with the issuing institution.

The remaining offence types follow identifiable control gaps. Conflict of interest arises where supplier and staff selection rests with small committees that apply no declaration-of-interest check. In PASSCO, high-value awards have been made through a small number of procurements, so each choice carries high stakes. Bribery and extortion concentrate where officials meet citizens and traders one to one, that is why faceless assessment and system-based case selection has been designed. DISCOs record the highest number of law-enforcement complaints among the assessed entities, followed among the ten by FBR and SNGPL. For FBR, the count should be read against the scale of its contact with taxpayers and trader and against the

disciplinary action it has itself taken. Embezzlement follows from custody of cash, stock and materials that is dispersed and rarely verified, as reflected in the fraud and embezzlement cases recorded at Pakistan Post and the related audit paras in DISCOs. Abuse of functions occurs where lawful discretion over exemptions, allotments and appointments is exercised without recorded reasons and rarely reviewed after the fact. External influence in targeting is confined to BISP, but its stakes are high: BISP has the largest process financial value of the ten entities, and eligibility turns on survey enumeration and grievance decisions open to local pressure.

4.4. Entity-Related Typologies

Entity-related typologies arise from the particular mandate, operational processes, discretion points and control environment of each institution. Two entities may share a function, such as procurement, yet face quite different risks: in a highway authority the critical points lie in measurement and variation of large works contracts, whereas in a social-transfer programme they lie in eligibility decisions and payment channels. Presenting typologies by entity keeps this context in view and makes clear which institution is responsible for each corrective measure.

Between four and eight typologies have been identified for each of the ten entities. NHA has eight and FBR seven; CDA, BISP and Pakistan Railways have six; DISCOs, SNGPL and Pakistan Post have five; and PASSCO and ETPB have four. The number of typologies does not indicate relative risk: DISCOs have five typologies yet rank first on the CGVI. Figure 4.4 shows the principal discretion points in each entity and the section of this chapter in which its typologies are presented. Where an entity's risk is sustained by its regulator or owning ministry, the corresponding typology is presented.

Each entity typology is labelled as functional, structural or systemic, following figure below shows of the fifty-six typologies, 29 are functional, 13 are structural and 6 are systemic, while 7 combine functional and structural characteristics and 1 combined structural and systemic characteristics. Functional typologies dominate, but structural weaknesses recur across most entities.

Entities, principal discretion points and placement in this chapter

FBR Assessment, exemptions, refunds, customs valuation, case selection	**NHA** Contract award, variations, measurement, guarantees, tolls	**CDA** Contracting, payments, plot allotment, auctions, amenity land	**DISCOs** Contract execution, recovery, stores, appointments
SNGPL Metering, billing, line losses, network contracts	**PASSCO** Wheat stocks, receipts, warehousing, supplier selection	**BISP** Eligibility, payment agents, reconciliation, vendors	**Pakistan Railways** Contract award, funds, pensions, land, inventory
Pakistan Post Cash handling, bank accounts, receivables, pensions	**ETPB** Allotments, leases, rental income, property registers	**56** typologies across ten entities	

4.5. Revenue Administration

Revenue administration combines frequent interaction with taxpayers and traders, high-value decisions and considerable discretion in assessment, valuation and enforcement. Typologies in this sector concern how liabilities are determined, how goods are valued at the border, how refunds are paid and how cases are selected for audit. The consequence of each is lost or delayed revenue, and in some cases undue pressure on compliant taxpayers. Exemptions and discretionary treatment also place part of the risk at the level of tax policy rather than administration.

4.5.1. Federal Board of Revenue (FBR)

FBR operates within a structurally difficult revenue environment. The tax base remains narrow, compliance is uneven across sectors, and a large informal economy limits the information available for assessment. These are broader economic constraints rather than weaknesses attributable to FBR alone. Taxpayer non-compliance, including under-declared income and sales and overstated expenses, further constrains

revenue recovery. With huge volume of cases served by a limited administration of staff, including Customs, the available workforce limits audit coverage relative to the scale of the tax base.

The above referred weaknesses led to further vulnerabilities and risks in the institutional framework. Assessment, audit selection, valuation and enforcement have historically involved substantial officer discretion, while IRIS, customs clearance systems and third-party databases remain incompletely integrated. FBR has begun addressing these weaknesses through its Transformation Plan, including system-based audit selection and faceless assessment, which are intended to reduce officer-level discretion. The effectiveness of these reforms will depend on consistent implementation and sustained operations.

Limited information sharing across Inland Revenue, Customs and external databases constrains risk-based compliance monitoring and the consistent detection of under-declaration, mis-invoicing and refund abuse. A related issue concerns the use of market-based values in assessments, particularly for immovable property.

These conditions also affect the consistency and transparency of tax administration. Where case selection and enforcement are not consistently guided by documented risk criteria, similar taxpayers may be treated differently, while limited transparency over administrative decisions can make it difficult for taxpayers to understand how outcomes are determined or obtain timely services. Gaps in data integration, the consistent application of risk-based procedures and accountability for outcomes provide the context for the assessment, customs, refund, case-selection and procurement typologies that follow (FBR-1 to FBR-5), while target-setting practices and human-resource arrangements underlie FBR-6 and FBR-7.

FBR-1 Integrity Risks in Tax Assessment and Exemptions

FUNCTIONAL *Revenue assessment and collection*

The exercise of discretion in determining tax liabilities creates risks where decisions are not supported by transparent criteria and effective oversight. Audit observations have identified irregular tax exemptions, unjustified assessments and cases of over-taxation. These findings indicate vulnerabilities in assessment and enforcement processes that may result in preferential treatment of some taxpayers or undue pressure on others. The concentration of FBR's audit paras in financial and asset management should be interpreted in light of the contextual note on audit observations provided Box 1. Although FBR's assessment and enforcement functions require the exercise of professional judgement, the absence of clearly defined timelines and the inconsistent application of accountability mechanisms can make decisions difficult to scrutinise. Where the distinction between negligence and deliberate misconduct is not clearly established, it becomes harder to assign responsibility and address irregularities, potentially creating opportunities for collusion and informal payments in tax assessment and enforcement.

FBR-2 Trade Mis-invoicing and Customs Valuation Risks

FUNCTIONAL *Revenue assessment and collection*

Customs irregularities and potential collusion involving under-invoicing and misdeclaration point to vulnerabilities in the valuation and clearance of imported goods. These practices can reduce the duties and taxes collected at the border and may be difficult to detect where declared descriptions or values do not accurately reflect the goods being imported. Valuation at the point of clearance is, however, largely rule-bound. The residual risk therefore lies chiefly in the accuracy of importers' declarations and the identification of discrepancies between declared and actual values. The scale of this exposure should be considered in relation to overall clearance volumes, distinguishing isolated valuation disputes from broader patterns of irregularity.

FBR-3 Non Transparent Refund and Integrity of Taxpayer Records

FUNCTIONAL *Revenue assessment and collection*

Audit findings identify risks of fraudulent refund claims and manipulation of taxpayer records. Refunds involve direct payments from public revenue, while altered records can conceal liabilities or create entitlements that do not exist. These risks may arise from weaknesses in access controls and independent review of changes to taxpayer records, as well as from fraudulent claims submitted by taxpayers. In export sectors, claims exceeding input-output norms and the use of incomplete or fictitious supply-chain records,

including flying invoices, point to vulnerabilities in the verification of refund entitlements. The typology therefore encompasses both the manipulation of taxpayer records within the administration and the submission of unsupported claims by taxpayers, particularly where the underlying transactions and supporting invoices do not reflect genuine activity. However, the processing of refunds is being digitalized for its automatic processing, requiring mandatory digital invoicing and elimination of human discretion.

FBR-4 Inconsistency of Audit Case Selection and Arrears Recovery

FUNCTIONAL *Revenue assessment and collection*

Weak risk-based case selection and inappropriate allocation of cases suggest that audit and enforcement attention may not always be directed by objective criteria. Delayed recovery of assessed taxes means that liabilities identified through assessment are not converted into revenue on time, which also weakens the deterrent effect of enforcement. However, the Selection is also a genuine capacity constraint: given the ratio of staff to cases.

FBR-5 Specification and Direct-Contracting Risks in IT Procurement

FUNCTIONAL *Procurement and contract management*

Potentially restrictive specifications in IT and scanner procurement, reliance on direct contracting and delayed implementation of technology contracts may indicate risks in acquiring the systems intended to reduce discretion. Poorly competed or delayed contracts can postpone the control benefits that digitization is expected to deliver.

FBR-6 Target Pressure and Tax Demands Not Sustained on Appeal

SYSTEMIC *Revenue targets and performance indicators*

Revenue targets are often based on historical budgetary benchmarks rather than being systematically aligned with GDP growth, changes in economic activity, inflation, business conditions, and the evolving tax base. This disconnect can create unrealistic collection expectations, particularly when institutional performance is measured predominantly through cash-collection targets rather than sustainable revenue mobilization, compliance improvements, and the quality of tax assessments. Under such irrational structural obligations, officials may face pressure to raise tax demands that are difficult to justify on substantive or legal grounds, potentially including inflated demands that are not sustained on appeal. Where such demands are subsequently overturned by independent judicial forums, they may reveal weaknesses in assessment practices and the performance framework. Unsustainable assessments can impose undue financial and administrative burdens on taxpayers, and affect trust between the tax administration and the business community. Furthermore, taxpayers facing excessive or unjustified demands may be incentivized to seek informal settlements rather than pursue lengthy formal appeals, which can create opportunities for rent-seeking. A more credible approach would align revenue targets with realistic macroeconomic and tax-base projections while incorporating indicators of assessment quality, voluntary compliance, dispute resolution, and sustainable revenue growth.

FBR-7 Specialist Capacity, Promotion and Performance Accountability

FUNCTIONAL *Human resources and administration*

For the executive cadre, department allocation is based on officers' own choices in order of their performance in a generic examination, without regard to their academic and professional background or the qualifications that revenue generation and collection require. No recruitment system exists for lateral entry, the career path does not produce specialist cadres for audit, fraud investigation, enforcement, sector analysis, policy making or litigation, and initial training through the CTP and STP carries no tangible consequence for poor performance. A two-tier induction system (gazetted and non-gazetted) weakens motivation for professional development in the lower cadre and can create over-dependence on lower-cadre staff. Seniority-based promotion limits the link between performance and reward, and mechanisms for addressing sustained non-performance are seldom applied. As a result, complex audits, fraud cases and sector-specific assessments are handled by generalists, routine decisions can rest with staff who are less subject to oversight, and the consequences of weak performance are limited.

4.6. Public Procurement, Public Works and Infrastructure

Large works contracts pass through many decision points: tender design, bid evaluation, award, variation, extension of time, measurement, certification, payment and release of guarantees. Each point offers scope for discretion, and weaknesses at any stage can raise costs or allow substandard work to be paid for. The two entities in this section, NHA and CDA, also manage land and collect revenue, which adds a further set of typologies. Together with DISCOs and Pakistan Railways, they carry 291 procurement-related audit paras.

4.6.1. National Highway Authority (NHA)

NHA manages a large and expanding portfolio of highway and motorway projects, and the way these projects are prepared and supervised shapes much of its risk exposure. Audit and project records point to recurring weaknesses in project planning: feasibility studies and cost estimates that do not fully reflect site conditions, land availability or design requirements; contracts awarded before land acquisition or design is complete; and limited independent supervision during implementation. These conditions tend to generate variations, time extensions and cost escalation after award, and they increase reliance on the judgement of project staff in measuring and certifying work. Where implementation monitoring is weak, delays and overruns are often identified late, when contractual remedies are harder to enforce, and public expenditure is used less efficiently than planned. NHA also awards some contracts through direct contracting, at times without strong justification, which removes competition and makes cost and quality harder to benchmark.

NHA also holds substantial non-project assets whose management has received less attention than construction. Commercial activities and encroachments on its right-of-way, such as roadside businesses, fuel stations and advertising, are not consistently regularised, documented or charged, and land records and asset inventories are incomplete. Revenue from tolls and right-of-way use depends on reconciling operator remittances and occupant records that are not always maintained systematically, and oversight of these assets is divided across project, estate and revenue functions. Together, these weaknesses in project management, contract administration, asset records and revenue control provide the setting for the procurement, variation, guarantee, measurement and asset-stewardship typologies below, while right-of-way revenue, sovereign guarantees and public-private partnership costs underlie NHA-6 to NHA-8.

NHA-1 Lack of Transparency in Contract Award

FUNCTIONAL *Procurement and contract management*

Awards to disqualified or second-lowest bidders, negotiated awards, deficiencies in assessing price reasonableness, imbalanced rates and awards above PC-I approval indicate weaknesses in contract award decisions. Deficiencies in PPP/BOT qualification and potential collusive bidding further suggest that competition may not always be genuine. NHA also awards some contracts through direct contracting, which removes competition altogether where the justification is not strong.

NHA-2 Change-Order Abuse and Unjustified Time Extensions

FUNCTIONAL *Procurement and contract management*

Additional work awarded without tendering, irregular extensions of time and irregular price adjustments show that contract value can change significantly after award, outside the discipline of competition. Awarding contracts before land is acquired adds to the risk of delays, which in turn create further occasions for variations and claims.

NHA-3 Irregular Performance Securities and Non-Enforcement of Contractual Remedies

STRUCTURAL *Weak enforcement of contractual remedies*

Mobilisation advances paid against deficient guarantees, guarantees not encashed and potentially fraudulent bank guarantees point to weaknesses in the safeguards meant to protect public funds. Liquidated damages not recovered, non-recovery from contractors and advances and loans not adjusted mean that the authority's financial remedies are not consistently enforced.

NHA-4 False Measurement Certification and Acceptance of Substandard Works

FUNCTIONAL *Procurement and contract management*

Possible falsification of work measurements, substandard works, required road tests and inspections not conducted, maintenance plans not implemented and unfinished works indicate risks that payment is made for work that is incomplete or below standard. Measurement and certification are the points where discretion is greatest and independent verification most important.

NHA-5 Toll Revenue Leakage and Weak Asset Stewardship

FUNCTIONAL *Revenue collection and asset management*

Toll dues not recovered and overloaded vehicles not fined point to leakage in the authority's own revenue. Project accounts not finalised, deficiencies in reconciliation and valuation, land-mutation issues, misplaced vehicles, service areas not constructed and delayed disciplinary action indicate wider weaknesses in asset management and accountability. Land records for acquired highway corridors have not been reconciled with provincial revenue records, so NHA cannot confirm the full extent of the land it owns or readily detect encroachment and unauthorised use.

NHA-6 Unrealised Right-of-Way Revenue

FUNCTIONAL AND STRUCTURAL *Revenue collection; incomplete land registers*

Shops, petrol pumps, hotels, advertising boards and other establishments operate on NHA's right-of-way along the national highways, but the charges due under NHA rules are largely not collected. Without a complete record of occupants and a reliable collection system, revenue that could support road maintenance is lost, and informal payments to field staff can take the place of official charges.

NHA-7 Untracked Sovereign Guarantees for Project Borrowing

SYSTEMIC *Sovereign guarantees and project financing*

Loans raised for NHA projects are often backed by sovereign guarantees that are open-ended and not tracked against project performance. Because guarantees are not linked to performance indicators or to the expected productive impact of the project, borrowing can continue for projects that are delayed, over budget or of limited economic value, and the resulting contingent liability falls on the federal budget without timely scrutiny.

NHA-8 Cost Inflation in Public-Private Partnership Projects

FUNCTIONAL *Public-private partnership contracting*

In public-private partnership projects, the government agrees to cover the investment differential, often called the viability gap, between the project's cost and what the private investor can recover. Where project costs are not independently verified, the private party has an incentive to inflate the estimated cost. A higher cost enlarges the government's share of the funding and reduces the equity the private investor must contribute, so public money subsidises an overstated project while the investor's risk falls.

4.6.2. Capital Development Authority (CDA)

CDA combines regulatory, planning, development and municipal-service functions for the capital, and this combination shapes its risk profile. Its finances rely heavily on the sale and development of land, and this income is used in part to meet recurring operating expenditure. Where revenue depends on episodic plot sales rather than a transparent, predictable and diversified base, financial planning becomes uncertain and pressure grows to raise income through allotments, auctions and land-use conversions. Public disclosure of land sales, revenue sources and the use of proceeds is limited, which reduces the ability of oversight bodies and citizens to judge whether land is being managed in the public interest.

Because the same body sells land, regulates its use, approves conversions and enforces building control, decisions on allotment, change of land use and enforcement can be influenced by revenue considerations rather than planning standards, creating potential conflicts of interest. Plot allotments to employees add to this exposure where eligibility criteria, approval procedures or oversight are not sufficiently transparent. At the same time, CDA's municipal functions, property assets and alternative revenue sources, such as

rents, fees and service charges, appear under-utilised, and accounts are not consistently reconciled. These governance, discretion and financial-management conditions provide the context for the contracting, advance-payment, land-allotment, auction and accounting typologies that follow (CDA-1 to CDA-6). The conflict is sharpest in housing: CDA regulates private and cooperative housing societies in Islamabad, approving their layouts, monitoring their compliance and acting against illegal schemes, while at the same time developing and selling plots in its own sectors in direct competition with them. As both regulator and competing seller, it has a commercial interest in how strictly rules are applied to others.

CDA-1 Contracting and Change-Order Issues

FUNCTIONAL *Procurement and contract management*

Direct contracting at higher rates, variation orders issued without competition and awards to firms lacking the required experience indicate that competitive procedures are not consistently applied. These practices can raise costs and favour particular contractors.

CDA-2 Unsecured Advances, Unverified Payments and Non-Enforcement of Remedies

STRUCTURAL *Weak enforcement of contractual remedies*

Advances paid without guarantees, payments made without verification and unsupported price adjustments point to weak controls over contract payments. Liquidated damages not recovered, securities not encashed and abandoned works suggest that the authority's financial protections are not enforced when contractors fail to perform.

CDA-3 Irregular Allotment and Amenity-Plot Conversion

FUNCTIONAL AND STRUCTURAL *Land management; incomplete registers*

Suspected irregular allotment of plots, illegal conversion or sale of amenity land and irregular layout approvals highlight the very high value of land-related decisions in the capital. Delays in transferring amenities and handing over possession, undetermined ownership and incomplete compensation records add to the risk that public land is allocated or used improperly.

CDA-4 Auctions and Non-Tax Revenue Leakage

FUNCTIONAL *Revenue assessment and collection*

Non-transparent auctions, rent not recovered, penalties not imposed and unauthorised collection of parking fees indicate leakage in the authority's own revenue streams. Rents and fees are still partly collected in cash. Weak transparency in auctions also reduces public confidence in how public assets are disposed of.

CDA-5 Unreconciled Accounts and Imprudent Treasury Management

STRUCTURAL *Reconciliation gaps*

Cash, electricity and expenditure records that are not reconciled, together with imprudent investment, point to weaknesses in financial management. Without regular reconciliation, errors or irregular transactions may remain undetected.

CDA-6 Conflict of Interest from CDA's Dual Role as Regulator and Seller of Land

SYSTEMIC *Dual regulator and developer role*

CDA holds two roles that pull in opposite directions. As the regulator of planning, building control and land use in Islamabad, it is expected to approve layouts, enforce standards and act against illegal development impartially. At the same time, it is the largest developer and seller of land in the capital, and land sales are a principal source of its revenue. When one body both sets and enforces the rules for the market and competes in that market, its regulatory decisions cannot be fully separated from its commercial interest.

The conflict is sharpest in housing. CDA regulates private housing societies, approving their schemes, monitoring their compliance and taking action against those operating illegally, while it simultaneously develops and sells plots in its own sectors in direct competition with them. As regulator and competing seller, it has an interest in how strictly rules are applied to others, in the timing of approvals for competing schemes, and in land-use conversions that raise the value of its own land. Decisions on allotment, conversion and enforcement can therefore be shaped by revenue needs rather than planning standards,

and the risk is compounded by a governance and revenue model with limited public disclosure of land sales, revenue sources and the use of proceeds.

4.7. State-Owned Enterprises

The three entities in this section are commercial or quasi-commercial bodies that handle large physical volumes: electricity, gas and wheat. Their typologies concern contract execution, revenue recovery, losses in supply and storage, and the integrity of stock and asset records. Because DISCOs and SNGPL sit within inter-agency payment chains, weaknesses in their accounts can also affect sector finances more widely.

4.7.1. Distribution Companies (DISCOs)

The distribution companies carry the largest operational and financial exposure among the ten entities. Their losses arise from distinct sources that should not be treated as interchangeable: technical losses from ageing and overloaded networks; commercial losses from inaccurate metering and billing; theft through illegal connections and meter tampering; and non-payment by billed consumers, including public-sector bodies. Inadequate metering and feeder-level monitoring make it difficult to locate losses precisely, so persistent loss areas are often managed through estimated or detection billing rather than corrected at source. Infrastructure constraints and uneven investment planning add to technical losses, while weak recovery converts billed revenue into receivables that may never be collected.

Boards are a particular weakness. Many lack sufficient independent members with utility, financial or technical expertise, board composition and tenure change with changes in government, and boards have limited capacity to challenge management on losses, recovery, procurement and appointments. Procurement shows the same weaknesses described for NHA: requirements and cost estimates are not always prepared on a sound basis, direct contracting and repeat awards reduce competition, and variations and delayed deliveries are not consistently penalised, so materials and equipment can cost more and perform worse than planned.

The companies also sit at the end of a payment chain shaped by capacity payments to independent power producers and other generation obligations. Because these payments are largely fixed, DISCO tariffs increasingly serve as the means of collecting the revenue needed to meet them, and the cost of distribution inefficiency is added to what consumers pay rather than corrected. In effect, inefficiency is accommodated within a system designed to secure revenue for generation, which weakens the pressure for improvement and increases the burden on consumers.

Governance arrangements have not consistently created strong incentives for improvement. Board oversight varies across companies, performance targets are not always linked to management accountability, and procurement, staffing and investment decisions can be shaped by considerations other than efficiency. The costs of persistent inefficiency do not remain within the companies: unrecovered amounts add to circular debt and subsidy requirements and feed into tariff pressures, so they are ultimately borne by consumers and the public exchequer. These operational, governance and financial-management conditions provide the context for the procurement, revenue-recovery, stores and payroll, and appointment typologies below (DISCO-1 to DISCO-5).

DISCO-1 Procurement Non-Compliance, Product Substitution and Waiver of Liquidated Damages

FUNCTIONAL AND STRUCTURAL *Procurement; weak enforcement of remedies*

Violations of PPRA rules, failure to follow specifications and the use of low-quality material point to weaknesses across the contract cycle. Delayed completion, irregular extensions of time and liquidated damages not applied indicate that contract terms are not consistently enforced once work begins, creating scope for favourable treatment of contractors. As in NHA, weak procurement planning, direct contracting and unpenalised variations add to cost, and weak boards provide limited challenge to procurement decisions.

DISCO-2 Revenue Leakage through Weak Recovery and Unreconciled Receivables

STRUCTURAL AND SYSTEMIC *Reconciliation gaps; energy payment chain*

Deficiencies in recovery, unreconciled balances and improper asset valuation indicate that financial records may not fully reflect amounts owed to or held by the companies. Weak recovery reduces revenue available to the power sector, and unreconciled balances allow discrepancies to persist undetected. Aggregate Technical and Commercial (AT&C) losses remain chronically elevated, driven by outdated distribution infrastructure, defective or obsolete meters, inadequate network maintenance and weak commercial controls, and consistently exceed NEPRA-allowed benchmarks. Unrecovered amounts add to circular debt, which accumulates from recovery shortfalls, delayed inter-entity payments, capacity payments for underutilised generation and weak cash-flow discipline across the value chain.

DISCO-3 Stores Pilferage and Payroll Irregularities

FUNCTIONAL *Stock management and payroll*

Reported theft of material and discrepancies in salary payments point to vulnerabilities in the custody of physical stores and in payroll processing. Both reflect gaps in verification and segregation of duties, which make losses harder to detect and recover.

DISCO-4 Patronage Appointments and Misuse of Official Resources

FUNCTIONAL *Human resources and administration*

HR irregularities, appointments made outside the rules and misuse of official vehicles indicate weaknesses in administrative oversight. Appointments made outside merit-based processes can also weaken other controls, since staff appointed in this way may be less likely to challenge improper decisions. Obsolete, seniority-based promotion systems reward tenure over performance, eroding meritocracy, accountability and operational excellence.

DISCO-5 Uniform Tariff that Rewards Inefficiency and Passes Losses to Consumers

SYSTEMIC *Tariff design and energy payment chain*

DISCOs operate under a uniform national tariff that is largely the same for every company regardless of performance. This revenue model is dated: a well-performing DISCO gains little from reducing losses or improving recovery, while a poorly performing one is shielded by tariff equalisation and subsidies. The cost of inefficiency, including technical losses, theft and unrecovered bills, is passed on to consumers through tariffs and to the government through circular debt, which weakens the incentive for management to perform and for losses to be traced to their source.

4.7.2. Sui Northern Gas Pipelines Limited (SNGPL)

SNGPL operates an extensive transmission and distribution network in which losses, measurement and enforcement are closely linked. Unaccounted-for gas has several components that need to be distinguished: technical losses from leakage and ageing infrastructure; measurement discrepancies from meter error or inadequate metering at network points; and theft through illegal connections and meter tampering. When gas supplied and gas consumed are not reconciled section by section, these components are reported as a single figure, which makes theft harder to isolate and allows persistent losses to be absorbed within permitted allowances.

Monitoring and enforcement capacity has not kept pace with the size of the network. Billing controls, approval of adjustments and recovery from defaulting consumers are uneven, and the procurement and maintenance of network infrastructure carry their own contract-management risks. Accountability for persistent losses is diffused between field operations, company management and the regulator. These measurement, enforcement, billing and contract-management conditions provide the context for the theft, UFG, network-contract and billing typologies that follow (SNGPL-1 to SNGPL-5). Board oversight is also limited and procurement faces the same planning, competition and variation weaknesses noted for NHA; these governance weaknesses are examined in SNGPL-5.

SNGPL-1 Gas Theft and Meter Tampering (Non-Technical Losses)

FUNCTIONAL *Revenue collection (metering and billing)*

Potential gas theft and collusion, meter manipulation, fraudulent billing adjustments and unauthorised connections indicate risks at the point of supply and billing. These practices contribute to losses that are ultimately reflected in sector finances.

SNGPL-2 Masking of Theft within Unaccounted-for Gas (UFG)

SYSTEMIC *Energy payment chain and loss benchmarks*

Weak monitoring of line losses and inadequate meter and inventory controls make it difficult to distinguish technical losses from losses caused by theft or manipulation. Where losses are not analysed at a granular level, irregular removal of gas can be absorbed into overall loss figures.

SNGPL-3 Product Substitution and Unjustified Extensions in Network Contracts

FUNCTIONAL AND STRUCTURAL *Procurement; weak enforcement of remedies*

Irregularities in gas-infrastructure contracts, potential deviations from specifications, extensions without adequate justification and insufficient monitoring of contractor performance indicate risks in how network projects are procured and delivered.

SNGPL-4 Unreconciled Consumer Receivables

FUNCTIONAL AND STRUCTURAL *Revenue collection; reconciliation gaps*

Royalty-related issues, deficiencies in recovery and consumer and project balances that are not reconciled point to weaknesses in revenue management. Delayed resolution of consumer complaints may also allow billing errors or irregular adjustments to go uncorrected.

SNGPL-5 Board Oversight and Procurement Governance

STRUCTURAL *Board oversight and procurement governance*

SNGPL's board is the main internal check on management, but its composition is shaped largely by government nominations, independent and technical expertise is limited, and its capacity to hold management to account for losses, procurement and investment decisions is constrained. Procurement of pipes, meters, compressors and network works shows the same weaknesses identified in NHA: requirements and cost estimates are not always prepared on a sound basis, competition can be limited through direct contracting or repeat awards, and variations and delays are not consistently penalised. Where the board does not scrutinise major contracts and the reasons for exceptions, procurement decisions can be shaped by considerations other than value for money, and weaknesses persist because no one at the top of the company is required to answer for them.

4.7.3. Pakistan Agricultural Storage & Services Corporation (PASSCO)

PASSCO's core functions, procurement of wheat, storage across a network of centres and release of strategic stocks, depend on accurate stock accounting and secure custody. Historical weaknesses in these areas include gaps in reconciling physical stock with records, limited independent verification of storage losses, inconsistent commodity valuation and incomplete verification of payments to suppliers and service providers. Where receipts, stock movements and payments are recorded separately and not reconciled, discrepancies can persist for long periods, and procurement and contractual obligations have not always been fully documented.

The government's decision to wind down PASSCO adds a distinct set of transition requirements. Assets, outstanding liabilities, contractual commitments and records must be transferred or settled, and remaining responsibilities assigned. Closure periods typically carry a heightened risk of asset loss, incomplete records and weak accountability for decisions taken during the wind-down. These transition-related concerns are separate from the historical weaknesses described above, but both increase the need for transparency and documentation, and together they provide the context for the stock-leakage, receipts, storage-loss and supplier-selection typologies below (PASSCO-1 to PASSCO-4).

PASSCO-1 Stock Leakage and Phantom Inventory

FUNCTIONAL *Stock management*

Recorded observations point to risks of misappropriation of government wheat, potential ghost stock and diversion of stocks. Because wheat is held in large quantities and carries high value, gaps between recorded and actual stock translate directly into fiscal losses and can affect food security.

PASSCO-2 Fictitious Receipts and Unreconciled Stock Records

STRUCTURAL *Reconciliation gaps*

Potentially fabricated procurement and receipt documents, stock registers not reconciled with physical quantities and weak stock and financial reconciliation suggest that records may not reliably reflect holdings. Improper valuation of inventory and outstanding receivables add to the uncertainty about the corporation's true financial position.

PASSCO-3 Inflated Storage Losses and Weak Warehouse Custody

FUNCTIONAL *Stock management*

Weak supervision, inadequate warehouse inspection, shortages of wheat bags and A-class bardana, and avoidable storage and handling losses indicate weaknesses in physical controls. Stock is verified infrequently. Without regular inspection, genuine storage losses and irregular removal of stock become difficult to tell apart.

PASSCO-4 Cronyism in Supplier Selection and Nepotism in Appointments

FUNCTIONAL *Procurement and human resources*

Potential favouritism in procurement decisions and staff appointments points to risks of undue influence over the selection of suppliers and staff, which can in turn weaken the corporation's other controls.

4.8. Social Protection and Subsidy Programmes

Social-transfer programmes combine large budgets with very high volumes of small payments to vulnerable households. Their typologies concern who is selected, how payments reach beneficiaries and whether disbursements reconcile with entitlements. The consequences fall not only on public funds but directly on the households the programme is meant to protect, through exclusion or unauthorised deductions.

4.8.1. Benazir Income Support Programme (BISP)

BISP provides immediate financial protection to a large number of vulnerable households, and this protective role is an important part of Pakistan's social safety net. Cash transfers on their own, however, have limited capacity to bring about sustained improvement in household economic conditions unless they are complemented by livelihood opportunities, skills development, economic inclusion and clear pathways out of poverty. Programme monitoring has concentrated mainly on enrolment and disbursement, with more limited measurement of longer-term outcomes, which makes it difficult to judge how far the programme supports durable change in addition to short-term relief.

Effective targeting depends on accurate and current beneficiary data. Weaknesses in updating records, verifying eligibility and resolving grievances can create both inclusion and exclusion errors, and where the transparency and consistency of beneficiary selection are not fully assured, the process is exposed to error and influence. There is also potential functional overlap with the Zakat and Ushr system, which supports similar households through separate identification and delivery arrangements, with limited coordination of beneficiary data and resources. These targeting, data-integrity, delivery and coordination conditions provide the context for the inclusion-error, payment-agent, payment-leakage, contract-oversight and targeting typologies that follow (BISP-1 to BISP-6).

BISP-1 Inclusion Errors: Ghost and Duplicate Beneficiaries

STRUCTURAL *Weak verification of entitlement*

Weak eligibility verification, inadequate matching with other government records and duplicate or ghost beneficiaries indicate risks that payments reach ineligible recipients. Each weakness reduces the share of the programme's resources that reaches eligible households.

BISP-2 Rent Extraction by Payment Agents and Illegal Deductions

FUNCTIONAL *Disbursement and payments*

Potential collusion with payment agents, unauthorised deductions from beneficiaries and beneficiary fraud indicate vulnerabilities at the point of disbursement. These risks fall directly on vulnerable households and may go unreported where beneficiaries have limited means of complaint.

BISP-3 Payment Leakage: Unreconciled Disbursements and Unrecovered Overpayments

STRUCTURAL *Reconciliation gaps*

Deficiencies in payment reconciliation and delayed recovery of excess payments suggest that disbursements may not always be fully matched against entitlements, allowing overpayments to persist.

BISP-4 Weak Contract Oversight of Payment-Service and Survey Providers

FUNCTIONAL *Procurement and contract management*

Potential irregularities in procuring biometric and payment-service providers, weak monitoring of survey contracts and inadequate controls on vendor performance indicate risks in the contracts on which beneficiary identification and payment depend.

BISP-5 Clientelist Targeting, Exclusion Errors and Misuse of Beneficiary Data

SYSTEMIC *External influence in targeting*

Potential external influence in beneficiary selection and exclusion of eligible households point to risks in targeting. Eligibility turns on survey enumeration and grievance decisions that are open to local pressure, and this is the only typology in the chapter classified under UNCAC Article 18. Delayed resolution of grievances and risks to the privacy of beneficiary data further weaken protection of beneficiaries' rights, and slow grievance handling can allow irregular deductions or exclusions to go uncorrected.

BISP-6 Welfare Dependency by Design: Cash Support with No Exit

STRUCTURAL *Programme design and exit*

BISP's model is built around continuing cash support rather than moving households out of poverty. Once enrolled, households can stay on the programme indefinitely: there is no defined exit strategy, no time-bound criteria for leaving, and little link to skills training, employment, microfinance or enterprise support. The programme's success is also measured mainly by the number of beneficiaries reached and the amount disbursed, not by how many households become self-reliant and leave.

This design can reward staying poor rather than escaping poverty. Because benefits stop once a household rises above the eligibility threshold, families have an incentive to under-report income and assets during surveys and re-certification, or to avoid improvements that would end their support. Over time, public resources are spent sustaining the same households rather than lifting them out of poverty, which creates long-term dependence on transfers and steady pressure to expand the rolls, while weakening the programme's purpose of reducing poverty.

4.9. Transport, Postal and Public Service Delivery

The three entities in this section deliver services directly to the public and manage extensive physical networks and property: railway lines, stations and land; post offices and cash flows; and evacuee trust properties. Their typologies concern cash handling, pension and payment administration, receivables, procurement, asset management and the allocation of property.

4.9.1. Pakistan Railways

Pakistan Railways holds one of the largest public asset portfolios in the country, including land, stations, commercial property, rolling stock and infrastructure, but its records of these assets are incomplete or outdated in places. Gaps in asset inventories make it difficult to identify, value, maintain and account for assets consistently, and limit the organisation's ability to detect unauthorised occupation or identify under-utilised land and property. Leasing of commercial property and land has not always been transparent or competitive, and rental collection is not consistently reconciled with lease records, so the revenue potential of these assets is not fully realised. Digitisation of land records through PRLMIS has improved visibility, but its use for active management and enforcement is still developing. Large parcels of railway land are missing from the organisation's revenue receivables altogether: they are not recorded as income-generating assets, and many are illegally occupied or used by unauthorised occupants, so their revenue potential has been lost. The land records that do exist are grossly under-utilised, are at times misused and, in numerous cases, have been the means through which land was misappropriated.

Pakistan Railways is also overstaffed relative to its current operations, which raises fixed costs and weakens accountability for performance. Operationally, maintenance backlogs, ageing assets and project delays add to costs, while procurement and contracting for materials, rolling stock and works carry risks of favouritism, substitution and weak enforcement of contractual remedies. Financial management is constrained by the scale of operating and pension costs relative to revenue. These asset-management, procurement, operational and financial conditions provide the context for the contract-award, pilferage, pension, encroachment and installation typologies below (PR-1 to PR-6).

PR-1 Issues in Contract Award and Bank Guarantees

FUNCTIONAL AND STRUCTURAL *Procurement; weak enforcement of remedies*

Awards to the second-highest bidder, illegal or breached contracts, irregular disposal of assets under contracts and fake bank guarantees indicate weaknesses in contract award and enforcement, with potential for preferential treatment of contractors. Pakistan Railways is among the entities that award to non-lowest bidders and show collusive patterns, and guarantees are not confirmed with the issuing banks.

PR-2 Embezzlement, Petty Bribery and Pilferage of Coach Materials

FUNCTIONAL *Asset and cash management*

Reported instances of misappropriation of funds, bribery and illegal gratification, and fraudulent handling of coach items point to vulnerabilities in the handling of funds and materials and in front-line decision-making. Custody of materials is dispersed and rarely verified. Pakistan Railways also lacks a verifiable inventory of stores and assets, so materials and equipment cannot be reliably traced from receipt to use or disposal, which makes losses hard to detect.

PR-3 Ghost Pensioners and Tampering with Pension Records

STRUCTURAL *Weak verification of entitlement*

Payments to unverified pensioners, incomplete verification of pension records and tampering with records indicate risks in a high-volume recurring payment. Pension rolls are paper-based or editable without an audit trail and are not matched against NADRA death records. Without periodic verification, payments may continue to ineligible or non-existent recipients.

PR-4 Encroachment and Illegal Occupation of Railway Land

STRUCTURAL *Incomplete land registers*

Land irregularities, inadequate reconciliation of land registers and unauthorised occupation of railway land show the vulnerability of a large and valuable land portfolio. Pakistan Railways records 176 audit paras in the "others" category. GIS digitisation has begun but registers are not yet reconciled with provincial land records, so encroachment and irregular use remain hard to detect and reverse. Large parcels of land are missing from revenue receivables and are occupied or used by unauthorised occupants, so their revenue potential has been lost.

PR-5 Product Substitution in Asset Installation and Patronage Recruitment

FUNCTIONAL *Procurement and human resources*

Weak inventory monitoring and the installation of used transformers indicate weaknesses in asset control. Misuse of authority and potentially irregular recruitment point to risks in administrative decision-making.

PR-6 Gross Underutilisation of Urban Land Parcels

FUNCTIONAL *Asset and land management*

Pakistan Railways holds large land parcels in prime urban centres, much of which is idle, informally occupied or leased on terms that do not reflect its value. Underutilisation forgoes substantial revenue and leaves land exposed to encroachment and to non-transparent leasing decisions, particularly where the rules allow leases to be granted without competitive bidding.

4.9.2. Pakistan Post / Postal Sector

Pakistan Post's traditional operating model, built around letters, money orders and over-the-counter financial services, has come under pressure from digital communication, e-commerce and the growth of private parcel and logistics services. Adaptation to these changes has been limited: technology adoption, digital tracking, logistics infrastructure and route optimisation lag behind current service expectations, and customer management and service delivery have not been fully modernised. Many postal facilities are under-utilised, and revenue remains reliant on traditional services and agency work rather than diversified, competitive business lines, which affects operational efficiency and financial sustainability.

The workforce is not well aligned with changing market requiremtns, with overall overstaffing and a mismatch between existing staff capabilities and emerging operational needs. Staffing levels, skills and deployment continue to reflect the older operating model, while digital and logistics services require stronger technical and commercial expertise. Much of the network still handles cash and records manually, and the automation of post offices remains under way. In this setting, weak cash controls, unreconciled accounts and limited verification of payments create conditions for the embezzlement, cash-handling, bank-account, pension and procurement typologies discussed below.

PP-1 Misuse of Postal Funds

FUNCTIONAL *Financial management (cash custody)*

Cases of fraud, embezzlement and misappropriation have been recorded, revealing vulnerabilities in the custody and handling of public funds within postal operations. Pakistan Post logged 33 fraud and embezzlement cases in FY2024-25, and its audit for that year found Rs63 billion of irregularities. Such risks are greater where transactions are numerous and dispersed across many offices.

PP-2 Irregular Cash Disbursements

FUNCTIONAL *Disbursement and payments*

Risks in cash usage and payments suggest weaknesses in how cash is handled, disbursed and recorded. The PAC found that Pakistan Post used Rs4 billion of counter collections to pay pensions across 37 post offices. Heavy reliance on cash transactions reduces traceability and makes irregular payments harder to detect.

PP-3 Unreconciled Bank Accounts and Leakage from Unrecovered Receivables

STRUCTURAL *Reconciliation gaps*

Weaknesses in managing accounts with commercial banks and in recovering receivables indicate that balances may not always be fully reconciled or recovered on time. Audit found Rs42.03 billion of unauthorised bank account management, and only Rs1.89 billion of the Rs7.66 billion pointed out by audit has been recovered. Unreconciled bank accounts can conceal irregular transactions, while delayed recovery reduces available revenue.

PP-4 Ghost Pensioners and Unverified Pension Payments

STRUCTURAL *Weak verification of entitlement*

Risks in pension payments point to vulnerabilities in a recurring, high-volume payment process. Pension rolls are not matched against NADRA death records. Without regular verification of entitlement records, payments may be made to ineligible recipients.

PP-5 Non-Competitive Awards and Short or Phantom Deliveries

FUNCTIONAL *Procurement and contract management*

Procurement-related risks indicate potential weaknesses in how goods and services are acquired, including non-competitive awards and inadequate verification of delivery. At the Stage Two data cut-off, Pakistan Post had no usable e-PADS records. Public records in 2026 show the entity procuring electronically, so the residual risk now lies in completeness of coverage and post-award control rather than in adoption of the platform.

4.9.3. Evacuee Trust Property Board (ETPB)

ETPB manages a large portfolio of evacuee trust properties, including urban commercial and residential property and agricultural land, yet the revenue it generates is limited relative to the potential of these assets. Its institutional autonomy is constrained, and decisions on leasing, development and use of properties are shaped by administrative and legal limitations as well as by its own capacity. Property inventories are incomplete in places, valuations are not regularly updated, lease documentation is inconsistent and maintenance is uneven, so many assets are under-utilised or let below their potential. ETPB faces land-management, including under-used records, encroachment, informal occupation and leasing below value. Unlike Pakistan Railways, however, its difficulty is not land missing from its records, but the weak management, valuation and enforcement of the properties it already records.

Monitoring of occupied properties and identification of unauthorised use are weak, and rental collection is not consistently reconciled with lease records. Where records are incomplete and leasing arrangements are not transparent, discretion over allotments and lease terms increases, arrears accumulate and encroachment can go undetected. These asset-management, revenue and transparency conditions provide the context for the allotment, rental-revenue, encroachment and development-contract typologies below (ETPB-1 to ETPB-4).

ETPB-1 Rent-Seeking in Property Allotment and Manipulation of Lease Records

FUNCTIONAL *Asset and land management*

Potentially illegal property allotments, manipulation of lease records and leases granted without transparent bidding indicate risks in decisions over a valuable property portfolio, which can confer significant benefits on particular parties. Lease files are paper-based or editable without an audit trail.

ETPB-2 Rental Revenue Leakage and Diversion of Rental Income

FUNCTIONAL *Revenue collection*

Rent not recovered, potential diversion of rental income, rent and property records not reconciled and outdated property valuations indicate that the Board may not be collecting the full income its properties should generate.

ETPB-3 Encroachment Enabled by Incomplete Property Registers

STRUCTURAL *Incomplete property registers*

Incomplete property registers, inadequate physical inspections and weak monitoring of lease conditions make it difficult to track how properties are used. Together with unauthorised occupation, encroachment and inadequate maintenance of religious and heritage properties, these weaknesses put both the value and the integrity of the portfolio at risk. Unlike Pakistan Railways, ETPB's problem is not missing land but weak management, valuation and enforcement of the properties it already records.

ETPB-4 Non-Competitive Development Contracts and Waived Contractual Penalties

FUNCTIONAL AND STRUCTURAL *Procurement; weak enforcement of remedies*

Potentially non-competitive development contracts and contractor delays without penalties indicate risks in how property development is procured and managed. As with Pakistan Post, ETPB had no usable e-PADS records at the Stage Two cut-off but now procures electronically, which shifts the residual risk to coverage and post-award control.

4.10. Regulatory and Line-Ministry Typologies

Entity typologies persist partly because the bodies that regulate or own the entities do not consistently convert findings into consequences. Eighteen regulatory and line-ministry typologies have been identified across PPRA (including its interface with CCP), NEPRA, the Power Division, OGRA and the Ministry of Communications. Each describes how an oversight arrangement sustains a risk already identified at entity level; none implies misconduct by the regulator or ministry concerned. The common thread is weak follow-through: findings are made, but sanctions, recoveries and root-cause corrections do not reliably follow.

4.10.1. Public Procurement Regulatory Authority (PPRA)

PPRA is the federal regulator of public procurement. It sets the rules under which federal entities buy goods, works and services, operates the EPADS platform, monitors compliance and is responsible for acting on breaches. Its role has grown considerably with the move to electronic procurement and the notification of the Public Procurement Rules 2026, which make EPADS mandatory, introduce procurement cells and accredited officers, and provide for blacklisting, cross-debarment and independent grievance redressal. The legal and technical framework is therefore stronger than before. The weakness lies less in the rules themselves than in how consistently they are applied, monitored and enforced across a large number of procuring agencies.

Several institutional conditions limit PPRA's effectiveness. Its staff and analytical capacity have not kept pace with the volume of procurement data now generated through EPADS, so the regulator can identify individual breaches but has limited ability to analyse patterns across agencies, detect collusion or monitor performance after contracts are awarded. Breaches recorded by audit and procurement reviews do not reliably lead to declarations of mis-procurement, blacklisting or recovery, partly because PPRA's sanctioning powers over officials are limited and partly because enforcement depends on action by the procuring agencies themselves. Detection of bid rigging requires cooperation with CCP, which holds the competition-law powers, but the two bodies' data and enforcement processes are only beginning to be linked. Grievance arrangements, although now required to be independent, have in practice often been handled close to the officials who made the award. These enforcement, capacity, coordination and independence gaps explain why procurement weaknesses recur across all ten entities, and they provide the context for the regulatory typologies below (PPRA-1 to PPRA-5).

PPRA-1 Enforcement of Procurement Rules

Procurement is the only risk pattern found in all ten entities, and NHA, CDA, DISCOs and Pakistan Railways together carry 291 procurement paras. Breaches of the Public Procurement Rules recur because findings rarely lead to mis-procurement declarations, blacklisting or recovery. Procurement legislation and rules also retain preferences, including provisions that enable direct contracting without strong justification.

PPRA-2 Off-Platform Procurement

Procurement kept outside e-PADS, or split below the Rs70 million threshold for third-party evaluation, escapes automated checks. The Stage Two dataset found gaps in e-PADS visibility, including no usable records for ETPB and Pakistan Post at the cut-off, and NHA does not procure through PPRA's e-PADS. Public records in 2026 show electronic procurement by ETPB and Pakistan Post, so the regulatory risk is now incomplete coverage, off-platform exceptions and circumvention rather than the absence of the platform.

PPRA-3 Detection of Bid Rigging

Collusion among bidders is rarely detected from bid data, so rigged awards can appear compliant. NHA, CDA, Pakistan Railways and ETPB award to non-lowest bidders and show collusive patterns, and NHA alone recorded 18 grievances and appeals on 71 procurements. Detection depends on cooperation between PPRA, which holds the data, and CCP, which holds the competition-law powers, and closer collaboration between CCP, NAB and FIA on credible findings of collusion would strengthen enforcement.

PPRA-4 Grievance Committees Not Independent of the Procuring Agency

Grievances are heard by bodies close to the officials who made the award, so bidders cannot challenge a contested award before an independent forum at first instance. CDA recorded more appeals (6) than grievances (4), and NHA 7 appeals on 11 grievances, a pattern consistent with low confidence in first-tier redress.

PPRA-5 Limited Institutional and Technical Capacity of PPRA

Procurement information remains fragmented and PPRA's analytical capability is limited, which constrains its ability to identify systemic risks, analyse transaction-level patterns and monitor post-award performance. Expanding e-PADS coverage increases the need for procurement, legal, data-analytics, engineering and contract-management expertise within the regulator. Regular analysis and publication of procurement data, and certification of procurement professionals, remain limited.

4.10.2. National Electric Power Regulatory Authority (NEPRA) and Power Division

As the independent regulator of the power sector, NEPRA is the main safeguard between the interests of utilities, government and consumers. Its ability to perform this role depends on three conditions: genuine independence in decision-making, sufficient technical capacity to scrutinise complex utility data, and procedures transparent enough for its decisions to be understood and tested. Appointment and governance arrangements, together with the influence that government, as policy-maker and owner of most distribution companies, and the regulated companies themselves can exert, shape how impartial its decisions are seen to be. Where these safeguards are not robust, the regulator’s credibility rests more on the authority of its decisions than on the evidence behind them.

These risks are most visible in tariff determination and periodic adjustments, where NEPRA must assess utility costs, losses, investment plans and performance claims, much of it based on data supplied by the companies themselves. Supporting evidence, assumptions and calculations are not always disclosed in full, and stakeholder consultation does not always shape outcomes in a demonstrable way. When the reasoning behind a determination is insufficiently documented or cannot be independently verified, inefficiencies and inflated costs can pass into tariffs unchallenged, and regulatory accountability weakens.

A further source of conflict is that NEPRA and the Power Division both act in regulatory roles. The ministry sets policy and owns most distribution companies, but it also issues directions and guidelines that affect tariffs, subsidies and performance standards, so responsibility for regulatory outcomes is blurred between the two. NEPRA itself is not subject to a regular independent performance audit, so there is no systematic external assessment of whether its decisions achieve their purpose. Disagreeing with a regulatory decision is not, by itself, a sign of weakness. The concern lies where NEPRA’s processes fall short: when its findings are not enforced, penalties are delayed, or it cannot check the data it relies on. These are the weaknesses examined in the typologies below (NEPRA-1 to NEPRA-3).

NEPRA-1 Weak Enforcement of Billing and Consumer Service Manual Standards

Overbilling and detection bills can disguise theft and losses as billed revenue, inflating receivables that are never recovered. NEPRA found discrepancies in almost all DISCO bills and described detection bills as fake and frivolous; over Rs35 billion in detection bills was issued to 1.3 million consumers between April and June 2024. Detection bills are prepared and issued through discretionary and manual processes, which enables under billing, over billing and collusion.

NEPRA-2 Findings without Timely Sanctions

Repeated inquiries without concluded penalties lower the cost of non-compliance. NEPRA recommended proceedings against all DISCOs in December 2023, and a year later reported to the National Assembly that 71 excessive-billing cases were still under legal action.

NEPRA-3 Institutional Under-Capacity of NEPRA as the Independent Regulator

NEPRA has limited in-house expertise in technical tariff determination, licensing, performance monitoring and oversight of DISCO privatization, and relies on incomplete or unaudited data supplied by the entities it regulates. Data collection, reporting and analysis remain largely manual and siloed, and depend on person-specific knowledge. As a result, inflated costs, misreported losses or manipulated data can pass through tariff and performance determinations without effective challenge. This weakens regulatory credibility and the enforcement of determinations. NEPRA is not subject to a regular independent performance audit, so there is no systematic external test of whether its decisions achieve their purpose.

The Power Division sets policy for the power sector and exercises ownership oversight of the DISCOs, while NEPRA regulates tariffs and service standards and the companies themselves are responsible for operations. In practice these roles overlap: several sector bodies dealing with power purchase, planning and information technology have related responsibilities, and accountability for losses, recovery and investment is fragmented among them. Coordinating policy implementation and reform across the Ministry, the companies, NEPRA and other institutions has proved difficult, and performance monitoring of DISCOs has not consistently created strong incentives for efficiency. Circular debt, distribution losses, weak recovery, and the design of tariffs and subsidies are shared sectoral problems rather than the responsibility of any single body, but the Ministry's policy, ownership and oversight role shapes how they are addressed. These institutional arrangements provide the context for the owner-regulator, theft-enforcement and sector-structure typologies that follow (PD-1 to PD-3).

PD-1 Owner-Regulator Conflict and External Influence over DISCO Management

The Power Division, as owner and policy ministry, formally disputed parts of NEPRA's billing inquiry, and SOE governance has been found to be affected by external influence. Where the owning ministry contests the regulator's findings and appointments respond to political rather than performance signals, regulatory pressure on DISCO management weakens. DISCOs rank first on the CGVI (61.06). The ministry also exercises regulator-like functions alongside NEPRA through policy directions and guidelines affecting tariffs and standards, which blurs responsibility for regulatory outcomes.

PD-2 Weak Anti-Theft Enforcement

Electricity theft is tackled mainly through periodic anti-theft drives rather than sustained, institutional enforcement. These campaigns produce visible results in the short term: sector enforcement data for 2022 to 2024 record 309,757 FIRs and 129,117 arrests, alongside a recovery rate of 57.81 per cent. They do not, however, change the conditions in the field that allow theft to continue. Once a drive ends, monitoring weakens, illegal connections are restored, and the staff whose collusion made theft possible are rarely held to account.

The weakness lies in what happens after detection. Cases are lost between complaint, registration, investigation and prosecution; adjudication is slow; and penalties, when imposed, are too low or too uncertain to deter. Theft therefore carries little real risk for those who commit or facilitate it, so the effort put into enforcement does not translate into a lasting reduction in losses. The result is persistent commercial losses that are passed on to paying consumers, and a culture of impunity in which theft is treated as a recoverable cost rather than an offence.

PD-3 Proliferation of Overlapping Power Sector Entities and Fragmented DISCO Boards

The proliferation of overlapping and overstaffed power sector entities, including PPMC, PITC, CPPA-G, PPIB, NEECA, GENCO Holding Company, ISMO and others, has created excessive bureaucratic layers and duplication of functions. Responsibility for decisions and losses is spread across several bodies, which

dilutes accountability and allows failures to go unaddressed, while inflated administrative costs ultimately contribute to higher electricity tariffs for consumers. At company level, the individual Boards of Directors of DISCOs are fragmented and ineffective. The result is weak strategic oversight, inconsistent governance standards and the absence of a commercial orientation, which leaves management decisions without effective scrutiny.

4.10.3. Oil and Gas Regulatory Authority (OGRA)

OGRA regulates markets distinct from those overseen by NEPRA: natural gas transmission and distribution, liquefied petroleum gas, compressed natural gas and petroleum products, through licensing, price and tariff determination and compliance monitoring. Its credibility likewise depends on independence and on transparent, consistent decisions, but its specific risks arise in gas revenue-requirement and price determinations, where loss allowances, cost recovery and government policy guidance interact. Supporting calculations and assumptions are not always disclosed in sufficient detail, and stakeholder consultation and the consistency of decisions across years can be limited. Compliance monitoring and enforcement capacity, particularly for verifying utility data on losses and metering, is constrained, so regulated companies are not always held to account for correcting the causes of non-compliance. These conditions provide the context for the benchmark and disallowance typologies below (OGRA-1 and OGRA-2). Allegations have also been raised about how gas supplies and infrastructure access are allocated, which are examined in OGRA-3 and OGRA-4.

OGRA-1 Relaxation of UFG Benchmarks

Generous loss allowances let theft be passed to consumers as permitted loss, removing pressure to find it. A KPMG-based UFG study allowed 2.6 per cent for local conditions, including theft, law and order, and network expansion undertaken on political grounds. A former OGRA chairman faced a NAB reference over a UFG increase; the reference is an allegation and is cited here only as evidence that benchmark decisions are exposed to pressure.

OGRA-2 Disallowance of Revenue

OGRA disallowed Rs15 billion of SNGPL's revenue requirement for 2026-27 against a 5 per cent fixed and 2.5 per cent variable benchmark, with losses near 7 per cent. The excess is disallowed financially but not traced to segments, staff or contractors, so the disallowance penalises the company without identifying where the loss occurs.

OGRA-3 Regulatory Facilitation, Concession Loopholes and Discriminatory Infrastructure Allocation

Allegations examined during the assessment point to four related weaknesses in the oil and gas sector: departures from public bidding directives in the sale of gas from fields with public-sector ownership, exploitation of loopholes in petroleum concession agreements, regulatory facilitation by OGRA that may go beyond what the rules allow, and discriminatory allocation of pipeline and other infrastructure capacity. Where concession terms are ambiguous, bidding directives are applied inconsistently and regulatory approvals are given without a published market evaluation, valuable public resources and access to shared infrastructure can be directed to favoured parties, and competitors are placed at a disadvantage. These remain allegations and are presented as vulnerabilities rather than findings of misconduct.

OGRA-4 Allocation of Gas to a Single Buyer without Competitive Bidding

Gas from fields in which public-sector companies hold a majority interest has been allocated to a single private buyer through a negotiated agreement rather than open competitive bidding. The allocation relies on clauses in the existing petroleum concession agreement that are open to interpretation. This allows the requirement for competitive bidding to be set aside and the sale price to be agreed without market evaluation. The regulator has approved the arrangement and granted pipeline access without a published

assessment of market value, so the decision rests on contractual interpretation rather than on demonstrated competition and value for money.
As a result, a valuable public resource is concentrated in one buyer, there is no assurance that the state and its shareholders have received a fair market return, and competing distributors are excluded from access to supply and to shared infrastructure. Because the arrangement is presented as lawful under the concession terms, it is difficult to challenge, and accountability for the loss of competitive value is spread across the operator, the ministry, the concessions authority and the regulator

4.10.4. Ministry of Communications

The Ministry of Communications oversees NHA, the National Highways and Motorway Police and Pakistan Post, and its role is distinct from NHA's responsibility for executing road projects. Policy and spending have tended to emphasise expansion of the road network more than maintenance, rehabilitation, asset management and broader transport outcomes, which affects the long-term value of public investment. Ministry-level oversight of project preparation, including feasibility assessments, cost estimates and procurement planning, and of contract administration and implementation monitoring, is uneven. Where exceptional arrangements such as direct contracting are used without strong justification, competition is limited and cost controls weaken; justified exceptions, such as genuine emergencies, should be distinguished from avoidable gaps in competition and transparency. Weak monitoring of contract variations, delays and contractor performance can then contribute to cost escalation and inefficient expenditure. These oversight conditions, together with the Ministry's role in following up audit findings and supervising Pakistan Post, provide the context for the axle-load, audit follow-through and recruitment typologies below (MoC-1 to MoC-3).

MoC-1 Weak Oversight of Axle-Load Enforcement at Weigh Stations

Discretionary enforcement and weak monitoring at weigh stations create opportunities for overloaded vehicles to avoid penalties through informal payments, resulting in lost revenue and accelerated road damage. Approximately 30,000 axle-load violations were recorded in six months, prompting the Minister to order an accountability system to address enforcement loopholes.

MoC-2 Weak Follow-Through on Audit and PAC Directives

Persistent delays in resolving audit findings and complying with Public Accounts Committee (PAC) directives allow irregular banking, cash-handling and financial practices at Pakistan Post to remain unaddressed. The FY2024–25 audit reported Rs63 billion in irregularities, while only Rs1.89 billion of Rs7.66 billion pointed out was recovered; the Ministry's non-compliance with PAC directives dates back to 1987.

MoC-3 Patronage Recruitment at Pakistan Post (provisional)

Weak recruitment controls and potential undue influence over appointments create vulnerabilities to patronage-based hiring, undermining merit, staff accountability and internal controls. The Minister ordered an inquiry into approximately 4,000 recruitments at Pakistan Post. This typology remains provisional pending the inquiry's findings on the nature and extent of any irregularities and individual responsibility, with subsequent litigation underscoring the need to observe due process.

4.11. Cross-Sector Typology Matrix

Viewed together, the fifty-six entity typologies reduce to nine recurring risk patterns. Table 10 shows where each pattern appears. Procurement manipulation, through irregular or non-competitive award, is the most widespread, appearing in every one of the ten entities in some form. Revenue leakage through unrecovered dues and weak reconciliation of accounts and records each appear in nine. Embezzlement, misappropriation or diversion of funds and assets appears in seven, as does abuse of functions, conflicts of interest and patronage. Fraud and falsification of records and non-enforcement of contractual remedies each appear in six. Land and property corruption, and ghost or unverified payees, are each concentrated

in four entities: those holding large land portfolios, and those making high-volume recurring payments, respectively.

Table 10: Cross-sector typology matrix: recurring patterns by entity

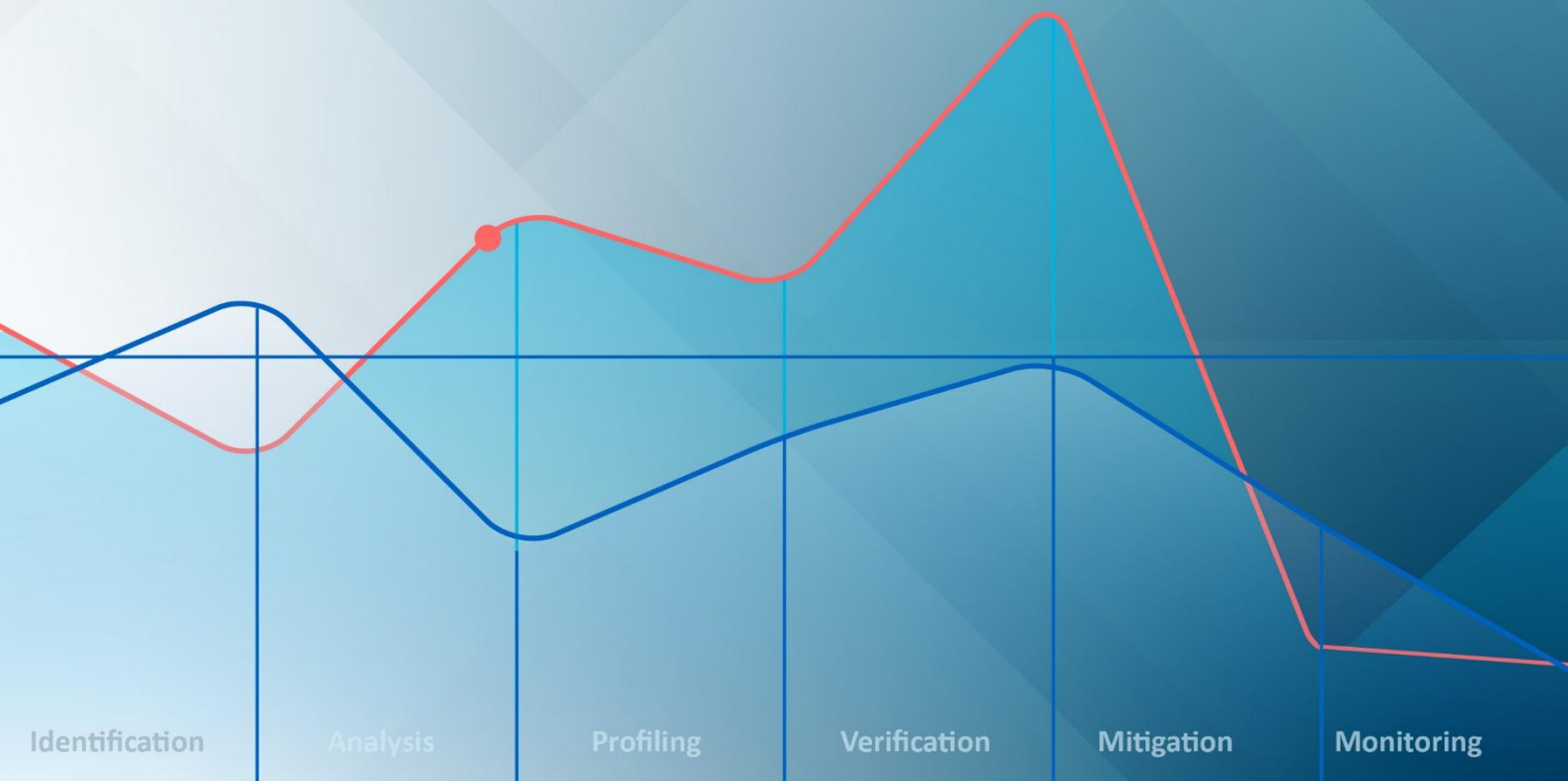
Recurring pattern	DISCOs	FBR	CDA	PASSCO	SNGPL	NHA	PR	BISP	PP	ETPB
Procurement manipulation (irregular or non-competitive award)	●	●	●	●	●	●	●	●	●	●
Non-enforcement of contractual remedies	●		●		●	●	●			●
Fraud and falsification of records		●		●	●	●	●			●
Embezzlement, misappropriation and diversion of assets	●			●	●		●	●	●	●
Revenue leakage and unrecovered dues	●	●	●	●	●	●		●	●	●
Weak reconciliation of accounts and records	●		●	●	●	●	●	●	●	●
Land and property corruption (allotment, encroachment, registers)			●			●	●			●
Ghost or unverified beneficiaries, pensioners and payees	●						●	●	●	
Abuse of functions, conflicts of interest and patronage	●	●	●	●			●	●		●

PR = Pakistan Railways; PP = Pakistan Post. The matrix records the presence of a risk pattern, not its severity or any finding of misconduct.

Four conclusions follow for the mitigation plan. First, the patterns that recur most widely, contract award, recovery of dues and reconciliation, are best addressed through **cross-cutting measures** that apply to all entities, such as consistent use of e-PADS, enforcement of contractual remedies and periodic reconciliation, rather than through ten separate sets of entity measures. Second, patterns that are concentrated in particular settings, such as land and property allotment or verification of beneficiaries and pensioners, call for **sector-specific measures** shared by the entities concerned. Third, the typologies that are unique to a single entity, such as customs valuation in FBR or wheat-stock diversion in PASSCO, require **entity-specific measures** set out in that entity's Risk-Control Matrix. Fourth, the widest patterns persist because regulators, owning ministries and accountability institutions do not convert findings into consequences. Entity measures will therefore have limited effect unless they are paired with **regulatory and systemic measures** addressed to PPRA, NEPRA, OGRA, the line ministries, the courts and the accountability institutions identified in above

CHAPTER 5

Sectoral Corruption Risk Mitigation Plan



CHAPTER 5

Sectoral Corruption Risk Mitigation Plan

What can be done, by whom and when, to reduce the vulnerabilities of the Top 10 entities

CHAPTER AT A GLANCE

This chapter sets out the mitigation measures for every typology identified in Chapter 4. It first sets out the reforms that respond to the ten cross-cutting governance typologies. Measures are then presented entity by entity for the 56 entity typologies, in the same sector sections as Chapter 4, followed by a summary of mitigation by offence type, and then for the 18 regulatory and line-ministry typologies. Each block carries the code of the typology it mitigates, states the drivers of vulnerability, and sets out short, medium and long-term measures with a lead institution.

**** The timelines of Structural benchmarks shall supersede the timeline of mitigation in case of conflict***

56	10	18	396
Entity typologies across ten entities	Cross-cutting governance typologies	Regulatory and line-ministry typologies	Individual measures across all horizons

5.1. Purpose and Classification of Mitigation Measures

Chapter 4 identified 56 entity typologies across the ten entities, 10 cross-cutting governance typologies and 18 regulatory and line-ministry typologies. Each mitigation block links an observed control failure to a practical corrective action, identifies the responsible institution and specifies what must be checked to determine whether the action works. Every block carries the code of one typology in Chapter 4. The measures rest on the same evidence: Auditor General audit observations, PPRA and e-PADS procurement records, law-enforcement inquiries and complaints, and sector-regulator and entity records.

Measures are organised in three horizons. Short-term measures, to be taken up to two years, primarily test and enforce existing rules and address immediate losses; they are administrative steps that entity management and regulators can take under existing powers and with existing systems. Medium-term measures, up to five years , change procedures, integrate systems, digitise records, build staff capacity or require data arrangements between agencies. Long-term measures, beyond five years, require legal, regulatory or structural reform and decisions by the Federal Cabinet, Parliament or the owning ministry.

Horizons of mitigation

SHORT TERM · up to 2 years
Administrative steps within the entity or regulator, under existing rules and systems

▶

MEDIUM TERM · up to 5 years
Procedures, controls, staffing, system integration, digitisation and inter-agency data sharing

▶

LONG TERM 5+ years
Legal, regulatory, structural and inter-agency reform

HOW TO READ A MITIGATION BLOCK

Each block corresponds to one typology in Chapter 4. The header gives the typology code, its name, its type (functional, structural or systemic) and the function and entity concerned; for regulatory typologies it gives the oversight role. The next row states the drivers of vulnerability identified in Chapter 4. Three columns then set out the short, medium and long-term measures. Each measure opens with the driver it addresses. The lead institution follows measures in each horizon.

Each measure names a lead institution responsible for initiating, preparing and taking it forward. Where a measure goes beyond the powers of the entity concerned, such as the appointment of board members or regulators, an amendment to a law or rules, a tariff decision, or action by provincial authorities, the lead institution prepares the proposal while the decision rests with the competent authority/body/forum.

5.2. Existing control baseline

A realistic plan must start from what is already in place. Since the evidence underlying Chapter 4 was compiled, several reforms have been adopted or are under way. Some directly address typologies identified in this report; others provide platforms on which the targeted measures in this chapter can be built. Recognising these avoids recommending controls that already exist and shifts attention to the gap that usually remains: between a control existing on paper and its consistent application in practice.

Table 11: Major controls already adopted or under way (as of October 2026)

Area	Control in place or under way
Public procurement	Public Procurement Rules 2026 notified in September 2026 and EPADS 2.0 in operation. Existing legal duties on platform use, tender documentation, grievance procedures and debarment require entity-wise compliance testing and enforcement; the operational coverage of each measure must be verified.
Collusion detection	Data-sharing addendum between CCP and PPRA to use e-PADS data to detect collusive bidding
Revenue administration	FBR Transformation Plan: faceless customs valuation and assessment, e-invoicing, point-of-sale integration, Compliance Risk Management in Large Taxpayer Units; Tax Policy Office established in the Finance Division; audit manual centralising case selection through CRM
Asset declarations	Amended rules require declarations from public servants in BS-17 and above; publication of declarations of high-level federal civil servants due by end-December 2026
Pensions	NADRA-linked pensioner verification and the federal Direct Credit System are existing arrangements. Railways and Pakistan Post should reconcile pension rolls and investigate exceptions rather than commission a second verification system.
Social protection	Dynamic NSER registration and the transition towards social-protection wallets are existing reforms. Verify identity and payment controls, exclusion appeals, agent deductions, wallet activation and cash-out failures.
Electricity distribution	Over 2.12 million smart meters installed by August 2026; smart meters mandatory for new connections; nationwide AMI advisory agreement with IFC; technical audit of DISCO billing ordered in July 2026; transformer-level Asset Performance Management System
Highways	M-Tag electronic toll collection on all motorway lanes
State Owned Enterprises	SOE Act 2023 enacted; Central Monitoring Unit Established; Annual Business plans in place
Land records	Pakistan Railways land records digitised and geo-referenced in PRLMIS; CDA land-record digitisation with PLRA, with 95 of 114 mouzas scanned by December 2025
Postal sector	Automation of Post Office Project targeted for completion by January 2027; three-year restructuring and business plan directed in June 2026
PASSCO	Federal closure/restructuring process announced for 2026. Mitigation must prioritise independently verified stock, payables, receivables, custody transfers and asset disposal, rather than investment in permanent new PASSCO systems.

Area	Control in place or under way

FROM EXISTING CONTROLS TO TARGETED MEASURES

Most of the controls above are recent, and several are still being rolled out. The targeted measures in this chapter therefore focus on four recurring gaps: coverage (bringing all transactions, offices and entities onto the new systems), use (ensuring that data generated by the systems is reconciled and acted upon), enforcement (applying sanctions and remedies that already exist in rules and contracts) and transparency (publishing the information that allows external oversight).

Taken together, these set one enforcement standard across the ten entities: every confirmed case is referred within a fixed time, every referral and outcome is recorded in a disciplinary register reviewed by the board audit committee or the Principal Accounting Officer, and serious cases move to NAB, FIA or the provincial anti-corruption establishment according to jurisdiction. The entity blocks that follow apply the prevention measures to each institution's own systems and do not repeat this standard.

5.3. Fundamentals of Governance and Cross-Cutting Institutional Reforms

Pakistan has already set in motion a broad programme to digitise public administration as part of its wider economic transformation agenda. The URAAN Pakistan National Economic Transformation Plan (2024–29), built around the five Es, identifies E-Pakistan as a strategic pillar under the theme “Building a knowledge economy.” This pillar emphasises the use of information and communication technologies to improve economic competitiveness, modernise public services and accelerate digital transformation. The Prime Minister’s broader economic reform agenda also provides an important policy context for these efforts, linking administrative improvements with greater efficiency, transparency and economic performance. Within this broader direction, government functions are moving from manual and paper-based procedures towards digital systems, interdepartmental data sharing is expanding, and several institutions have begun publishing more of their decisions and data. Federal procurement is being digitised through EPADS; FBR has introduced faceless assessment, system-based case selection and electronic invoicing; NADRA-linked verification supports pensions and social transfers; and NAB has moved its internal operations to a paperless e-Office environment and is introducing technology-assisted analysis in its work. These initiatives demonstrate that digital transformation is an established component of Pakistan’s public-sector reform agenda.

The remaining challenge is to translate these initiatives into measurable, sustained improvements in governance and service delivery. Reforms often begin within individual institutions or functions without extending across the wider public sector; systems are introduced but remain insufficiently integrated or utilised; and rules are adopted but not consistently enforced. Delivering on the E-Pakistan agenda therefore requires moving beyond the introduction of digital systems towards their effective integration, routine use, independent oversight and measurable accountability.

GOV-1

Several typologies, including patronage appointments in DISCOs, recruitment at Pakistan Post, performance accountability at FBR and external influence over SOE management, trace back to how heads of institutions, senior executives and regulators are selected. Where appointments respond to political considerations rather than professional suitability, institutional heads may lack the technical or managerial expertise their mandates require, short or uncertain tenures discourage difficult reforms, and managers can be less willing to resist improper pressure. The SOE governance framework and existing selection procedures provide a starting point, but their application varies between institutions and the criteria are not always tailored to the role.

Appointments to the leadership of the assessed entities and regulators should follow centralised, merit-based selection criteria and transparent procedures, with participation from domain experts in shortlisting and assessment. Qualifications should be tailored to each institution’s mandate and technical requirements rather than drawn from a single standard, giving greater weight to relevant education,

professional experience, technical specialisation, management capability and demonstrated performance. Appointment rules, selection criteria and approved procedures should be formally notified in the official Gazette wherever legally required, providing a public and verifiable basis for appointments. Terms of office should be clearly defined, performance expectations made public at the outset and premature removal permitted only for recorded reasons, with safeguards against undue political interference. Consistent professional standards should apply to heads, senior executives and regulators, while respecting the distinct statutory mandates of each institution. Professional appointments of this kind strengthen independence, improve the quality of decisions and make it clearer who is accountable for results.

The same safeguards should protect public institutions from external interference. SOE boards should submit timely annual returns and governance compliance reports, documenting board composition, appointments, performance evaluations, conflicts of interest and compliance with the SOE (Governance and Operations) Act 2023, with appropriate disclosure and oversight. Directors and senior executives should be personally accountable for proven governance failures, and a clear audit trail should be kept of exceptional decisions in public programmes.

GOV-2

Manual records, paper files and face-to-face processing recur as enabling conditions across the typologies. They appear in tax assessment and refunds, contract measurement and payment, stores and cash handling, billing, and property and lease records. FBR and NAB are among the early adopters of digital processes, and several other reforms are under way. Coverage, however, remains uneven, many systems operate in isolation, and progress is rarely reported against measurable targets. Above all, digital and paper processes are often allowed to run side by side for an indefinite period, so the old manual routes, and the discretion that comes with them, remain available long after a digital system has been introduced.

A coordinated, government-wide digitalisation agenda should set standardised operating procedures, clear implementation milestones and measurable indicators for each priority function, with periodic public reporting on progress. Its central feature should be a fixed cut-off date for each priority function. After that date, paper files, manual approvals and offline transactions would no longer be accepted, and any exception would need recorded reasons and senior approval. Cut-off dates should be set realistically for each institution, taking account of system readiness, but once set they should be binding. Priority functions should move to digital records, electronic approvals, online applications, automated verification, traceable transactions and electronic audit trails.

The advantages are substantial. Every action leaves a time-stamped record of who did what and when, so decisions can be reviewed, and alterations or unexplained delays are easy to detect. Face-to-face contact between officials and the public falls, and with it the opportunities for bribery and extortion. Verification against other government records happens automatically, so ghost payees, duplicate claims and inconsistent declarations are caught before payment rather than after. Reconciliation and reporting become faster and more reliable, giving managers, auditors and regulators current information instead of outdated paper returns. Records no longer depend on individual officials or physical files, so they are not lost through transfers or retirements. Digital processes also reduce administrative costs, speed up service delivery, and make performance measurable and comparable across offices.

Systems should be integrated so that the same data is not re-entered or reconciled manually, which reduces duplication and limits opportunities for manipulation. Each step must be accompanied by data-protection, cybersecurity, access-control and audit arrangements, so that digitalisation strengthens accountability without exposing sensitive information.

GOV-3

Many typologies persist because records held by one institution cannot be checked against those held by another: ghost pensioners and beneficiaries, misinvoicing and fake-invoice chains, unrecovered dues and utility theft that is not converted into prosecution. Bilateral arrangements, such as NADRA’s verification services and the CCP–PPRA data-sharing addendum, show what is possible, but they remain fragmented and depend on case-by-case agreements.

A government data-sharing framework should connect relevant institutions, including FBR, NADRA, power-sector entities, the police, FIA and others where legally and operationally appropriate, through secure, authorised interfaces rather than unrestricted access. Integration of this kind would improve identity verification, tax compliance, transaction monitoring, beneficiary verification and recovery, and allow inconsistencies in public records to be detected automatically. The framework should set clear rules on data ownership, the purposes for which data may be accessed, verification standards, confidentiality and accountability for misuse, with an independent mechanism to review access and complaints.

GOV-4

Overlapping mandates and unclear institutional boundaries dilute responsibility for results. The power sector illustrates the problem most clearly, where several bodies share related functions and accountability for losses is fragmented, but similar overlaps exist between ministries, regulators and operating agencies elsewhere, and between social-protection programmes. Duplicated administrative functions also raise operating costs without improving service.

Institutional mandates should be reviewed to identify redundant or overlapping functions, and the responsibilities of ministries, regulators, public-sector entities and operating agencies clarified. Duplicative administrative functions should be consolidated where appropriate, with clear responsibility matrices, reporting lines and performance indicators for each institution. Shared administrative services, for example in payroll, procurement support or information technology, should be considered where they improve efficiency without undermining institutional independence or specialised functions.

GOV-5

Several entities carry organisational structures, staffing levels and administrative costs that reflect past mandates rather than current requirements, as Chapter 4 notes for Pakistan Post, PASSCO, DISCOs and Pakistan Railways. Restructuring is already under way in some cases, including the wind-down of PASSCO and the planned privatisation of selected DISCOs.

Right-sizing should be institution-specific and based on functional requirements, financial sustainability, service delivery and operational performance, not on indiscriminate staffing reductions. Depending on the evidence, options include internal restructuring, consolidation, shared services or privatisation, each supported by a feasibility assessment, safeguards for the public interest and transparent treatment of staff.

Where restructuring is pursued, the transition itself should be governed by clear controls over assets, liabilities, records and contracts, as the PASSCO blocks in Section 5.6 illustrate.

Where staffing exceeds functional need, the preferred response is to digitise processes, retrain and redeploy staff into areas with skill shortages, and manage numbers through attrition and transparent restructuring, rather than to rely on abrupt reductions.

Boards of state-owned enterprises are the first line of oversight, yet Chapter 4 finds fragmented and uneven board oversight in the power sector and weak accountability for performance in several entities. The SOE governance framework sets expectations for boards, but reporting to oversight authorities is not yet standardised.

Boards and senior management should report periodically on financial performance, liabilities, asset utilisation, procurement and major contracts, operational efficiency, risk management and the implementation of audit recommendations. Where legally appropriate, boards should submit standardised returns and performance reports to the Finance Division's Central Monitoring Unit and the relevant line ministry, with clear responsibility for the accuracy, timeliness and completeness of the information submitted.

GOV-6

Procurement manipulation is the only risk pattern found in all ten entities, and cost escalation through non-transparent contracting recurs across works, utilities and services. EPADS now provides the federal platform, but procurement records are not yet uniformly complete, post-award information is limited, and federal and provincial systems are not fully interoperable.

National and provincial electronic procurement portals should be strengthened and, where needed, established on interoperable standards. They should publish tender notices, bidding documents, contract awards and values, amendments, implementation milestones and relevant performance information in accessible digital formats, subject to legal and security restrictions. Complete and comparable procurement records improve competition, allow scrutiny across government, strengthen auditability and reduce the vulnerabilities associated with opaque contracting and cost escalation addressed in the PPRA blocks and the procurement typologies of each entity.

GOV-7

Regulators need independence to function, but independence is not the same as freedom from accountability. Chapter 4 identifies regulatory findings that are not followed by timely sanctions, loss benchmarks relaxed without published reasons and enforcement that does not reach root causes. Similar gaps between decisions and their implementation exist in line ministries and public institutions.

Each regulator and public institution should operate against clear performance expectations and measurable indicators, and report periodically on its decisions, their implementation, service delivery and financial implications. The reasoning and evidence behind major decisions should be disclosed, subject to legal confidentiality, and appropriate review mechanisms should address non-compliance with statutory obligations and established procedures, with clear responsibility for delays, procedural failures and unexplained departures from rules. A distinction should be kept between legitimate regulatory discretion, which should be protected, and decisions that lack adequate evidence, transparency or procedural compliance, which should be open to review.

Audit findings, regulatory decisions and reform commitments are often not followed through, because no single forum tracks implementation across institutions. The National Mitigation Monitoring Committee proposed for this plan provides a starting point for monitoring the mitigation measures themselves.

A dedicated inter-institutional committee, or an equivalent mechanism building on the National Mitigation Monitoring Committee, should monitor implementation of the governance reforms, track institutional performance and follow up identified weaknesses. The Auditor General of Pakistan, NAB, FBR and other competent institutions each have complementary roles within their legal mandates. Performance audits and targeted reviews should be used where public expenditure, revenue administration, procurement, asset management and institutional performance require scrutiny. Such audits examine economy, efficiency, effectiveness, compliance and the achievement of stated objectives; they are not investigations into criminal misconduct and should not be treated as such. Each audit should be supported by a defined reporting schedule, an action plan with assigned responsibilities and a follow-up procedure, so that findings lead to corrective action.

Follow-through should be supported by a shared tracker of material audit and enforcement findings that records responses, recoveries, referrals and deadlines; escalation by materiality and recurrence rather than age alone; stronger information-sharing between NAB, AGP and FBR on suspicious transactions; and a stronger institutional position for the Auditor General and the Public Accounts Committees, while preserving the separation between audit, executive action and criminal adjudication.

GOV-8

Prolonged litigation and extended interim relief hold up recovery of public dues, the implementation of contracts, revenue collection and the enforcement of regulatory decisions. Large amounts of tax and utility revenue remain under litigation, and stays can continue for long periods without a decision on the merits. Specialised or expedited mechanisms for revenue, utility and public-contract disputes should be examined, together with time-bound procedures, stronger case management and alternative dispute resolution for suitable categories of disputes. As a reform objective, eligible cases could be targeted for resolution within three months where legally and practically feasible; this is proposed as a goal for suitable categories, not as an existing requirement or a universal deadline. Measures should discourage unnecessary adjournments and prolonged interim relief while fully respecting judicial independence, due process and the rights of

litigants. The aim is timely and predictable decisions, not the removal of legitimate stays or any restriction on lawful access to the courts.

In the short term, revenue and utility cases should be prioritised by value, age and precedent, with consolidated early hearings and a published backlog-reduction plan for economic disputes. Public bodies should set up dedicated litigation units with digital case tracking, alerts on the age of stays and reviews of lawyer performance, and tribunal vacancies should be filled. Statutory limits on interim relief in revenue cases should be applied consistently, and specialised appellate capacity strengthened before new courts are created.

GOV-9

Detection of theft and fraud in public utilities depends on provincial police and prosecution services. Cases are lost between complaint, registration, investigation and prosecution, enforcement teams can be compromised, and in some high-loss areas law-and-order conditions prevent staff from inspecting, disconnecting or recovering dues. Anti-theft campaigns have produced results, but without a continuous, accountable enforcement chain those results are not sustained.

Each case should carry a single identifier from utility detection through police complaint, prosecution and recovery, supported by a standard evidence pack, digital acknowledgement of complaints and published conversion rates from detection to FIR, charge, decision and recovery. Trained police and prosecution focal points should be designated in high-burden districts, and common standards, data exchange and resourcing agreed between the federal and provincial governments through the Council of Common Interests. Enforcement teams should be subject to integrity testing, complaint and disciplinary analytics and, with legal and privacy safeguards, targeted body-camera pilots, with protected channels for reporting coercion or bribery and stronger independent oversight of police and prosecution. In insecure areas, losses caused by law-and-order constraints should be mapped separately from ordinary commercial losses, served through protected mobile teams and remote or prepaid metering, and treated through time-limited, reviewable regulatory allowances tied to loss-reduction plans.

GOV-10

Too many compliance requirements, complex licensing and exemptions granted without clear criteria give officials room for discretion and favour influential groups, while frequent changes in rules create uncertainty that rewards personal influence.

The first reform is to simplify regulation and licensing. Existing licences, permits and approvals should be reviewed, and those with no clear purpose removed or merged. The rest should be issued online, within fixed time limits and against published criteria, so that approval depends on meeting the rules rather than on contact with officials. Where an authority does not decide within the time limit, the application should be treated as approved if otherwise fulfill criteria. New rules may be introduced only after assessing their impact and consulting those affected.

The second reform is to make exemptions, concessions and subsidies transparent and rules-based. These should be granted only against criteria set in law, costed before approval, reviewed regularly to check whether these are worth their cost, and set to expire unless renewed. The Tax Expenditure Report must show, for each exemption, its legal basis, purpose, beneficiaries and cost, and similar reporting should cover other concessions and subsidies. The power to grant exemptions through statutory regulatory orders would be limited by clear rules and subject to parliamentary

Closing the Federal Provincial Gap in Protecting State Assets and Revenue

Many weaknesses in the DISCOs, Pakistan Railways and NHA cannot be resolved by federal institutions alone, because the powers needed to act on them rest with the provinces. Provincial revenue authorities maintain land records and mutation; provincial police, prosecution services and district administrations must act against theft and encroachment; local governments approve construction and commercial activity along roads; and provincial departments are themselves among the consumers whose electricity dues remain unpaid. Where federal and provincial institutions lack shared procedures, cases fall between them. Theft

detected by DISCOs is not prosecuted. Railway land cannot be traced or recovered because ownership records do not match. Public-sector dues accumulate without settlement.

For NHA, the gap is most visible along the right-of-way. The boundaries of highway land are often not demarcated on the ground or reflected in provincial records, and land acquired for highways has in many cases not been mutated in NHA's name. Petrol pumps, shops, hotels, markets and other structures are built along the right-of-way, frequently with permissions from local or provincial bodies that do not check NHA's boundaries or require its consent. They then operate without paying right-of-way charges. NHA has no enforcement arm of its own, so removing encroachments or enforcing payment depends on district administrations and police, whose priorities differ and whose support is not assured. The result is lost revenue, encroachment that becomes harder to reverse over time, and unsafe, unplanned access onto national highways.

Coordination does occur, notably through joint task forces that have recovered large areas of state land, but it is organised case by case, so gains are often lost once a campaign ends. The reform is to turn this ad hoc cooperation into a standing system:

- **Standing committee:** a permanent federal–provincial coordination committee for state assets and utility enforcement should operate under the Council of Common Interests or an equivalent mechanism. It should be supported by named focal points in each province and in the three entities, meet on a fixed schedule and publish its decisions.
- **NHA right-of-way:** joint surveys by NHA and provincial revenue authorities should demarcate and mark highway boundaries on the ground, record them in provincial land records and complete mutation of acquired land in NHA's name. Provincial and local bodies should be required to obtain NHA's no-objection before approving any construction, commercial activity or access point within or adjoining the right-of-way. Existing commercial users should then be either regularised under transparent terms with charges paid through banks, or removed with the support of district administrations under an agreed, time-bound procedure.
- **Railway land:** railway land registers should be linked with provincial land-record systems through secure interfaces and reconciled parcel by parcel, so that missing land can be traced and recovered.
- **Joint task forces:** these should be given standing terms of reference, time-bound targets and agreed procedures for demarcation, eviction and regularisation, with recovered land entered immediately into the entity's asset and revenue records.
- **Utility theft:** each province should agree a common procedure covering evidence, registration, investigation and prosecution, with trained focal points in high-loss districts and a single case record from detection to recovery.
- **Public-sector dues:** a time-bound mechanism, coordinated by the Finance Division with provincial finance departments, should reconcile and settle dues owed by provincial and local bodies.

These arrangements should respect the constitutional division of powers. The aim is not to move provincial functions to the federation, but to protect federal assets and revenues through shared procedures, shared data and clear responsibility on both sides.

Box 2: Closing the Federal Provincial Gap in Protecting State Assets and Revenue

5.4. Entity-Related Mitigation Measures

The 56 entity typologies are mitigated the section below. Short-term measures are led by the entity itself. Medium and long-term measures increasingly involve the owning ministry, central agencies such as the Finance Division, PPRA, AGPR and NADRA, and Parliament, because structural and systemic typologies cannot be resolved by one entity acting alone.

5.5. Revenue Administration

Revenue administration measures aim to reduce the points at which an officer's discretion meets a taxpayer's liability, and to strengthen incentives for the quality of assessment alongside collection. They build on the FBR Transformation Plan, including faceless assessment, e-invoicing, point-of-sale integration

and CRM-based case selection, and concentrate on coverage of those systems, statutory timelines and accountability for the quality of assessments.

5.5.1. Federal Board of Revenue (FBR)

FBR's mitigation builds on reforms already under way, including faceless assessment, system-based case selection and electronic invoicing, while applying the common reforms on digitalisation and data sharing to tax administration. Several of these measures, including AI- and machine-learning-based CRM risk engines for audit selection and the automation of exemption certificates, were introduced under the FBR Transformation Plan from October 2024, and the priority now is to make them consistent and permanent, backed by law, institutional ownership and published performance data. The measures aim to reduce unnecessary discretion and strengthen accountability where discretion is required. Property valuation tables and other assessment benchmarks should be updated periodically using transparent market information, while cases involving material discrepancies between declared transaction values and assessed values should be reviewed through consistent, evidence-based procedures. For immovable property, assessment should recognise that notified FBR valuation tables bind assessing officers; the priority is therefore to ensure that these values are periodically revised to reflect prevailing market conditions rather than to introduce officer-level discretion in applying alternative values. Revenue targets should be aligned with realistic macroeconomic assumptions, including GDP growth and changes in the tax base, to discourage inflated tax demands. Where deliberate abuse of authority in raising unjustified demands is established through due process, appropriate disciplinary or criminal proceedings should follow. Further measures include a gradual shift from cash-based to traceable digital payments, secure data integration with NADRA and relevant financial records, automatic adjustment of verified tax refunds against subsequent liabilities where legally permissible, and investment in the technical skills of tax officials. Transactions exceeding PKR 100,000 should be required to use traceable, non-cash payment channels, subject to appropriate legal provisions and implementation arrangements that account for financial inclusion, small businesses and practical compliance requirements.

For customs administration, existing valuation rulings issued centrally under section 25A of the Customs Act, 1969, bind appraising officers, while goods declarations are channelled through the risk-management systems of WeBOC and the Pakistan Single Window. Faceless Customs Assessment also separates importers and clearing agents from assessing officers for the declarations it covers. Mitigation should therefore focus on the residual risks of misdeclaration of goods descriptions and values, using current reference data and effective post-clearance audits, with the scale of the response calibrated to the incidence of contested valuation rulings relative to overall clearances.

For refund administration, a substantial share of eligible refunds is already processed automatically through FASTER, reducing manual discretion in processing. However, automated processing does not by itself establish the validity of the underlying claim. E-invoicing, third-party data integration and analytics should therefore be used to establish benchmark norms for input-output ratios and turnover-based declarations, identify claims that exceed expected norms, and verify refund entitlements against supply-chain records, including the authenticity of supporting invoices and underlying transactions. Mandatory digital invoicing for registered sales tax persons and the wider grounds for blacklisting introduced through the Finance Act 2026 also address risks associated with fictitious invoices at source**.** Mitigation should be two-sided, addressing both administrative vulnerabilities and taxpayer-side abuse. FBR has also indicated that it will use analytics to identify clustering of declared income at minimum-tax levels and strengthen verification of refund claims. As these systems mature, FBR aims to reduce reliance on discretion and narrow the compliance gap, subject to effective and sustained implementation.

ENTITY TYPOLOGY · FBR-1 · FUNCTIONAL

Integrity Risks in Tax Assessment and Exemptions

Function: Revenue assessment and collection · Entity: FBR

Drivers of vulnerability: Officers exercise wide discretion in determining tax liabilities and allowing exemptions. Discretionary powers do not always carry defined timelines, decisions are not always transparent, and accountability mechanisms do not clearly separate negligence from complicity. Audit observations record irregular exemptions, unjustified assessments and over-taxation, which can leave room for preferential treatment of some taxpayers, undue pressure on others and informal payments in assessment and enforcement decisions. System-based selection and faceless assessment, introduced under the Transformation Plan, are narrowing this discretion.

SHORT TERM	MEDIUM TERM	LONG TERM
Discretionary assessments: Verify that amended income-tax assessments and sales-tax short-levy cases are routed through the National Faceless Centre, detect cases still allocated outside it, and extend coverage where gaps remain. Publish which offices and case categories remain outside the system; detect every manual allocation or direct taxpayer contact and enforce a recorded reason, supervisor approval and audit trail for each. **Delays and unrecorded exemptions:** Configure IRIS to flag overdue assessments, rectifications and exemption-certificate decisions against the applicable legal time limits. Record the legal basis and approving officer for every certificate, and refer off-system certificates for legal verification rather than treating them automatically as invalid. **Application of valuation tables:** Ensure that IRIS applies notified valuation tables automatically in property-related withholding and assessment, so that no value below the notified value can be accepted outside the system, and record the reasons for any exception. **Lead:** *FBR (Inland Revenue Operations); PRAL*	**Weak review of assessments:** Use the Directorate General of Internal Audit to review a risk-based sample of assessments and track orders overturned for absence of evidence, unlawful demands or procedural defects. Compare reversals and upheld complaints by office and officer, investigate repeated outliers and document action taken. **Valuation benchmarks:** Update FBR valuation rates and other assessment benchmarks periodically using transparent and credible market information, examine the gap between valuation rates and prevailing market values, and develop a transparent approach to reducing unjustified discrepancies. **Declared and assessed values differ:** Review cases in which declared transaction values differ materially from values used for assessment, through consistent, evidence-based procedures. **Lead:** *FBR (Internal Audit); PRAL; Federal Tax Ombudsman*	**Discretion embedded in law:** Review the Income Tax Ordinance 2001, the Sales Tax Act 1990 and the Federal Excise Act 2005 to narrow discretionary powers, write time limits into law and convert residual discretion into rule-based decisions with published criteria. **Accountability for outcomes:** Introduce a clear statutory standard that distinguishes bona fide error from negligence and wilful misuse of authority by tax officials, with graduated and timely consequences and due process. **Lead:** *Finance Division (Tax Policy Office); FBR; Ministry of Law and Justice;*

ENTITY TYPOLOGY · FBR-2 · FUNCTIONAL

Trade Misinvoicing and Customs Valuation Risks

Function: Revenue assessment and collection · Entity: FBR

Drivers of vulnerability: Value and description are decided at the point where goods are assessed and cleared. Under-invoicing and misdeclaration are hard to detect without current reference values and effective post-clearance audit, and the clearance process allows potential collusion between importers, customs agents and officials.

SHORT TERM	MEDIUM TERM	LONG TERM
Customs valuation discretion: Update and publish the basis of valuation rulings under the Customs Act, including the source and date of reference prices, and review outdated rulings against recent transactions. **Manual reassignment:** Use the existing faceless/customs risk-assessment systems wherever operational. Log changes to appraiser allocation, red/yellow/green channel overrides and manual	**Weak detection of misinvoicing:** Run mirror-trade analysis comparing declared import values and quantities with partner-country export data by HS code, importer and customs agent, and send flagged consignments to the Directorate General of Post Clearance Audit. **Misdeclaration without consequence:** Expand risk-based post-clearance audit, adjudicate section 32 cases within fixed time limits and apply the licensing provisions of the Customs Rules 2001	**Cross-border misinvoicing:** Expand lawful customs-to-customs data exchange with major trading partners; reconcile higher-risk imports with foreign-exchange payment information through a protocol with SBP. Complete remaining Pakistan Single Window integrations and remove duplicate manual submission points. **Lead:** *FBR Customs; Pakistan Single Window; SBP; Ministry of Commerce*

examination orders; independently review high-risk exceptions each month. **Lead:** *FBR Customs; Pakistan Single Window*	against customs agents involved in repeated misdeclaration. **Lead:** *FBR (Customs; Post Clearance Audit; Intelligence and Investigation)*	

ENTITY TYPOLOGY · FBR-3 · FUNCTIONAL

Refund Fraud and Integrity of Taxpayer Records

Function: Revenue assessment and collection · Entity: FBR

Drivers of vulnerability: Refunds are direct payments out of public revenue, and claims can rest on fake or flying invoices. Altered taxpayer records can conceal liabilities or create entitlements that do not exist. Both depend on weak access controls and limited independent review of changes to records.

SHORT TERM	MEDIUM TERM	LONG TERM
Refund fraud: Test whether eligible sales-tax refunds are processed through FASTER and document categories still handled manually. Verify invoices against supplier filings and e-invoicing records before release; require reasoned senior approval for exceptional manual refunds. Under way: automated processing through FASTER and mandatory digital invoicing. **Taxpayer-record tampering:** Review dormant and shared IRIS user accounts; enforce named-user access, two-factor authentication and change logs for high-risk taxpayer fields, with a monthly independent exception report. **Refunds and liabilities:** Examine mechanisms for automatically adjusting verified refunds from previous years against subsequent tax liabilities, where legally permissible and consistent with established refund procedures. **Lead:** *FBR; PRAL*	**No independent review of record changes:** Apply maker-checker approval to changes in taxpayer ledgers, registration status and refund amounts, monitor privileged users through a security function independent of system administrators, and commission a periodic independent FBR-PRAL systems audit. **Fake invoice networks:** Use invoice-chain analytics to identify registrants issuing invoices without matching purchases, and act promptly under section 21 of the Sales Tax Act 1990 to suspend or blacklist them, with post-refund audit of a risk-selected sample. **Lead:** *FBR; PRAL; Auditor General of Pakistan*	**Fake invoice chains:** Expand real-time e-invoicing in phases based on legal coverage, operational readiness and risk; publish coverage and failure rates, and preserve independent verification where electronic records are incomplete. Review whether existing tax and cybercrime provisions adequately cover deliberate digital-record manipulation before proposing a new offence. **Lead:** *FBR;*

ENTITY TYPOLOGY · FBR-4 · FUNCTIONAL

Inconsistency of Audit Case Selection and Arrears Recovery

Function: Revenue assessment and collection · Entity: FBR

Drivers of vulnerability: Audit case selection has not always been based on objective risk criteria. Recovery of assessed taxes is delayed, so liabilities identified through assessment are not converted into revenue on time and enforcement loses its deterrent effect.

SHORT TERM	MEDIUM TERM	LONG TERM
Selective audit selection: Verify that all applicable audits are selected through the mandatory CRM system under Income Tax Circular 1 of 2026, and detect manual exceptions. Keep a register of manual additions, removals and reallocations, showing the reason and approving officer; refer unusual patterns to internal audit. **Unrecovered tax dues:** Reconcile IRIS demand and recovery records each month; distinguish final recoverable arrears from stayed, appealed and disputed amounts before setting office targets. **Lead:** *FBR; PRAL*	**Discretionary allocation:** Allocate selected cases to officers through the system with rotation rules, so that no officer handles the same taxpayer beyond a fixed cycle and reallocation requires recorded approval. **Delayed recovery:** Escalate high-value stayed cases to the FBR legal wing for early hearing, use alternative dispute resolution under section 134A of the Income Tax Ordinance and section 47A of the Sales Tax Act where suitable, and publish aggregate recovery performance by region. **Fragmented data:** Strengthen authorised data integration and verification between FBR, NADRA and relevant financial and	**Selection model not tested:** Commission an independent review of the risk-selection model every two years and publish an annual audit-selection report covering criteria used, coverage and yield. Under way in part: the Audit Policy 2026 has been notified. **No time limit on recovery:** Introduce statutory time limits for completing audit proceedings and enforcing recovery after final orders, with exceptions only on recorded grounds. **Lead:** *FBR; Revenue Division Tax Policy Office)*

	public-sector records under applicable law and privacy safeguards, and expand digital invoicing, transaction documentation, risk-based audits, analytics and taxpayer facilitation. **Cash transactions:** Encourage a gradual shift from cash to traceable digital payments through accessible payment channels and incentives, and review as a policy option a requirement that transactions above PKR 100,000 use traceable channels. **Lead:** *FBR (Legal Wing; regional tax offices), Tax Policy Office; SBP.*	

ENTITY TYPOLOGY · FBR-5 · FUNCTIONAL

Specification and Direct-Contracting Risks in IT Procurement

Function: Procurement and contract management · Entity: FBR

Drivers of vulnerability: Specifications for IT systems and scanners can be drawn to suit particular suppliers, direct contracting has been used frequently, and technology contracts are implemented late. Poorly competed or delayed contracts postpone the control benefits that digitisation is meant to deliver.

SHORT TERM	MEDIUM TERM	LONG TERM
Restrictive specifications: Draft specifications for IT systems and scanners in functional and performance terms, have them vetted by a technical committee that includes at least one external member, and publish draft specifications on e-PADS for pre-bid comment. **Excessive direct contracting:** Report every direct contract and every proprietary-item purchase to the FBR Board with the justification required under the Public Procurement Rules, and publish the award on e-PADS. **Lead:** *FBR; PRAL; PPRA*	**Delayed implementation:** Manage ICT contracts against defined milestones, deduct liquidated damages for delay as provided in the contract, and review progress of every major technology project quarterly at Board level. **Dependence on single vendors:** Include clauses on data ownership, open standards, source-code escrow and exit assistance in ICT contracts so that the FBR is not locked into one supplier. **Lead:** *FBR; PRAL; Ministry of IT and Telecommunication*	**Weak IT governance:** Adopt an FBR IT governance framework with independent assurance of major ICT projects at design, award and acceptance stages. **PRAL accountability:** Strengthen PRAL's corporate governance through an independent board, a published procurement policy and regular assurance reporting to the FBR. **Lead:** *FBR; Revenue Division; Ministry of IT and Telecommunication*

ENTITY TYPOLOGY · FBR-6 · SYSTEMIC

Target Pressure and Tax Demands Not Sustained on Appeal

Function: Revenue targets and performance indicators · Entity: FBR

Drivers of vulnerability: Revenue targets are set by historical budgeting rather than on the changing business and economic environment, and performance dashboards and key performance indicators have rested predominantly on cash collection. This creates room to show achievement through tax demands that do not stand before independent judicial fora. Officials under pressure may adopt coercive practices, and taxpayers facing unsustainable demands have an incentive to settle informally rather than appeal.

SHORT TERM	MEDIUM TERM	LONG TERM
Cash-based targets: Add assessment-quality measures to field-office scorecards, including demands upheld on appeal, refund delays, confirmed complaints and demand-to-recovery conversion. Do not reward issuance of demands that are later annulled. **Coercive enforcement:** Require a recorded statutory basis, confirmation of notice and applicable recovery restrictions, and supervisory sign-off for attachment or comparable coercive	**Targets detached from the economy:** Set annual revenue targets from a macro-fiscal model that accounts for growth, imports, prices and policy changes, prepared with the Tax Policy Office, and allocate them by tax base rather than by incremental historical shares. **Demands not sustained:** Track demand created, demand realised and demand deleted on appeal for each field office, and audit any office where deletions exceed a set threshold.	**Incentives reward collection only:** Replace collection-only performance management with a framework that rewards reduction in the compliance gap and sustained revenue, applied to field offices and officers alike. **Taxpayer protection:** Adopt a statutory taxpayers' rights charter covering timelines, reasoned orders and recovery safeguards, enforceable through the Federal Tax Ombudsman. **Lead:** *Revenue Division; FBR; Tax Policy Office; Federal Tax Ombudsman*

action; test a sample of such actions each quarter. **Inflated demands:** Review cases of allegedly inflated or unjustified tax demands and, where deliberate abuse of authority is established through due process, take disciplinary or criminal proceedings under the applicable law. **Lead:** *FBR (Inland Revenue Operations); Federal Tax Ombudsman*	**Unrealistic targets:** Link revenue targets to realistic macroeconomic assumptions, including GDP growth, the tax base, inflation and changes in economic activity, rather than relying on collection targets alone. **Lead:** *FBR; Revenue Division*	

ENTITY TYPOLOGY · FBR-7 · FUNCTIONAL

Specialist Capacity, Promotion and Performance Accountability

Function: Human resources and administration · Entity: FBR

Drivers of vulnerability: Department allocation in the executive cadre follows officers' choices and their rank in a generic examination, without regard to academic or professional background. There is no lateral entry, no specialist cadre for audit, fraud investigation, enforcement, sector analysis, policy or litigation, and initial training carries no consequence for poor performance. A two-tier induction system weakens motivation in the lower cadre and creates over-dependence on it, promotion rests on seniority, and accountability for non-performance is weakly applied.

SHORT TERM	MEDIUM TERM	LONG TERM
Mismatch of skills and postings: Compile a verified inventory of officers' qualifications, experience and training results and use it when assigning audit, litigation, valuation, IT and investigation responsibilities. Check existing FBR training and performance initiatives before creating another system; record deviations from suitability criteria. **Lead:** *FBR (HR Wing; training directorates)*	**Limited specialist depth:** Map gaps not filled by the current FBR transformation and specialist recruitment initiatives, then develop certified specialist tracks with measurable proficiency tests and mobility between functions. Use appraisal quality, accuracy of decisions and case outcomes in promotion assessment within civil-service rules. Expand ongoing FBR transformation and specialist recruitment initiatives, including the recruitment of external auditors, specialised training of serving officers at LUMS, a postgraduate diploma at LUMS for newly inducted officers following the Specialised Training Programme, and the Performance Management System. Identify remaining capacity gaps and strengthen these initiatives through certified specialist career tracks, measurable proficiency tests, and mobility between functions. Within existing civil-service rules, incorporate appraisal quality, decision accuracy, and case outcomes into promotion assessments. **Lead:** *FBR; Establishment Division*	**Specialist recruitment constraints:** Review legal and budgetary options for targeted lateral hiring only for skills not available internally, with transparent competition and fixed-term performance evaluation. Apply existing efficiency-and-discipline procedures to evidenced misconduct or persistent poor performance, rather than proposing a new automatic dismissal power. **Lead:** *Establishment Division; Revenue Division; FBR*

5.6. Public Procurement, Public Works and Infrastructure

Works contracts pass through tender design, evaluation, award, variation, extension of time, measurement, certification, payment and release of guarantees. The measures for NHA and CDA place a verifiable record at each of these points: an engineer's estimate before bids are opened, a published reason for every non-lowest award, an issuer-confirmed guarantee before any advance, a geo-tagged measurement before any payment, and a recorded contract basis for every variation and extension. Land and non-tax revenue measures follow the same logic of complete registers and electronic receipting.

5.6.1. National Highway Authority (NHA)

NHA's measures should address risks across project preparation, contract awards, contract administration, and the management of land and revenue. Project readiness should be the central reform: projects should proceed to implementation only after feasibility studies, engineering designs, cost estimates, environmental and social assessments, right-of-way acquisition and utility-relocation plans are complete, preventing preparatory gaps from leading to contract variations, delays and cost escalation. Both direct contracting and government-to-government (G2G) contracting should be prohibited, with procurement conducted through open, competitive and transparent processes. Contract variations should be avoided; any exceptional variation must undergo independent review and approval, with suspected manipulation investigated under applicable rules. NHA should also establish a reliable inventory of its land and assets, identify and regularise commercial users of its right-of-way and charge them appropriate fees, expand electronic tolling to reduce revenue leakages, track state guarantees against project performance, and subject public-private partnership costs to independent audit.

ENTITY TYPOLOGY · NHA-1 · FUNCTIONAL

Lack of Transparency in Contract Award

Function: Procurement and contract management · Entity: NHA

Drivers of vulnerability: Contracts are awarded to disqualified or second-lowest bidders and through negotiation, price reasonableness is weakly assessed, unbalanced rates are accepted and awards exceed PC-I approval. PPP and BOT qualification is deficient, bidding shows potentially collusive patterns, and NHA does not procure through e-PADS, so competition may not be genuine.

SHORT TERM	MEDIUM TERM	LONG TERM
Off-platform and manipulated tenders: Audit NHA's coverage of the mandatory EPADS requirements for works, goods and consultancy, including justified exceptions. Verify that evaluation reports, recorded award reasons and approvals for non-standard procurement are published on EPADS as the Public Procurement Rules 2026 require, detect gaps and refer non-compliance for action under those rules. **Unbalanced rates:** Check the sealed engineer's estimate and unit-rate spread before award; require additional security or re-evaluation where bidding documents allow. Do not sign above the approved PC-I ceiling without competent revised approval. **Direct contracting:** Permit direct contracting only in defined circumstances, with written justification approved above the project level and published on EPADS. **Lead:** *NHA (Contracts); PPRA*	**Collusive bidding:** Apply e-PADS analytics to NHA tenders for bidder rotation, cover pricing, repeated joint participation and shared identifiers such as addresses, contact details and bid-security issuers, and refer credible patterns to the Competition Commission of Pakistan. **Deficient PPP and BOT qualification:** Conduct PPP and BOT qualification under the procedures of the Public Private Partnership Authority Act 2017, with independent review of the evaluation by the P3A before award. **Limited technical scrutiny:** Subject major projects to independent technical review before award and report physical and financial progress transparently. **Lead:** *NHA; PPRA; CCP; P3A*	**Repeat offenders not excluded:** Link e-PADS with PEC contractor registration and SECP beneficial-ownership data, and apply cross-debarment so that firms debarred for collusion cannot bid under another name. **Limited public scrutiny:** Publish NHA project data from PC-I to completion in Open Contracting Data Standard format, including awards, variations and payments. **Lead:** *PPRA; PEC; SECP; NHA*

ENTITY TYPOLOGY · NHA-2 · FUNCTIONAL

Change-Order Abuse and Unjustified Time Extensions

Function: Procurement and contract management · Entity: NHA

Drivers of vulnerability: Additional work is awarded without tendering, extensions of time are granted irregularly and price adjustments are made without proper basis, so contract value changes after award outside the discipline of competition. Contracts awarded before land is acquired create delays that generate further variations and claims.

SHORT TERM	MEDIUM TERM	LONG TERM
Award before land acquisition: Invite bids only after right of way is acquired under the Land Acquisition Act 1894 and possession is certified, at least for the	**Manual price adjustment:** Compute price adjustment through the payment system using published Pakistan Bureau of Statistics indices and the contract	**Large new items added by variation:** Amend NHA procurement procedures so that new items above a set value are

sections in the agreed handing-over schedule. **Variations without competition:** Support every variation order with the engineer's cost estimate, the contract clause relied on and approval at the level set in NHA's delegation of financial powers; refer cumulative variations above a set threshold to the NHA Executive Board. **Irregular extensions of time:** Grant extensions only on a contractor notice served within the contractual period and a reasoned determination by the engineer, recording the cause category for each extension. **Projects started before they are ready:** Approve projects for implementation only after feasibility studies, engineering designs, cost estimates, environmental and social assessments, right-of-way acquisition and utility-relocation plans are complete. **Lead:** *NHA (Members Engineering and Contracts); NHA Executive Board*	formula, with no manual entry of escalation amounts. **Post-award changes not visible:** Record all variations, extensions and price adjustments in the e-PADS contract-management module and publish them with the original contract value. **Unexplained variations:** Review the causes of variations and cost revisions; require documented justification and independent approval for each, and investigate unexplained or potentially fraudulent changes under the applicable rules without treating every variation as fraud. **Lead:** *NHA; PPRA; Pakistan Bureau of Statistics*	competitively procured rather than added by variation. **Claims settled by negotiation:** Use standing dispute adjudication boards on major contracts so that claims are decided on documented merits. **Lead:** *NHA; Ministry of Communications*

ENTITY TYPOLOGY · NHA-3 · STRUCTURAL

Irregular Performance Securities and Non-Enforcement of Contractual Remedies

Function: Weak enforcement of contractual remedies · Entity: NHA

Drivers of vulnerability: Mobilisation advances are paid against deficient guarantees, guarantees are not encashed, and some bank guarantees are potentially fraudulent because they are not confirmed with the issuing bank. Liquidated damages are not recovered, recoveries from contractors are not made and advances and loans are not adjusted, so financial remedies are not consistently enforced.

SHORT TERM	MEDIUM TERM	LONG TERM
Unverified guarantees: Confirm every bid security, performance guarantee and advance payment guarantee directly with the issuing bank, through a written confirmation from an authorised officer or an authenticated SWIFT message, before releasing any advance or signing the contract. **Guarantees lapse unencashed:** Maintain a guarantee register with automatic alerts at least sixty days before expiry, and require extension or encashment before the expiry date. **Remedies not applied:** Deduct liquidated damages and outstanding recoveries at each interim payment certificate rather than leaving them to final settlement. **Lead:** *NHA (Finance); scheduled banks*	**No standard verification channel:** Establish, with SBP and the Pakistan Banks' Association, a standard electronic verification service for guarantees issued to federal procuring agencies. **Advances not adjusted:** Build the recovery schedule of mobilisation and secured advances into the payment system, so that each certificate automatically deducts the due instalment. **Lead:** *SBP; Pakistan Banks' Association; NHA; CGA*	**Fraud without consequence:** Debar firms that submit fake guarantees through the PPRA debarment process, refer cases to FIA for criminal investigation and seek suspension of PEC registration. **Lead:** *PPRA; PEC; FIA*

ENTITY TYPOLOGY · NHA-4 · FUNCTIONAL

False Measurement Certification and Acceptance of Substandard Works

Function: Procurement and contract management · Entity: NHA

Drivers of vulnerability: Work measurements can be falsified, substandard work is accepted, required road tests and inspections are not conducted, maintenance plans are not implemented and unfinished works are paid for. Measurement and certification are the points of greatest discretion and the weakest independent verification.

SHORT TERM	MEDIUM TERM	LONG TERM
Falsified measurement books: Record measurements in a digital measurement	**Weak independent verification:** Commission independent third-party	**Certifiers not held accountable:** Evaluate supervision consultants on certification

book with geo-tagged, time-stamped photographs, and require the supervising engineer to check a defined share of entries before each interim payment certificate. **Tests not conducted:** Release payment for layer works only when the laboratory test reports required by the specifications are uploaded from an approved laboratory. **Lead:** *NHA; supervision consultants*	quality audits on projects selected by value, technical risk and past performance, with findings reported to the NHA Executive Board. **Maintenance not delivered:** Verify maintenance spending against network condition surveys, so that payments are linked to measured improvement in road condition. **Weak internal control:** Strengthen internal controls, project-level monitoring and independent technical and financial audits of major contracts. **Lead:** *NHA; Planning Commission; independent engineers*	accuracy, debar consultants for false certification and refer engineers to PEC for professional sanctions. **Lead:** *NHA; PEC; PPRA*

ENTITY TYPOLOGY · NHA-5 · FUNCTIONAL

Toll Revenue Leakage and Weak Asset Stewardship

Function: Revenue collection and asset management · Entity: NHA

Drivers of vulnerability: Toll dues are not recovered and overloaded vehicles are not fined, causing leakage in the authority's own revenue. Project accounts are not finalised, reconciliation and valuation are deficient, land mutations are incomplete, vehicles are misplaced, service areas are not built and disciplinary action is delayed.

SHORT TERM	MEDIUM TERM	LONG TERM
Toll dues not recovered: Reconcile traffic counts from M-Tag, cameras and lane records with toll contractors' remittances every month, and enforce contractual penalties and encash securities on default. **Vehicles and equipment untraceable:** Record every NHA vehicle and item of equipment in a single digital asset register, with a barcode tag, the officer to whom it is assigned and its location; reconcile the register every quarter with fuel, tracker and maintenance records, and trace any vehicle that cannot be located. **Land not mutated:** Complete the mutation of all acquired land in NHA's name with the provincial revenue departments, starting with motorway and highway corridors. **Lead:** *NHA (Revenue; Finance; Land); Provincial Boards of Revenue*	**Toll discrepancies:** Extend electronic tolling and number-plate verification specifically to national-highway plazas not already covered by motorway M-Tag arrangements; reconcile camera/traffic counts with collections and bank transfers monthly. **Unclosed project accounts:** Close project accounts on completion, reconcile the asset register to the ledger and assign responsibility for long-outstanding differences. **Partial electronic tolling:** Extend and improve electronic toll collection on national highways and integrate it with traffic counting and remittance reconciliation. **Lead:** *NHA; Ministry of Communications*	**Operators default on guaranteed revenue:** Award toll plaza contracts only through open bidding with reserve prices set from independently verified traffic counts and M-Tag and camera data; require the guaranteed monthly revenue to be deposited in advance and secured by a bank guarantee covering several months; encash the guarantee automatically on default, bar defaulting operators from future auctions, and publish plaza-wise bids, remittances and arrears. **Delayed disciplinary action:** Complete disciplinary proceedings arising from asset losses within the time limits of the Efficiency and Discipline Rules, with progress reported to the Executive Board. **Assets not generating revenue:** Identify and develop legitimate revenue from existing assets, commercial activities and service areas through transparent contracts and oversight. **Lead:** *NHA; Ministry of Communications*

ENTITY TYPOLOGY · NHA-6 · FUNCTIONAL AND STRUCTURAL

Unrealised Right-of-Way Revenue

Function: Revenue collection; incomplete land registers · Entity: NHA

Drivers of vulnerability: Shops, petrol pumps, hotels and advertising boards operate on NHA's right-of-way, but the charges due under NHA rules are largely not collected; more than 100,000 roadside establishments have been identified as liable.

SHORT TERM	MEDIUM TERM	LONG TERM
Occupants not recorded: Survey every establishment on the right-of-way along national highways, record it in a geo-tagged register with owner, use and area, and issue demand notices for the charges due under NHA rules.	**Weak collection system:** Digitise collection, or outsource it under a performance-based contract with receipts paid directly into NHA's account, and reconcile the register with receipts every quarter.	**Commercial value unrealised:** Adopt a transparent policy for commercial use of right-of-way land, with open allocation of service areas and advertising sites and published revenue, so that the land

Charges paid informally: Accept right-of-way charges only through bank or digital channels against a system-generated challan, never in cash at site. **Lead:** *NHA (Estate and Right-of-Way wing)*	**Non-payment continues:** Regularise or remove establishments that do not pay after notice, with a right of appeal. **Lead:** *NHA; NH&MP; district administrations*	provides sustained income for road maintenance. **Lead:** *NHA; Ministry of Communications*

ENTITY TYPOLOGY · NHA-7 · SYSTEMIC

Untracked Sovereign Guarantees for Project Borrowing

Function: Sovereign guarantees and project financing · Entity: NHA

Drivers of vulnerability: Sovereign guarantees backing NHA loans are open-ended and not tracked against project performance, so borrowing can continue for delayed, over-budget or low-value projects while the contingent liability falls on the federal budget.

SHORT TERM	MEDIUM TERM	LONG TERM
Guarantees not recorded: Compile a complete register of sovereign guarantees issued for NHA borrowing, showing amount, lender, project, tenor and outstanding exposure, and report it to the Finance Division every quarter. **Lead:** *NHA; Finance Division*	**No link to performance:** Make any new or renewed guarantee conditional on approved project KPIs for physical progress, cost, traffic and revenue, monitored quarterly, and suspend further drawdowns where KPIs are missed without justification. **Lead:** *Finance Division; NHA; Planning Commission*	**Exposure outside fiscal scrutiny:** Keep NHA guarantees within the statutory federal guarantee limit, approve them only after an assessment of the project's economic return and productive impact, and disclose NHA guarantee exposure in the annual fiscal risk statement. **Lead:**, *Finance Division; Ministry of Communications*

ENTITY TYPOLOGY · NHA-8 · FUNCTIONAL

Cost Inflation in Public-Private Partnership Projects

Function: Public-private partnership contracting · Entity: NHA

Drivers of vulnerability: Where project costs are not independently verified, private partners can inflate costs to enlarge the government's viability-gap share and reduce their own equity contribution.

SHORT TERM	MEDIUM TERM	LONG TERM
Unverified project costs: Require independent cost verification of every PPP project by a reviewer appointed by the government before the viability gap or investment differential is agreed. **Lead:** *NHA; Public Private Partnership Authority; Privatization Division*	**Gap sized on the investor's estimate:** Award PPP projects through competitive bidding in which bidders compete on the lowest viability gap or highest revenue share, rather than negotiating the gap on the investor's cost estimate, and include open-book audit and clawback clauses for overstated costs. **Lead:** *NHA; Public Private Partnership Authority; Privatization Division*	**Weak PPP oversight:** Require independent financial audit of PPP project costs at financial close and periodically during construction and operation, give the Auditor General access to concessionaire records relevant to public support, and publish PPP contracts, government support and performance for parliamentary review. **Lead:** *Public Private Partnership Authority;; AGP*

5.6.2. Capital Development Authority (CDA)

CDA's reforms should address the conflict of interest embedded in its current institutional model: it regulates land use and private housing societies while also developing and selling land through its own schemes. In the near term, CDA should publish records of land sales, conversions and associated revenues; assign land-use conversion decisions to a committee independent of land-sales and development officials; and subject the regulation of private housing societies to published criteria, defined timelines and independent review. These measures would strengthen transparency and reduce the risk of regulatory decisions being used to favour CDA's own development interests.

Over the longer term, institutional restructuring should separate regulatory and planning responsibilities from land development, estate management and selected municipal operations. Options for transferring, contracting out or privatising operational functions should be assessed against legal requirements, financial feasibility, public-interest considerations and effective regulatory oversight. CDA should also move towards a more sustainable financial model based on predictable revenues from municipal services, rents and fees, rather than relying on plot sales to finance recurring expenditure. Employee plot-allocation practices

should be reviewed to ensure transparent eligibility criteria and prevent preferential treatment. Any restructuring or privatisation should follow a formal institutional, financial and legal assessment.

ENTITY TYPOLOGY · CDA-1 · FUNCTIONAL

Contracting and Change-Order Issues

Function: Procurement and contract management · Entity: CDA

Drivers of vulnerability: Direct contracting is used at higher rates, variation orders are issued without competition and contracts are awarded to firms lacking the required experience. Competitive procedures are not applied consistently, raising costs and favouring particular contractors.

SHORT TERM	MEDIUM TERM	LONG TERM
Unjustified direct contracting: Permit direct contracting only in the circumstances set out in the Public Procurement Rules, with recorded reasons and approval by the CDA Board, and publish each award on e-PADS. **Unqualified contractors:** Verify bidders' experience against PEC category and completion certificates confirmed with the issuing employer before award. **Lead:** *CDA (Member Engineering); PPRA*	**Variations outside competition:** Maintain a variation register on the e-PADS contract module; tender new items above a set value rather than adding them by variation. **No dedicated procurement capacity:** Verify that CDA has the procurement cell and PPRA-accredited officers required by the Public Procurement Rules 2026, and that the cell reviews evaluations and contract changes; enforce compliance where it does not. **Lead:** *CDA; PPRA*	**Poor contractor record ignored:** Maintain contractor performance ratings that feed into future qualification, and debar firms for serious default through the PPRA process. **Lead:** *CDA; PPRA; PEC*

ENTITY TYPOLOGY · CDA-2 · STRUCTURAL

Unsecured Advances, Unverified Payments and Non-Enforcement of Remedies

Function: Weak enforcement of contractual remedies · Entity: CDA

Drivers of vulnerability: Advances are paid without guarantees, payments are made without verification and price adjustments lack support. Liquidated damages are not recovered, securities are not encashed and works are abandoned without the authority's financial protections being enforced.

SHORT TERM	MEDIUM TERM	LONG TERM
Advances without security: Release no advance without a guarantee confirmed with the issuing bank, and keep a guarantee register with expiry alerts. **Payments without verification:** Pay contractors only against measurements checked by the supervising engineer and price adjustments computed from the contract formula and published indices. **Lead:** *CDA (Finance; Engineering)*	**Remedies not enforced:** Deduct liquidated damages at each payment, and on abandonment issue notice, terminate and encash securities within fixed time limits. **Payments not linked to contracts:** Link every payment in the CDA financial system to a valid contract identifier and approved milestone. **Lead:** *CDA; PPRA*	**Abandonment without consequence:** Debar contractors who abandon works without lawful cause and pursue recovery through civil proceedings. **Lead:** *CDA; PPRA; PEC*

ENTITY TYPOLOGY · CDA-3 · FUNCTIONAL AND STRUCTURAL

Allotment and Amenity-Plot Conversion

Function: Land management; incomplete registers · Entity: CDA

Drivers of vulnerability: Plots are allotted irregularly, amenity land is illegally converted or sold and layout plans are approved irregularly. Amenities are transferred late, possession is delayed, ownership is undetermined and compensation records are incomplete, so public land in the capital can be allocated or used improperly.

SHORT TERM	MEDIUM TERM	LONG TERM
Irregular allotment: Make allotments only under the Islamabad Land Disposal Regulations through recorded Board decisions, and publish the list of allotments with plot, category and basis. **Amenity conversion:** Publish a sector-wise inventory of amenity plots and their approved use; permit no change of use	**Incomplete land digitisation:** Finish scanning outstanding CDA mouzas under the existing CDA–PLRA arrangement, then reconcile scanned entries to allotment files, mutation records, compensation claims and ground possession. Put corrections through maker-checker approval, retain previous entries and	**Weak legal protection of amenity land:** Give statutory protection to amenity plots, so that conversion requires a transparent decision process and cannot be done by administrative order. **Undetected encroachment:** Use SUPARCO satellite change detection to

without a Board decision taken after public notice and hearing of objections, as required under the zoning regulations. **Lead:** *CDA (Member Estate; Member Planning); CDA Board*	issue an exception list for disputed parcels. **Irregular scheme approvals:** Digitise approval workflows, publish applicable checklists and register deviations with the approving authority. **Employee allotments:** Review the transparency, rationale and financial sustainability of employee plot-allocation arrangements and other discretionary asset-allocation mechanisms, and disclose their criteria and outcomes. **Lead:** *CDA (Estate; Planning); PLRA; Survey of Pakistan*	flag new structures on state land for field inspection. **Lead:** *Ministry of Interior; CDA; Ministry of Law and Justice; SUPARCO*

ENTITY TYPOLOGY · CDA-4 · FUNCTIONAL

Auctions and Non-Tax Revenue Leakage

Function: Revenue assessment and collection · Entity: CDA

Drivers of vulnerability: Auctions are not transparent, rent is not recovered, penalties are not imposed and parking fees are collected without authority. Rents and fees are still partly collected in cash.

SHORT TERM	MEDIUM TERM	LONG TERM
Auction manipulation: Review use and coverage of existing online auction facilities; publish reserve-price methodology, bidder eligibility, the award result and the reason for any rejection or cancellation. Retain a tamper-evident bid log. **Cash leakage:** Move remaining cash collections of rents and fees to identified bank/Raast payment references, and reconcile receipts daily. **Lead:** *CDA (Estate; Finance)*	**Rent and penalties not recovered:** Maintain a property-wise revenue ledger with automatic penalty calculation and monthly arrears reports to the Member Finance. **Unauthorised parking fees:** Award parking contracts only through open auction and use digital ticketing reconciled with remittances. **Dependence on land sales:** Develop recurring revenue from municipal services, rents, fees and property assets, and improve asset inventories, valuation, revenue collection, financial reporting and independent audit. **Lead:** *CDA*	**Outdated values:** Revalue the commercial portfolio periodically through independent valuers and revise rents to market levels. **Lead:** *CDA; Ministry of Interior*

ENTITY TYPOLOGY · CDA-5 · STRUCTURAL

Unreconciled Accounts and Imprudent Treasury Management

Function: Reconciliation gaps · Entity: CDA

Drivers of vulnerability: Cash, electricity and expenditure records are not reconciled, and surplus funds are invested imprudently. Without regular reconciliation, errors and irregular transactions remain undetected.

SHORT TERM	MEDIUM TERM	LONG TERM
Unreconciled cash: Prepare monthly bank reconciliations signed by the responsible finance officer, and escalate items outstanding beyond ninety days to the Board audit committee. **Electricity records:** Reconcile electricity bills with IESCO consumer records and CDA premises each quarter. **Imprudent investment:** Invest surplus funds only under the Finance Division guidelines on investment by public sector entities, with Board approval. **Lead:** *CDA (Member Finance)*	**Manual accounting:** Implement an integrated financial system with automated bank-statement matching and exceptions routed to internal audit. **Weak internal audit:** Verify that the internal audit function required under the Public Financial Management Act 2019 is in place and reports to the Board audit committee, and enforce compliance where it does not. **Lead:** *CDA; Finance Division*	**Fragmented public funds:** Move to IPSAS-based reporting, verify which balances remain outside the Treasury Single Account under the 2024 Rules, and bring eligible balances within it. **Lead:** *Finance Division; CGA; CDA*

ENTITY TYPOLOGY · CDA-6 · SYSTEMIC

Conflict of Interest from CDA's Dual Role as Developer and Regulator

Function: Dual developer and regulator role · Entity: CDA

Drivers of vulnerability: CDA both sells land and regulates planning, building control and land use, so regulatory decisions can be shaped by revenue needs; its governance and revenue model is not transparent.

SHORT TERM	MEDIUM TERM	LONG TERM
Opaque land sales and revenue: Publish all land sales, auctions, conversions and revenue received, with the use of proceeds, in an annual report and online. **Conflicted decisions:** Require land-use conversions and allotments to be decided by a planning committee separate from the units responsible for sales and revenue. **Lead:** *CDA Board*	**Regulator and developer combined:** Review CDA's governance model and financial mechanisms, including the use of plot sales to finance recurring expenditure, and separate its regulatory functions from its development and estate functions into distinct wings with separate reporting lines and budgets. **Lead:** *Ministry of Interior; CDA*	**Revenue model drives regulation:** Consider restructuring CDA so that its principal role is regulatory and planning-oriented, transferring, contracting out or privatising selected municipal or operational functions where feasibility, public-interest and oversight requirements are met, and fund development from predictable budgeted sources rather than land sales. **Lead:** *Federal Cabinet; Ministry of Interior;*

5.7. State-Owned Enterprises

DISCOs, SNGPL and PASSCO handle large physical volumes of electricity, gas and wheat. Their measures therefore aim to locate losses precisely, at feeder, segment or stack level, so that technical loss, theft and diversion can be told apart, and to bring contract enforcement, stores, payroll and recruitment under the board oversight required by the State-Owned Enterprises (Governance and Operations) Act 2023. Measures that depend on regulators and the owning ministries are in Section 5.11.

5.7.1. Distribution Companies (DISCOs)

The DISCO measures address operational inefficiencies, governance weaknesses and the structure of electricity payments. Distribution losses should be monitored at feeder level, distinguishing technical losses, commercial losses, theft and non-payment. Procurement should follow sound cost estimates, open competition and enforceable controls on contract variations and delays. Boards should include independent members with relevant utility, financial and technical expertise, fixed tenures and annual evaluations, with oversight of losses, recovery, major contracts and senior appointments.

Tariff-setting should transparently account for capacity payments to generators and prevent consumers from bearing distribution losses beyond approved regulatory benchmarks. Independent performance audits, performance-based incentives, competitive privatisation and clearly defined responsibilities for the Power Division, NEPRA and DISCOs should reinforce accountability. DISCOs should also modernise their distribution networks, metering and grid-management systems to accommodate growing domestic solar adoption and integrate distributed generation reliably.

ENTITY TYPOLOGY · DISCO-1 · FUNCTIONAL AND STRUCTURAL

Procurement Non-Compliance, Product Substitution and Waiver of Liquidated Damages

Function: Procurement; weak enforcement of remedies · Entity: DISCOs

Drivers of vulnerability: PPRA rules are violated, specifications are not followed and low-quality material is supplied. Completion is delayed, extensions of time are granted irregularly and liquidated damages are not applied, so contract terms are not enforced once work begins.

SHORT TERM	MEDIUM TERM	LONG TERM
Substandard material: Require pre-dispatch inspection and third-party testing of transformers, conductors, meters and cables against the tender specification, and reject lots that fail.	**Uneven supplier standards:** Maintain a common list of qualified suppliers for standard network equipment, based on type-testing and past performance across all DISCOs.	**Fragmented procurement:** Procure standard equipment through pooled framework agreements across DISCOs, reducing the number of discretionary award decisions. **Lead:** *Power Division; PPRA*

Liquidated damages waived: Deduct liquidated damages from each payment for delayed supply or works; allow waiver only by the board with recorded reasons. **Lead:** *DISCO CEOs; DISCO boards*	**Installed items not traceable:** Record serial numbers of installed transformers and meters with GIS location, so that substitution of used or inferior items can be detected. **Weak procurement planning:** Prepare requirements and cost estimates on a sound basis, keep competition as the norm, restrict direct contracting and repeat awards, and penalise variations and delayed deliveries, to the standard proposed for NHA. **Lead:** *Power Division; DISCOs; PITC*	

ENTITY TYPOLOGY · DISCO-2 · STRUCTURAL AND SYSTEMIC

Revenue Leakage through Weak Recovery and Unreconciled Receivables

Function: Reconciliation gaps; energy payment chain · Entity: DISCOs

Drivers of vulnerability: Recovery is deficient, balances are unreconciled and assets are improperly valued, so financial records may not reflect amounts owed to or held by the companies. Aggregate technical and commercial losses stay above NEPRA-allowed levels because of outdated infrastructure, defective meters, poor maintenance, weak commercial controls, and staff collusion that facilitates direct theft (kundas) or manipulated meter readings. Unrecovered amounts add to circular debt, which also builds from delayed inter-entity payments and weak cash-flow discipline.

SHORT TERM	MEDIUM TERM	LONG TERM
Unreconciled receivables: Reconcile the billing system with the general ledger each month and age receivables by consumer category (government, private, disconnected, disputed), reporting material overdue balances to the board audit committee. **Defective meters:** Replace defective and slow meters on a priority list drawn from billing anomalies, and stop average billing beyond the period allowed in the NEPRA Consumer Service Manual. **Theft without prosecution:** Register FIRs against electricity thieves and colluding DISCO staff under the Pakistan Penal Code and Electricity Act, track cases through utility magistrates to ensure maximum fines and financial recovery, and enforce immediate departmental dismissals for complicit employees. **Recovery held up in court:** Track receivables held up by court stays and seek expedited hearing under the dispute-resolution measures in Section 5.2.10. **Lead:** *DISCO CEOs and CFOs; PITC*	**Staff collusion and internal complicity:** Enforce mandatory rotation of line staff (SDOs, Line Superintendents) and meter readers in high-loss subdivisions, and deploy independent spot-audits on commercial personnel who frequently process manual billing adjustments, reverse late payment surcharges, or log premises as "locked." **Losses not located:** Carry out energy accounting at feeder and distribution-transformer level using AMI and scanning meters, and direct capital spending to high-loss feeders identified through GIS loss mapping. **Settlement mismatches:** Reconcile DISCO energy and payment records with CPPA-G settlement statements each month. **Obligations charged to consumers:** Review the basis, transparency and fairness of loans and other financial obligations recovered from consumers through tariffs or surcharges. **Lead:** *DISCOs; Power Division; CPPA-G;*	**Cash leaks out of the payment chain:** Enforce a payment hierarchy and escrow arrangements for DISCO collections, and apply hard budget constraints so that losses above allowed levels are not absorbed by the sector. **Assets not properly valued:** Complete a fixed-asset revaluation and adopt asset registers reconciled with the network GIS. **Lead:** *Power Division; NEPRA;; CPPA-G; CGA*

ENTITY TYPOLOGY · DISCO-3 · FUNCTIONAL

Stores Pilferage and Payroll Irregularities

Function: Stock management and payroll · Entity: DISCOs

Drivers of vulnerability: Material is stolen from stores and salary payments show discrepancies. Both reflect gaps in verification and segregation of duties, which make losses harder to detect and recover.

SHORT TERM	MEDIUM TERM	LONG TERM
Stores not tracked: Barcode all store items and record every receipt, issue, return and gate pass, including dismantled and returned material, in the	**Manual stock records:** Move store records to an ERP system with barcode tracking of issues, returns and gate passes.	**Losses not recovered:** Recover losses from responsible staff after inquiry, and refer serious cases to the relevant law-enforcement agency.

inventory system; investigate variances through staff outside the store's chain of command. **Payroll discrepancies:** Reconcile the payroll each month with sanctioned posts and the HR database, and investigate every employee paid without a matching record. **Lead:** *DISCO internal audit; DISCO finance and HR*	**Weak segregation of duties:** Separate HR record-keeping from payroll processing and approve all payroll changes through maker-checker control. **Lead:** *DISCOs; PITC*	**Lead:** *DISCO boards; Power Division*

ENTITY TYPOLOGY · DISCO-4 · FUNCTIONAL

Patronage Appointments and Misuse of Official Resources

Function: Human resources and administration · Entity: DISCOs

Drivers of vulnerability: HR rules are not followed, appointments are made outside merit processes and official vehicles are misused. Staff appointed through patronage are less likely to challenge improper decisions, and seniority-based promotion rewards tenure over performance.

SHORT TERM	MEDIUM TERM	LONG TERM
Appointments outside the rules: Recruit only against sanctioned posts through published criteria, testing by an independent testing body and published merit lists; require panel members to declare conflicts of interest. **Misuse of vehicles:** Maintain digital logbooks and fuel records for official vehicles, with GPS tracking where usage risk justifies it. **Weak boards:** Appoint independent board members with utility, financial and technical expertise on fixed tenures, conduct annual board evaluations, and require boards to scrutinise losses, recovery, major contracts and senior appointments. **Lead:** *DISCO CEOs; DISCO HR; Power Division (Board Nomination Committee); CCoSOEs;*	**Seniority-based promotion:** Introduce promotion criteria based on measurable performance, approved by the board HR committee. **Weak board oversight of HR:** Require the board HR committee, as provided under the State-Owned Enterprises (Governance and Operations) Act 2023, to review all senior appointments and exceptions to recruitment rules. **Board accountability:** Review governance arrangements and the accountability of boards and senior management, with standardised board reporting as set out in Section 5.2.9. **Lead:** *Power Division; NEPRA*	**Political pressure on hiring:** Place recruitment above defined grades with an independent body and publish annual compliance reports on recruitment. **Lead:** *Power Division; Establishment Division;*

ENTITY TYPOLOGY · DISCO-5 · SYSTEMIC

Uniform Tariff that Rewards Inefficiency and Passes Losses to Consumers

Function: Tariff design and energy payment chain · Entity: DISCOs

Drivers of vulnerability: A dated uniform national tariff gives DISCOs little incentive to perform; the cost of losses, theft and unrecovered bills is passed to consumers and into circular debt.

SHORT TERM	MEDIUM TERM	LONG TERM
Inefficiency hidden in the tariff: Publish, for each DISCO, the part of the tariff and subsidy that covers losses above NEPRA-allowed levels, so that the cost of inefficiency is visible. **Lead:** *NEPRA; Power Division*	**Tariff does not reward efficiency:** Evaluate competitive versus uniform tariff arrangements, including their effects on efficiency, consumer protection and financial sustainability, and revisit tariff formulation so that each DISCO's allowed revenue is tied to targets for losses, recovery and service quality, and losses above allowed levels are borne by the company and its management rather than by consumers. **Lead:** *NEPRA; Power Division*	**Public monopoly becomes private monopoly:** Ensure that privatisation of DISCOs introduces competition and performance obligations, such as competitive power procurement, open access for large consumers and enforceable loss and service targets in licences, rather than transferring a public monopoly to a private one. **Lead:** *Power Division; NEPRA; Privatisation Commission*

5.7.2. Sui Northern Gas Pipelines Limited (SNGPL)

SNGPL's measures should address both operational losses and the broader governance of natural gas supply and use. Unaccounted-for gas should be disaggregated into theft, technical losses and measurement errors so that each can be addressed at source through section-level metering, regular reconciliation, tamper-resistant meters and consistent enforcement against gas theft. The board should be strengthened with independent and technical members and required to scrutinise losses, major contracts and justifications for procurement exceptions. Procurement of pipes, meters, compressors and network works should follow transparent competition, sound cost estimates and enforceable contract conditions. SNGPL should also explore viable avenues for domestic gas exploration, network development and more efficient gas utilisation to strengthen long-term supply security. Existing subsidy arrangements should be reviewed for their fiscal cost, distributional impact and effect on gas-sector efficiency, with their continuation, redesign or abolition considered on the basis of this assessment. Stronger billing controls, timely complaint resolution and transparent reporting of receivables should complete the reforms.

ENTITY TYPOLOGY · SNGPL-1 · FUNCTIONAL

Gas Theft and Meter Tampering (Non-Technical Losses)

Function: Revenue collection (metering and billing) · Entity: SNGPL

Drivers of vulnerability: Gas is stolen with possible staff collusion, meters are manipulated, billing adjustments are made fraudulently and unauthorised connections operate. These practices occur at the point of supply and billing and their losses pass into sector finances.

SHORT TERM	MEDIUM TERM	LONG TERM
Fraudulent billing adjustments: Apply maker-checker approval and recorded reasons to every billing adjustment, and report adjustments above a set value to the regional general manager weekly. **Meter tampering:** Use numbered tamper-evident seals recorded against each meter, and inspect meters of high-consumption and abnormal-pattern consumers on a risk-based schedule. **Theft without prosecution:** Pursue theft cases under the Gas (Theft Control and Recovery) Act 2016 before the gas utility courts, and track each case to recovery. **Lead:** *SNGPL*	**Undetected abnormal use:** Install AMR or smart meters for industrial, commercial and bulk consumers and run consumption-anomaly analytics on billing data. **Staff collusion:** Rotate field staff in high-loss areas on a risk-based cycle, and investigate connections approved or regularised by the same staff repeatedly. **Lead:** *SNGPL; OGRA*	**Connections outside the system:** Bring all connections into a GIS-mapped network register, so that unauthorised connections can be identified against the authorised consumer base. **Lead:** *SNGPL; Petroleum Division*

ENTITY TYPOLOGY · SNGPL-2 · SYSTEMIC

Masking of Theft within Unaccounted-for Gas (UFG)

Function: Energy payment chain and loss benchmarks · Entity: SNGPL

Drivers of vulnerability: Line losses are weakly monitored and meter and inventory controls are inadequate, so technical losses cannot be distinguished from theft or manipulation. Losses are not analysed at a granular level and irregular removal of gas is absorbed into overall loss figures.

SHORT TERM	MEDIUM TERM	LONG TERM
Aggregate loss reporting: Compute UFG for each transmission segment, region and town-border station, and publish segment-level figures in the format required by OGRA. **Unreliable meters:** Calibrate sales meter stations and town-border station meters on a fixed schedule with chain-of-custody records. **Lead:** *SNGPL; OGRA*	**No mass balance:** Define the network metering hierarchy and install AMR at town-border and district regulating stations, so that losses can be located by mass balance. **Loss data unverified:** Commission periodic independent verification of UFG data and segment-wise action plans. **Lead:** *SNGPL; OGRA*	**Disallowance without location:** Link OGRA disallowances to segment-level performance obligations, so that loss reduction is tracked where losses occur (see OGRA-2). **Lead:** *OGRA; Petroleum Division*

ENTITY TYPOLOGY · SNGPL-3 · FUNCTIONAL AND STRUCTURAL

Product Substitution and Unjustified Extensions in Network Contracts

Function: Procurement; weak enforcement of remedies · Entity: SNGPL

Drivers of vulnerability: Gas-infrastructure contracts show irregularities and possible deviations from specifications, extensions are granted without adequate justification and contractor performance is monitored weakly.

SHORT TERM	MEDIUM TERM	LONG TERM
Deviation from specifications: Inspect pipe, fittings, valves and meters at receipt against the purchase specification, with third-party laboratory testing of high-value lots, and record inspection results before goods-received notes are issued. **Unjustified extensions:** Grant extensions of time only on a contractor notice served within the contractual period, with the cause documented and the contract clause cited; deduct liquidated damages for all other delay. **Lead:** *SNGPL (Procurement; Projects; Quality Assurance)*	**Weak contractor monitoring:** Rate contractor performance at completion of each network project on time, quality and safety, and use the ratings in prequalification for future tenders. **Post-award changes not visible:** Record variations, extensions and price adjustments in the e-PADS contract module and report cumulative changes above a set threshold to the board audit committee. **Lead:** *SNGPL; SNGPL board; PPRA*	**Repeat default without consequence:** Debar contractors for substitution of material or serious default through the PPRA debarment process, and share debarment information with SSGC and other gas-sector companies. **Lead:** *PPRA; SNGPL; Petroleum Division*

ENTITY TYPOLOGY · SNGPL-4 · FUNCTIONAL AND STRUCTURAL

Unreconciled Consumer Receivables

Function: Revenue collection; reconciliation gaps · Entity: SNGPL

Drivers of vulnerability: Royalty-related issues arise, recovery is deficient and consumer and project balances are not reconciled. Consumer complaints are resolved late, which allows billing errors and irregular adjustments to go uncorrected.

SHORT TERM	MEDIUM TERM	LONG TERM
Unreconciled consumer and project balances: Reconcile consumer ledgers, project accounts and the general ledger each month, ageing receivables by consumer category and reporting balances overdue beyond ninety days to the board audit committee. **Delayed complaint resolution:** Register every billing complaint in a tracked system with time limits for resolution, and require a supervisory review of any adjustment made while resolving a complaint. **Lead:** *SNGPL*	**Royalty-related discrepancies:** Reconcile gas purchase volumes, wellhead prices and royalty-linked payments with producers and the Petroleum Division each quarter, resolving differences before year-end closure. **Weak recovery:** Disconnect defaulting consumers after the notice required under OGRA rules, and file recovery and theft cases before the gas utility courts under the Gas (Theft Control and Recovery) Act 2016. **Lead:** *SNGPL; Petroleum Division; OGRA*	**Receivables outside public reporting:** Report SNGPL receivables, write-offs and inter-corporate balances quarterly to the Finance Division Central Monitoring Unit, as required for SOEs under the SOE (Governance and Operations) Act 2023. **Lead:** *SNGPL; OGRA*

ENTITY TYPOLOGY · SNGPL-5 · STRUCTURAL

Board Oversight and Procurement Governance

Function: Board oversight and procurement governance · Entity: SNGPL

Drivers of vulnerability: The board is shaped largely by government nominations, independent and technical expertise is limited, and procurement of pipes, meters, compressors and network works shows the same weaknesses as NHA: weak estimates, limited competition and unpenalised variations.

SHORT TERM	MEDIUM TERM	LONG TERM
Board scrutiny of contracts: Require the board to review all major contracts and every procurement exception, with recorded reasons, and publish a summary of exceptions annually. **Procurement planning:** Prepare requirements and cost estimates on a sound basis and restrict direct contracting and repeat awards. **Lead:** *SNGPL Board; SNGPL management*	**Board composition:** Appoint independent members with gas, engineering and financial expertise on fixed tenures, with annual board evaluations under the SOE (Governance and Operations) Act 2023. **Variations and delays:** Penalise variations and delayed deliveries consistently and record all contract changes on EPADS. **Lead:** *Petroleum Division; shareholders at the AGM; SNGPL Board*	**Accountability at the top:** Make the board and senior management personally accountable, through performance agreements and standardised board reporting, for procurement outcomes and the resolution of audit findings. **Lead:** *Petroleum Division; SNGPL Board*

5.7.3. Pakistan Agricultural Storage & Services Corporation (PASSCO)

PASSCO's reform measures should prioritise the protection of public assets during its wind-down while establishing a more accountable framework for future wheat-reserve management. Existing wheat stocks, warehouse records, weighbridge data, receipts, liabilities and receivables should be independently verified and reconciled before closure, while remaining assets should be disposed of through transparent competitive bidding and records preserved for audit. Any successor wheat-reserve arrangement should be established only after a systemic assessment of strategic food-security needs, storage capacity and fiscal risks, with clear stock-management and accountability controls from the outset. The framework should also assess mandatory minimum wheat-stock requirements for private flour mills, supported by transparent reporting and independent verification, alongside decentralised storage at mill level to reduce dependence on centralised storage and improve stock availability.

ENTITY TYPOLOGY · PASSCO-1 · FUNCTIONAL

Stock Leakage and Phantom Inventory

Function: Stock management · Entity: PASSCO

Drivers of vulnerability: Government wheat can be misappropriated, ghost stock can be recorded and stocks can be diverted. Wheat is held in large quantities at dispersed centres, so gaps between recorded and actual stock turn directly into fiscal loss and affect food security.

SHORT TERM	MEDIUM TERM	LONG TERM
Phantom wheat stock: During the approved closure/restructuring process, freeze and verify opening stock by centre, lot and ownership category. Independent teams should verify quantities and quality against barcoded stack and lot records and weighbridge data, and record shortages with signed geo-tagged evidence. **Diversion during disposal:** Match every release order to its weighbridge slip, gate pass, recipient and bank receipt; investigate unmatched movement before approving further releases. **Lead:** *PASSCO administrator/management; Ministry of National Food Security and Research; independent auditors*	**Unverified transfers:** Create a single, centrally reconciled ledger of wheat held, transferred, sold or written off, using existing weighbridges and warehouse records before purchasing new systems. Assign discrepancies to named officers and report them monthly to the closure oversight mechanism. **Lead:** *PASSCO; Ministry of National Food Security and Research*	**Custody after restructuring:** Transfer any retained strategic stocks only after independently verified handover statements, stock-quality certification and documented accountability for historical shortages. Close redundant centres under an approved asset-disposal plan; do not create permanent PASSCO infrastructure where closure is proceeding. **Weaknesses carried into a successor:** Build any successor wheat-reserve body on strong controls from day one: barcoded stock tracking, quarterly independent stock audits and publicly reported accounts. **Lead:** *Federal Cabinet; Ministry of National Food Security and Research;*

ENTITY TYPOLOGY · PASSCO-2 · STRUCTURAL

Fictitious Receipts and Unreconciled Stock Records

Function: Reconciliation gaps · Entity: PASSCO

Drivers of vulnerability: Procurement and receipt documents can be fabricated, stock registers are not reconciled with physical quantities and stock and financial records are not reconciled. Inventory is improperly valued and receivables remain outstanding.

SHORT TERM	MEDIUM TERM	LONG TERM
Fictitious receipts: Reconcile historical wheat-procurement receipts with weighbridge slips, supplier identity and actual bank payments. Suspend disputed claims pending documented verification, without withholding uncontested dues. **Mismatch of stock and accounts:** Sign off a centre-wise opening and closing stock statement, reconcile it to the financial ledger and investigate all material variances before transfer or disposal. **Lead:** *PASSCO (Finance; Operations); independent audit*	**Incomplete records:** Digitise and secure existing procurement, sale, transfer and claim files needed for the winding-up audit, with version history and access controls. Verify inventory valuation and liabilities through independent financial review rather than commissioning a new procurement platform. **Lead:** *PASSCO;; external auditors*	**Unsettled receivables and liabilities:** Establish a time-bound settlement schedule for wheat claims with federal and provincial governments; publish verified balances, disputed items, recoveries and write-offs before legal closure or transfer of obligations. **Lead:** *Finance Division; Ministry of National Food Security and Research; provincial Food Departments*

ENTITY TYPOLOGY · PASSCO-3 · FUNCTIONAL

Inflated Storage Losses and Weak Warehouse Custody

Function: Stock management · Entity: PASSCO

Drivers of vulnerability: Supervision is weak, warehouses are inadequately inspected, wheat bags and bardana run short, and storage and handling losses are avoidable. Stock is verified infrequently, so genuine losses cannot be told apart from irregular removal.

SHORT TERM	MEDIUM TERM	LONG TERM
Inflated warehouse losses: Independently verify claimed deterioration, moisture loss and shortages against approved norms, opening stock and actual condition before approving write-offs. Reconcile bags and other packing material in the same exercise. **Lead:** *PASSCO management; internal and external audit*	**Losses during wind-down:** Inspect remaining stores according to stock value and storage risk; document quality, moisture and pest damage, and prioritise transfers or disposal before avoidable deterioration. Repair only facilities formally retained under the restructuring plan. **Lead:** *PASSCO; Ministry of National Food Security and Research*	**Residual strategic stocks:** Where stocks are transferred to another custodian, require independent quantity and quality certification, receipted handover and an audit right in the new custodial agreement. **Lead:** *Ministry of National Food Security and Research; Finance Division*

ENTITY TYPOLOGY · PASSCO-4 · FUNCTIONAL

Cronyism in Supplier Selection and Nepotism in Appointments

Function: Procurement and human resources · Entity: PASSCO

Drivers of vulnerability: Procurement and staff appointment decisions can be influenced by favouritism. High-value awards pass through few procurement decisions, so each choice carries high stakes, and staff selected this way weaken other controls.

SHORT TERM	MEDIUM TERM	LONG TERM
Conflict of interest in wind-down contracts: Obtain declarations and documented recusals for committees selecting transporters, valuers, storage firms and disposal agents. Use EPADS for procurements covered by the current rules and publish justified exceptions. Freeze non-essential recruitment and reconcile payroll with sanctioned staff and approved separation arrangements. **Lead:** *PASSCO management; PPRA; owning ministry*	**Patronage in disposal and staffing:** Independently review high-value transfer, disposal, severance and consultancy decisions against approved criteria; retain full selection records and publish aggregate outcomes. **Lead:** *Finance Division; PASSCO oversight committee*	**Repeated discretionary contracting:** Complete closure or restructuring with transparent asset-disposal procedures, conflict checks and independent financial assurance; avoid permanent recruitment or framework-contract proposals for operations being discontinued. **Staff transfers on restructuring:** Transfer staff to any restructured or successor body only through transparent, merit-based screening. **Lead:** *Federal Cabinet; Ministry of National Food Security and Research*

5.8. Social Protection and Subsidy Programmes

BISP measures address who is selected, how payments reach beneficiaries and whether disbursements reconcile with entitlements. They build on the dynamic NSER and the planned migration to digital wallets, and add the controls that those systems do not provide on their own: logged overrides of eligibility decisions, cycle-by-cycle reconciliation, independent validation and complaint channels that vulnerable households can actually use.

5.8.1. Benazir Income Support Programme (BISP)

Strengthen BISP targeting through regular NADRA matching, NSER updates, independent validation of exclusions and a formal right of appeal. Ensure payments are made through beneficiaries' own digital wallets, with public reporting on deductions and failed transactions. Measure programme success by the number of households moving above the poverty line, and link beneficiaries with skills training, employment and microfinance opportunities. Consider devolving appropriate delivery and monitoring functions to provincial governments under national standards to bring services closer to households. Review the functions and implications of the Zakat and Ushr framework and improve coordination with BISP through integrated beneficiary identification and service delivery to reduce duplication.

ENTITY TYPOLOGY · BISP-1 · STRUCTURAL

Inclusion Errors: Ghost and Duplicate Beneficiaries

Function: Weak verification of entitlement · Entity: BISP

Drivers of vulnerability: Eligibility verification is weak, beneficiary data is not adequately matched with other government records and duplicate or ghost beneficiaries appear on payment lists. Each weakness reduces the share of programme resources reaching eligible households.

SHORT TERM	MEDIUM TERM	LONG TERM
Ghost and duplicate payments: Run CNIC, household and deceased-person checks against NADRA before each disbursement; send flags for verification, and suspend only the disputed payment with notice and a prompt correction route. Avoid automatic beneficiary exclusion on a database match alone. **Lead:** *BISP; NADRA*	**Dynamic NSER errors:** Audit the existing dynamic registration process through risk-based field back-checks. Report duplicate removals, incorrect exclusions, successful appeals and manual overrides by district; correct source records as well as beneficiary lists. **Lead:** *BISP (NSER); NADRA; independent evaluators*	**Fragmented social data:** Make existing NSER interoperability agreements usable for defined eligibility checks with access logs and appeal rights. Assess legal and technical gaps before proposing a new federal social registry. **Lead:** *BISP; NADRA;*

ENTITY TYPOLOGY · BISP-2 · FUNCTIONAL

Rent Extraction by Payment Agents and Illegal Deductions

Function: Disbursement and payments · Entity: BISP

Drivers of vulnerability: Payment agents may collude, beneficiaries suffer unauthorised deductions and beneficiary fraud occurs at the point of disbursement. Vulnerable households have limited means of complaint, so these risks may go unreported.

SHORT TERM	MEDIUM TERM	LONG TERM
Illegal beneficiary deductions: At each payment cycle, disclose the full entitlement and zero-fee cash-out rule in local languages through receipts/SMS and on-site notices. Test payment agents using beneficiary callbacks and controlled visits; refund confirmed deductions and track the bank's corrective action. **Lead:** *BISP (Payments; Complaints); partner banks*	**Payment-agent collusion:** Analyse failed biometrics, unusual cash-out delays, repeat transactions and complaints by agent; require banks to penalise or remove repeat offenders. Audit the existing digital-wallet rollout for activation failures, device access, liquidity and charges, and provide an assisted alternative for excluded beneficiaries. **Lead:** *BISP; partner banks; SBP*	**Weak responsibility for harm:** Amend or enforce service contracts so partner banks repay unauthorised deductions, report agent sanctions and meet independent complaint-resolution targets, with escalation to SBP where applicable. **Lead:** *BISP; SBP*

ENTITY TYPOLOGY · BISP-3 · STRUCTURAL

Payment Leakage: Unreconciled Disbursements and Unrecovered Overpayments

Function: Reconciliation gaps · Entity: BISP

Drivers of vulnerability: Payments are not fully reconciled and excess payments are recovered late, so disbursements may not match entitlements and overpayments persist.

SHORT TERM	MEDIUM TERM	LONG TERM
Unreconciled disbursements: Reconcile entitlement lists, payment instructions and partner-bank settlement data for every payment cycle, and investigate every unmatched transaction before the next cycle is released. **Overpayments not recovered:** Maintain an overpayment register recording cause, amount, recovery action and status, reported quarterly to the board audit committee. **Lead:** *BISP (Finance; Payments)*	**Manual reconciliation:** Receive settlement files from partner banks in a standard format and automate matching, with exceptions routed to internal audit. **Unclaimed funds held by banks:** Require partner banks to return unclaimed funds within contractual time limits and reconcile returned amounts with the programme account. **Lead:** *BISP; partner banks*	**Programme-specific payment systems:** Move to an interoperable government-to-person payment system that reconciles entitlements and settlements automatically across programmes. **Lead:** *Ministry of Poverty Alleviation and Social Safety; SBP; BISP*

ENTITY TYPOLOGY · BISP-4 · FUNCTIONAL

Weak Contract Oversight of Payment-Service and Survey Providers

Function: Procurement and contract management · Entity: BISP

Drivers of vulnerability: Biometric and payment-service providers may be procured irregularly, survey contracts are weakly monitored and vendor performance is not adequately controlled.

SHORT TERM	MEDIUM TERM	LONG TERM
Irregular procurement of providers: Procure payment-service, biometric and survey providers through open competitive bidding on e-PADS, with evaluation criteria and reports published. **Weak vendor monitoring:** Define service-level indicators in each contract, such as transaction failure rates, complaint resolution time and survey completion quality, and review them monthly. **Lead:** *BISP; PPRA*	**Survey quality unverified:** Validate survey enumeration through independent back-checks on a random sample of households, with penalties where error rates exceed contractual limits. **No consequences for poor service:** Apply the contractual penalties for service-level failure and record vendor performance for use in future procurement. **Lead:** *BISP*	**Dependence on vendors:** Retain ownership of beneficiary data, source code and system documentation, and avoid long exclusive contracts that prevent re-competition. **Lead:** *BISP;*

ENTITY TYPOLOGY · BISP-5 · SYSTEMIC

Clientelist Targeting, Exclusion Errors and Misuse of Beneficiary Data

Function: External influence in targeting · Entity: BISP

Drivers of vulnerability: Beneficiary selection may be influenced from outside the programme and eligible households may be excluded. Eligibility turns on survey enumeration and grievance decisions open to local pressure, grievances are resolved late and beneficiary data is exposed to privacy risks.

SHORT TERM	MEDIUM TERM	LONG TERM
External influence: Keep a confidential log of requests from elected representatives or officials about inclusion or exclusion, recording the requester, date, basis and outcome, and review patterns at board level. **Delayed grievances:** Resolve grievances within fixed time limits and publish aggregate resolution statistics. **Lead:** *BISP*	**Wrongful exclusion:** Independently back-check a risk-based sample of NSER assessments and rejected grievances, with specific attention to women unable to complete biometric or wallet enrolment. Publish district-level error and reversal rates without disclosing personal records. **Beneficiary-data misuse:** Audit unusual access, bulk exports and staff overrides of NSER data and investigate exceptions. **Lead:** *BISP; NADRA; independent evaluators*	**Discretion in targeting:** Base eligibility on rule-based cross-database checks with auditable human review and appeal for any exclusion. **Weak legal protection of data:** Bring beneficiary data under a comprehensive federal data-protection law. **Lead:** *BISP; NADRA; Ministry of IT and Telecommunication*

ENTITY TYPOLOGY · BISP-6 · STRUCTURAL

Welfare Dependency by Design: Cash Support with No Exit

Function: Programme design and exit · Entity: BISP

Drivers of vulnerability: Households can remain on BISP indefinitely, with no exit strategy and success measured by disbursement, which rewards staying poor and encourages under-reporting of income and assets.

SHORT TERM	MEDIUM TERM	LONG TERM
Success measured by disbursement: Add KPIs that track how many households rise above the poverty threshold and leave the programme, alongside amounts disbursed, and report them every year. **Lead:** *BISP; Ministry of Poverty Alleviation and Social Safety*	**No route out of poverty:** Link eligible households to skills training, employment, interest-free loans and enterprise support, with time-bound and monitored exit plans. **Fragmented poverty programmes:** Merge or integrate Zakat and Ushr disbursement with BISP under a single registry and payment system, so that poverty support is not duplicated. **Lead:** *BISP; provincial Zakat and Ushr departments; provinces*	**Targeting far from beneficiaries:** Devolve delivery of BISP to the provinces under a common national registry and national standards, so that targeting, beneficiary monitoring and tracing take place closer to households, with federal oversight of results. **Lead:** *Ministry of Poverty Alleviation and Social Safety; Federal Cabinet; Provinces; CCI*

5.9. Transport, Postal and Public Service Delivery

Pakistan Railways, Pakistan Post and ETPB manage dispersed cash, materials and large property portfolios. Their measures concentrate on automated cash reconciliation, barcode-based tracking of stores, integrity of master records, reconciliation of bank accounts and payment authorisations, and complete, geo-referenced registers of land and property with leases granted through open bidding.

5.9.1. Pakistan Railways

Pakistan Railways should strengthen the tracking and tracing of missing land by reconciling historical records with physical surveys, mapping geo-referenced boundaries and recording all verified parcels in PRLMIS. A complete land management system should track each parcel's ownership, location, use, occupancy, lease status and revenue, supported by better coordination among institutions responsible for railway land and asset records. Illegally occupied land should be recovered or regularised at market-based rates, while suitable railway land should be developed or leased for commercial use to generate revenue, with leases awarded through open bidding and proceeds transparently recorded. Pakistan Railways should undertake institutional restructuring and update and modernise its business model to improve operational efficiency under a high standard of accountability and transparency, while considering the transfer of suitable railway assets to a dedicated land bank to improve oversight, commercial utilisation and revenue realisation. The financing of ML-1 should also be reviewed to assess options for linking the project with railway assets. The financial and institutional implications of overstaffing should be assessed, with manual processes digitised and staff retrained or redeployed to address skill shortages, while workforce numbers are managed through attrition rather than abrupt reductions. Procurement, stores and pension controls should also be strengthened to improve financial management and accountability.

ENTITY TYPOLOGY · PR-1 · FUNCTIONAL AND STRUCTURAL

Issues in Contract Award and Bank Guarantees

Function: Procurement; weak enforcement of remedies · Entity: Pakistan Railways

Drivers of vulnerability: Contracts are awarded to the second-highest bidder, contracts are illegal or breached, assets are disposed of irregularly under contracts and fake bank guarantees are accepted. Bidding shows collusive patterns and guarantees are not confirmed with the issuing banks.

SHORT TERM	MEDIUM TERM	LONG TERM
Awards to non-lowest bidders: Verify that bid evaluation reports are published on e-PADS as the Public Procurement Rules 2026 require, detect awards to a bidder other than the lowest evaluated bidder without reasons approved above the evaluation committee, and enforce compliance. **Fake bank guarantees:** Confirm every guarantee directly with the issuing bank before contract signature or release of any advance, and keep a guarantee register with expiry alerts. **Lead:** *Pakistan Railways (Procurement; Finance)*	**Collusive patterns:** Apply e-PADS bid-rigging analytics to Pakistan Railways tenders and refer credible patterns to CCP. **Irregular asset disposal:** Dispose of scrap, rolling stock and other assets only through open auction with independent valuation, and publish results. **Lead:** *Pakistan Railways; PPRA; CCP*	**Breached contracts not enforced:** Debar contractors for guarantee fraud or serious breach and refer criminal cases to FIA. **Lead:** *PPRA; FIA; Ministry of Railways*

ENTITY TYPOLOGY · PR-2 · FUNCTIONAL

Embezzlement, Petty Bribery and Pilferage of Coach Materials

Function: Asset and cash management · Entity: Pakistan Railways

Drivers of vulnerability: Funds are misappropriated, bribes and illegal gratification are taken in front-line decisions and coach items are handled fraudulently. Custody of materials is dispersed across workshops and stations and is rarely verified.

SHORT TERM	MEDIUM TERM	LONG TERM
Coach materials not tracked: Barcode workshop, carriage and coach store items, record issues and returns in the inventory system, and reconcile fittings issued with fittings installed on each coach, with variances investigated by staff from outside the division. **Cash at stations:** Reconcile station cash with ticketing-system sales daily and deposit cash in the bank the same or next working day. **Lead:** *Pakistan Railways (Divisional Superintendents; internal audit)*	**Bribery at service points:** Move ticketing, freight booking and parcel services to digital channels with electronic payment, reducing cash and one-to-one discretion at counters. **Components not traceable:** Barcode high-value coach and locomotive components and track their issue, installation and return in the inventory system. **Lead:** *Pakistan Railways*	**Weak deterrence:** Report disciplinary actions and criminal referrals arising from misappropriation annually to the Ministry of Railways and the Railway Board. **Lead:** *Ministry of Railways; Pakistan Railways*

ENTITY TYPOLOGY · PR-3 · STRUCTURAL

Ghost Pensioners and Tampering with Pension Records

Function: Weak verification of entitlement · Entity: Pakistan Railways

Drivers of vulnerability: Payments have been made to unverified pensioners, pension records are incompletely verified and records have been tampered with. Pension case files are paper-based or editable without an audit trail, so payments may continue to ineligible or non-existent recipients.

SHORT TERM	MEDIUM TERM	LONG TERM
Ghost pension cases: Reconcile railway pension rolls with the federal Direct Credit System and NADRA's pensioner-verification arrangements, rather than introducing a duplicate verification scheme. Flag deceased or unmatched records for human verification before stopping payment, and maintain an appeals route. **Lead:** *Pakistan Railways; AGPR; NADRA;*	**Paper case files:** Digitise pension case files and link them to the pension payment system, with access logs. **Calculation errors:** Re-verify pension, commutation and family pension calculations on a risk-selected sample. **Lead:** *Pakistan Railways; AGPR*	**Fragmented pension administration:** Integrate Pakistan Railways pension administration with the federal pension system to remove a parallel process. **Lead:** *Ministry of Railways; AGPR; CGA*

ENTITY TYPOLOGY · PR-4 · STRUCTURAL

Encroachment and Illegal Occupation of Railway Land

Function: Incomplete land registers · Entity: Pakistan Railways

Drivers of vulnerability: Land is irregularly dealt with, land registers are not reconciled and railway land is occupied without authority. GIS digitisation has begun but registers are not reconciled with provincial land records, so encroachment and irregular use are hard to detect and reverse.

SHORT TERM	MEDIUM TERM	LONG TERM
Encroachment undetected: Check high-value land against PRLMIS on a regular schedule, log geo-tagged violations, and serve notices to unauthorized occupants within a fixed deadline. **Leases without transparency:** Lease railway land for commercial use only through open bidding, and publish leases with area, term and rent. **Missing land:** Trace every parcel in historical records, demarcate and mark it on the ground with geo-referenced	**Registers not reconciled:** Reconcile PRLMIS records with provincial land records and mutation data, and resolve mismatches with the provincial Boards of Revenue. **Changes undetected:** Use SUPARCO satellite change detection to flag new structures on railway land for field inspection, treating alerts as triggers for inspection rather than proof of encroachment.	**Slow retrieval of land:** Strengthen legal powers and procedures for retrieving railway land, and establish transparent, rule-based procedures for transfers of state land with periodic public disclosure of transfers and value received. **Lead:** *Ministry of Railways; Ministry of Law and Justice; district administrations*

boundaries, enter it into PRLMIS and revenue receivables, and recover illegally occupied land or regularise it on market terms. **Lead:** *Pakistan Railways (Estate); provincial Boards of Revenue; Survey of Pakistan; district administrations; provincial Boards of Revenue;*	**Weak land management:** Operate PRLMIS as a full land management system covering title, use, leases, rent and enforcement, with strict compliance monitoring and quarterly reporting to the Ministry of Railways. **Lead:** *Pakistan Railways; provincial Boards of Revenue; SUPARCO*	

ENTITY TYPOLOGY · PR-5 · FUNCTIONAL

Product Substitution in Asset Installation and Patronage Recruitment

Function: Procurement and human resources · Entity: Pakistan Railways

Drivers of vulnerability: Inventory is weakly monitored and used transformers are installed in place of new ones. Authority is misused and recruitment is potentially irregular.

SHORT TERM	MEDIUM TERM	LONG TERM
Used equipment installed as new: Record serial numbers of transformers and major equipment at receipt and at installation, and inspect a risk-selected sample of installations against the record. **Irregular recruitment:** Recruit through published criteria, testing by an independent testing body and published merit lists, with panel members declaring conflicts of interest. **Lead:** *Pakistan Railways*	**Inventory not monitored:** Implement a barcode-based inventory system with serial-number tracking of equipment from purchase to installation and disposal, and keep it maintained and reconciled. **Misuse of authority:** Record the reasons, legal basis and approving officer for discretionary decisions on postings, procurement exceptions and land matters, with quarterly exception reports to the Railway Board. **Overstaffing:** Digitise manual processes, retrain and redeploy staff into areas with skill shortages, and manage staff numbers through attrition and transparent restructuring rather than abrupt reductions. **Lead:** *Pakistan Railways; Ministry of Railways*	**Weak governance structure:** Establish audit and HR committees at Railway Board level with independent members to oversee procurement, recruitment and asset decisions. **Lead:** *Ministry of Railways;*

ENTITY TYPOLOGY · PR-6 · FUNCTIONAL

Gross Underutilisation of Urban Land Parcels

Function: Asset and land management · Entity: Pakistan Railways

Drivers of vulnerability: Large railway land parcels in prime urban centres are idle, informally occupied or leased below their value, forgoing revenue and leaving land exposed to encroachment and non-transparent leasing.

SHORT TERM	MEDIUM TERM	LONG TERM
Idle land not identified: Use PRLMIS to classify every urban parcel by use (operational, leased, idle or encroached) and publish the list of idle commercial land. **Lead:** *Pakistan Railways (Estate)*	**Land not managed commercially:** Establish a proper land management system with a commercial plan for urban parcels, lease land only through open competitive bidding at market-based reserve prices, and monitor compliance with lease terms and rent recovery strictly. **Lead:** *Pakistan Railways; Ministry of Railways*	**Non-competitive leasing permitted:** Amend the Property and Land Rules 2023 to remove non-competitive leasing of commercial land, and consider a dedicated railway land development company with independent oversight and published accounts. **Lead:** *Ministry of Railways; Federal Cabinet*

5.9.2. Pakistan Post / Postal Sector

Pakistan Post's measures should combine stronger control of cash and records with adaptation to a changing market. Cash, stamps and savings should be reconciled electronically at the end of each day, unauthorised bank accounts closed and funds brought into the Treasury Single Account, while pensions should be verified through NADRA and paid by direct credit. Completing the automation of post offices,

introducing digital tracking and route optimisation, and adopting e-commerce solutions to support online retailers, parcel delivery and integrated logistics services can help Pakistan Post compete in the changing delivery market and improve revenue generation. Overstaffing should be assessed through an institutional and workforce review, with staff retrained and redeployed to digital, e-commerce and logistics functions, while workforce numbers are managed through attrition rather than abrupt reductions.

ENTITY TYPOLOGY · PP-1 · FUNCTIONAL

Misuse of Postal Funds

Function: Financial management (cash custody) · Entity: Pakistan Post

Drivers of vulnerability: Fraud, embezzlement and misappropriation have been recorded in the custody and handling of public funds in postal operations. Transactions are numerous and dispersed across many offices, cash custody is rarely verified independently and losses surface late.

SHORT TERM	MEDIUM TERM	LONG TERM
Cash not reconciled daily: Reconcile cash, stamps and savings transactions electronically at the end of each day in every post office, with differences above a set limit reported the same day to the Divisional Superintendent. **Accountable articles not tracked:** Barcode stamps, accountable articles and registered items and track them through the post office system; use transaction-volume and irregularity data to select offices for verification by teams from outside the division. **Lead:** *Pakistan Post (Divisional Superintendents; inspection wing)*	**Manual office accounts:** Complete the Automation of Post Office Project so that every counter transaction is recorded electronically and office accounts consolidate daily at circle and headquarters level. **Audit not risk-based:** Select offices for internal audit using exception analytics on cash balances, reversals, unusual withdrawals and delayed remittances. **Lead:** *Pakistan Post; Ministry of Communications*	**Losses not recovered:** Recover established losses from responsible officials after inquiry under the Efficiency and Discipline Rules, and refer cases involving collusion or large losses to FIA. **Weak control framework:** Apply the internal control and internal audit requirements of the Public Financial Management Act 2019 to Pakistan Post as a commercial department. **Lead:** *Ministry of Communications;*

ENTITY TYPOLOGY · PP-2 · FUNCTIONAL

Irregular Cash Disbursements

Function: Disbursement and payments · Entity: Pakistan Post

Drivers of vulnerability: Cash is handled, disbursed and recorded weakly. Counter collections have been used to make payments without authority, and heavy reliance on cash reduces traceability and makes irregular payments harder to detect.

SHORT TERM	MEDIUM TERM	LONG TERM
Collections diverted to payments: Prohibit the use of counter collections to fund any payment; remit collections to the designated bank account daily and fund payments only from authorised drawing limits. **Untraceable disbursements:** Record every cash disbursement against a payee identity, authority reference and voucher number in the office system, with daily review by the postmaster. **Lead:** *Pakistan Post (Finance; postmasters)*	**Cash-heavy transactions:** Accept payments at counters through Raast, cards and mobile wallets, and set cash-holding limits for each office class. **Unusual disbursement patterns:** Run monthly analytics on disbursements by office to flag volumes inconsistent with authorised business. **Lead:** *Pakistan Post; SBP*	**Cash-based operating model:** Under the three-year restructuring and business plan, move agency payments and remittance services to account-based channels, retaining cash only where access requires it. **Lead:** *Ministry of Communications; Pakistan Post*

ENTITY TYPOLOGY · PP-3 · STRUCTURAL

Unreconciled Bank Accounts and Leakage from Unrecovered Receivables

Function: Reconciliation gaps · Entity: Pakistan Post

Drivers of vulnerability: Accounts with commercial banks are managed weakly, including accounts operated without authorisation, and receivables are recovered late. Unreconciled bank accounts can conceal irregular transactions, and delayed recovery reduces available revenue.

SHORT TERM	MEDIUM TERM	LONG TERM
Unauthorised bank accounts: Prepare a complete inventory of bank accounts at all levels, close accounts opened without Finance Division authorisation and transfer their balances to authorised accounts. **Unreconciled accounts:** Reconcile every bank account monthly, signed by the responsible finance officer, with items outstanding beyond ninety days escalated to the Principal Accounting Officer. **Lead:** *Pakistan Post;*	**Unrecovered receivables:** Age receivables from government departments, agencies and business customers, and settle undisputed inter-governmental dues through the Finance Division and AGPR. **Manual reconciliation:** Obtain bank statements electronically and automate matching, with exceptions routed to internal audit. **Lead:** *Pakistan Post;; AGPR*	**Funds outside government oversight:** Verify which Pakistan Post balances remain outside the Treasury Single Account under the 2024 Rules, and bring them within it where its operating model permits. **Lead:***; CGA; Pakistan Post*

ENTITY TYPOLOGY · PP-4 · STRUCTURAL

Ghost Pensioners and Unverified Pension Payments

Function: Weak verification of entitlement · Entity: Pakistan Post

Drivers of vulnerability: Pension payment is a recurring, high-volume process, and the entitlement records against which Pakistan Post pays are not regularly verified. Payments may be made to ineligible recipients and paid amounts may not match authorisations.

SHORT TERM	MEDIUM TERM	LONG TERM
Unverified pension payments: Test Pakistan Post pension data against NADRA's National Pensioners Verification System and the federal Direct Credit System; reconcile exceptions and recover confirmed overpayments following notice and review. Do not establish a second pensioner registry. **Lead:** *Pakistan Post; AGPR; NADRA*	**Manual pension registers:** Move pension payment records into the post office system with maker-checker control, so that each payment is linked to the pensioner's authorisation record. **Reimbursement claims unchecked:** Submit reimbursement claims to accounts offices only from system-generated payment data, and investigate rejected claims. **Lead:** *Pakistan Post; AGPR*	**Parallel payment channel:** Verify that pension categories still paid through post offices are covered by NADRA's pensioner verification and moved to direct credit to pensioners' accounts, retaining post-office cash-out only as an assisted service. **Lead:***; AGPR; Ministry of Communications*

ENTITY TYPOLOGY · PP-5 · FUNCTIONAL

Non-Competitive Awards and Short or Phantom Deliveries

Function: Procurement and contract management · Entity: Pakistan Post

Drivers of vulnerability: Goods and services are acquired through non-competitive awards and deliveries are not adequately verified. Pakistan Post now procures electronically, so the residual risk lies in incomplete coverage of e-PADS and weak post-award control.

SHORT TERM	MEDIUM TERM	LONG TERM
Incomplete e-PADS coverage: Reconcile procurement payments with e-PADS records each quarter and flag spending that has no valid procurement record. **Deliveries not verified:** Accept goods only through an inspection committee independent of the indenting officer, with goods-received notes recorded in the system before payment is released. **Lead:** *Pakistan Post; PPRA*	**Splitting below thresholds:** Run split-purchase analytics by vendor, item and time window, and investigate patterns below procurement thresholds. **No procurement capacity:** Designate a procurement cell with certified staff to review specifications, evaluations and contract changes. **Lead:** *Pakistan Post; PPRA*	**Repeat short delivery:** Debar suppliers for short or phantom delivery through the PPRA process, and recover payments for undelivered goods. **Lead:** *PPRA; Pakistan Post*

5.9.3. Evacuee Trust Property Board (ETPB)

ETPB should complete a comprehensive register of all properties, recording title, area, use, occupancy and lease status, and update valuations regularly. Forensic audits of assets should examine ownership, utilisation, financial performance and potential irregularities. Suitable properties should be developed or leased for commercial use, including religious tourism and pilgrim facilities, to generate revenue while preserving their religious and heritage value. Leases should be awarded through open bidding, with documented decisions and strict compliance monitoring. Rent should be collected through official banking channels, with automated arrears notices and timely recovery of outstanding dues. A comprehensive land management system should track property records, leases, rental income and unauthorised occupation, ensuring that violations are investigated and addressed promptly. All asset management, commercial development and revenue collection should operate under high standards of accountability and transparency, with regular reporting and independent oversight.

ENTITY TYPOLOGY · ETPB-1 · FUNCTIONAL

Rent-Seeking in Property Allotment and Manipulation of Lease Records

Function: Asset and land management · Entity: ETPB

Drivers of vulnerability: Properties may be allotted illegally, lease records are manipulated and leases are granted without transparent bidding. Lease files are paper-based or editable without an audit trail, and decisions over a valuable portfolio can confer large benefits on particular parties.

SHORT TERM	MEDIUM TERM	LONG TERM
Leases without bidding: Grant new leases and renewals of commercial property only through open auction under the Evacuee Trust Properties (Management and Disposal) Act 1975 and the Board's lease policy, publishing results. **Allotment without recorded reasons:** Record the legal basis, approving authority and reasons for every allotment, renewal and change of lessee, and publish a quarterly list of decisions. **Lead:** *ETPB (Chairman; Secretary)*	**Editable paper lease files:** Digitise all lease files into a property management system with audit trail and second-officer approval for changes to lessee, rent or term. **Decisions not reviewed:** Have internal audit review a sample of allotments and lease changes each quarter. **Lead:** *ETPB; Ministry of Religious Affairs and Inter-faith Harmony*	**Concentrated discretion:** Amend the lease and allotment framework so that commercial decisions above set values require approval by a board with independent and minority-community members. **Lead:** *Ministry of Religious Affairs and Inter-faith Harmony; Ministry of Law and Justice; Federal Cabinet*

ENTITY TYPOLOGY · ETPB-2 · FUNCTIONAL

Rental Revenue Leakage and Diversion of Rental Income

Function: Revenue collection · Entity: ETPB

Drivers of vulnerability: Rent is not recovered, rental income may be diverted, rent and property records are not reconciled and property valuations are outdated, so the Board may not collect the full income its properties should generate.

SHORT TERM	MEDIUM TERM	LONG TERM
Diversion of rental income: Issue every rent demand with a payment slip ID payable through banks and Raast into the Board's account, and stop cash collection by field staff. **Rent not recovered:** Maintain a monthly arrears register by property and lessee, serve notices and cancel leases for persistent default under the lease terms. **Lead:** *ETPB (Finance; Estate)*	**Records not reconciled:** Reconcile the rent roll with the property register and bank receipts each month, and investigate properties that appear in one record but not the other. **Outdated valuations:** Revalue commercial properties through independent valuers on a fixed cycle and apply revised rents at renewal. **Lead:** *ETPB*	**Income not reported:** Publish audited annual accounts showing rental income, arrears and write-offs by zone. **Lead:** *ETPB; Ministry of Religious Affairs and Inter-faith Harmony*

ENTITY TYPOLOGY · ETPB-3 · STRUCTURAL

Encroachment Enabled by Incomplete Property Registers

Function: Incomplete property registers · Entity: ETPB

Drivers of vulnerability: Property registers are incomplete, physical inspections are inadequate and lease conditions are weakly monitored. Properties are occupied without authority and encroached, and religious and heritage properties are poorly maintained.

SHORT TERM ·	MEDIUM TERM	LONG TERM
Incomplete property registers: Complete a property-by-property register recording location, title, area, use, lessee and occupancy status, starting with the highest-value urban properties. **Inadequate physical inspection:** Inspect properties on a risk-based schedule, with geo-tagged photographs and a record of lease-condition breaches and unauthorised occupation. **Lead:** *ETPB*	**Register not geo-referenced:** Geo-reference the register and reconcile it with provincial land records and mutation data. **Encroachment undetected:** Use SUPARCO satellite change detection to flag new structures on Board property for inspection. **Neglect of religious and heritage sites:** Prepare a maintenance plan for religious and heritage properties, with annual condition reports. **Weak land management:** Build the property register into a full land management system covering title, leases, rent and enforcement, with strict compliance with lease terms and published compliance reports. **Lead:** *ETPB; provincial Boards of Revenue; SUPARCO*	**Slow retrieval:** Strengthen legal procedures for retrieving encroached evacuee trust property and protecting religious and heritage sites. **Lead:** *Ministry of Religious Affairs and Inter-faith Harmony; Ministry of Law and Justice; provincial governments and district administrations*

ENTITY TYPOLOGY · ETPB-4 · FUNCTIONAL AND STRUCTURAL

Non-Competitive Development Contracts and Waived Contractual Penalties

Function: Procurement; weak enforcement of remedies · Entity: ETPB

Drivers of vulnerability: Development contracts are awarded non-competitively and contractor delays are not penalised. ETPB now procures electronically, so the residual risk lies in coverage of e-PADS and post-award control.

SHORT TERM	MEDIUM TERM	LONG TERM
Non-competitive development contracts: Procure all development works through e-PADS with published evaluation reports and reasons for any award to other than the lowest evaluated bidder. **Penalties waived:** Deduct liquidated damages for delay at each payment; allow waiver only with recorded reasons at Board level. **Lead:** *ETPB; PPRA*	**Weak post-award control:** Record variations and extensions in the e-PADS contract module and reconcile payments with e-PADS records each quarter. **Guarantees not verified:** Confirm performance guarantees with the issuing bank before contract signature. **Lead:** *ETPB; PPRA*	**Development partnerships without safeguards:** Structure development partnerships on evacuee trust property through a transparent framework with independent valuation, competitive selection and published terms. **Lead:** *ETPB; Ministry of Religious Affairs and Inter-faith Harmony*

5.10. Mitigation of Regulatory and Line-Ministry Typologies

Entity typologies persist partly because the bodies that regulate or own the entities do not consistently convert findings into consequences. This section sets out the measures for the 16 regulatory and line-ministry typologies identified in Section 4.9, across PPRA (including its interface with CCP), NEPRA, the Power Division, OGRA and the Ministry of Communications. Without them, entity-level measures will have limited effect.

5.10.1. Public Procurement Regulatory Authority (PPRA)

PPRA's measures should build on existing reforms, including the Public Procurement Rules 2026, mandatory EPADS, procurement cells, accredited procurement officers, blacklisting provisions and independent grievance redressal. The priority is to ensure that these arrangements are consistently

implemented and enforced across all procuring agencies. This requires systematic compliance testing through EPADS, declarations of mis-procurement that trigger appropriate disciplinary action, a single public debarment list with effective cross-debarment, and automated detection of suspicious bidding patterns, with cases referred to the Competition Commission of Pakistan (CCP). Grievance committees should operate independently of the officials responsible for procurement decisions, while PPRA's staffing and analytical capacity should be strengthened to analyse procurement data across government, identify recurring breaches and monitor compliance after contract awards. Clear coordination between PPRA, CCP, audit bodies and procuring agencies is also needed to ensure that detected violations lead to timely investigation, sanctions and recovery where applicable.

REGULATORY AND LINE-MINISTRY TYPOLOGY · PPRA-1

Enforcement of Procurement Rules

Oversight role: Federal procurement regulator under the PPRA Ordinance 2002 · Entities: All ten

Drivers of vulnerability: Procurement is the only risk pattern found in all ten entities. Breaches of the Public Procurement Rules recur because findings rarely lead to mis-procurement declarations, blacklisting or recovery, and the rules still contain provisions that permit preferential direct contracting.

SHORT TERM	MEDIUM TERM	LONG TERM
Rules tested only on paper: Run quarterly EPADS-based compliance tests on each of the ten entities for missed publication, unsupported direct contracting, tailored specifications and split tenders; issue agency-specific compliance notices with a fixed reply date, and publish results and action taken. **Mis-procurement not declared:** Declare mis-procurement in every confirmed case under the Public Procurement Rules 2026 and notify the Principal Accounting Officer, the AGP and the Finance Division, so that disciplinary action and audit follow-up are triggered. **Lead:** *PPRA; Principal Accounting Officers*	**Debarment not applied:** Operate blacklisting and cross-debarment under the 2026 Rules through a written procedure with notice, hearing and appeal, and maintain one public debarment list on EPADS that every procuring agency must check before award. **Weak procurement capacity in agencies:** Verify that the procurement cells and PPRA-accredited officers required by the Public Procurement Rules 2026 are in place in the ten entities, beginning with NHA, CDA, DISCOs and Pakistan Railways, and enforce compliance where they are not. **Enforcement not measured:** Publish, by procuring agency, the age of mis-procurement and grievance cases, the decisions complied with and the sanctions applied. **Lead:** *PPRA; AGP; Finance Division; Planning Commission*	**No sanction on officials:** Seek amendment of the PPRA Ordinance 2002 to provide proportionate administrative sanctions for officials who breach the Rules, and remove remaining unjustified preferences for direct contracting from procurement legislation and rules. **Lead:** *PPRA; Ministry of Law and Justice;*

REGULATORY AND LINE-MINISTRY TYPOLOGY · PPRA-2

Off-Platform Procurement

Oversight role: Owner of e-PADS · Entities: All ten

Drivers of vulnerability: Procurement kept outside e-PADS, or split below the threshold for third-party evaluation, escapes automated checks. NHA does not procure through PPRA's e-PADS, and although ETPB and Pakistan Post now procure electronically, the risk lies in incomplete coverage, off-platform exceptions and circumvention.

SHORT TERM	MEDIUM TERM	LONG TERM
Off-platform awards: Compare federal spending and contract payments with EPADS identifiers each quarter, investigate every unmatched payment, and test for artificial tender splitting by procuring agency, supplier, date and item. Record lawful exceptions, such as declared emergencies, separately. **Lead:** *PPRA; CGA; procuring agencies*	**Payments without procurement records:** Require the CGA and AGPR systems to reject payment claims on contracts above a set value unless they carry a valid EPADS contract identifier and an approved milestone, with documented exceptions for emergencies. **Agencies outside e-PADS:** Verify that NHA and any other agency using a separate system now procures through e-PADS, as the Public Procurement Rules 2026	**Incomplete legal mandate:** Make electronic procurement and standard data disclosure a statutory requirement for all federal entities and SOEs, with interoperability with provincial systems. **Lead:** *PPRA;; provincial PPRAs*

	require, or that its system is integrated so that all data is visible to PPRA; detect off-platform procurement and treat it as mis-procurement. **Lead:** *PPRA;; CGA; NHA*	

REGULATORY AND LINE-MINISTRY TYPOLOGY · PPRA-3

Detection of Bid Rigging

Oversight role: Detection of collusive bidding (with CCP) · Entities: NHA, CDA, PR, ETPB, SNGPL

Drivers of vulnerability: Collusion among bidders is rarely detected from bid data, so rigged awards can appear compliant. Several entities award to non-lowest bidders and show collusive patterns. Detection depends on cooperation between PPRA, which holds the data, and CCP, which holds the competition-law powers.

SHORT TERM	MEDIUM TERM	LONG TERM
No red-flag guidance: Issue bid-rigging red-flag guidance covering bidder rotation, cover bids, identical prices or documents, shared addresses and repeated losing bidders, and require procuring agencies to refer such patterns to CCP. **Data-sharing not used:** Under the existing CCP–PPRA data-sharing addendum, screen EPADS bid data for NHA, CDA, Pakistan Railways, ETPB and SNGPL procurements every month, refer flagged tenders to CCP and record CCP's response and the agency's action. **Lead:** *PPRA; CCP*	**Screens not automated:** Build the red flags into EPADS so that rotation, identical pricing or metadata, common addresses and repeated losing bidders are flagged automatically at bid opening for review by the procurement cell, without treating a flag as proof of collusion. **Lead:** *PPRA; CCP*	**Weak deterrence:** Debar firms found by CCP to have colluded in public procurement through the PPRA process, and apply CCP's leniency and informant-reward framework under the Competition Act 2010 in procurement cases. **Lead:** *CCP; PPRA;*

REGULATORY AND LINE-MINISTRY TYPOLOGY · PPRA-4

Grievance Committees Not Independent of the Procuring Agency

Oversight role: Complaint redress framework · Entities: All ten

Drivers of vulnerability: Grievances are heard by bodies close to the officials who made the award, so bidders cannot challenge a contested award before an independent forum at first instance. Appeals exceed or approach grievances in some entities, a pattern consistent with low confidence in first-tier redress.

SHORT TERM	MEDIUM TERM	LONG TERM
Committees close to the award: Review the constitution of grievance committees in the ten entities against the independence requirement of the Public Procurement Rules 2026, require reconstitution wherever a member took part in the award, and publish membership, decisions and disposal times, redacting protected commercial information. **Lead:** *PPRA; procuring agencies*	**Award proceeds during complaint:** Apply a standstill period between notice of award and contract signature on high-value procurements, so that an admissible complaint is decided before the contract is signed. **Lead:** *PPRA*	**Appellate review untested:** Review grievance timeliness, reversal rates and independence every two years, and strengthen the appellate review at PPRA where the evidence shows systematic failure. **Lead:** *PPRA;*

REGULATORY AND LINE-MINISTRY TYPOLOGY · PPRA-5

Limited Institutional and Technical Capacity of PPRA

Oversight role: Federal procurement regulator and administrator of e-PADS · Entities: All ten

Drivers of vulnerability: Procurement information remains fragmented and PPRA's analytical capability is limited, which constrains its ability to identify systemic risks, analyse transactions and monitor post-award performance. Expanding e-PADS coverage increases the need for procurement, legal, data, engineering and contract-management expertise within the regulator.

SHORT TERM	MEDIUM TERM	LONG TERM
Data not analysed: Publish a quarterly procurement monitoring report covering, by agency, procurement methods, single-bid rates, direct contracting, violations, grievances and contract time and cost overruns. **Lead:** *PPRA*	**Limited technical capacity:** Establish a data-analytics and contract-monitoring unit in PPRA staffed with procurement, legal, data and engineering specialists, focused on the most frequent non-compliance patterns in EPADS records; test results through procurement-file reviews rather than counting training attendance. **Lead:** *PPRA; National School of Public Policy*	**No professional cadre:** Verify coverage of the accreditation requirement for procurement officers under the Public Procurement Rules 2026 across federal entities, detect agencies operating without accredited staff and enforce compliance, supported by continuous professional development. **Lead:** *PPRA; procuring agencies*

5.10.2. National Electric Power Regulatory Authority (NEPRA) and Power Division

NEPRA's measures strengthen both its independence and its accountability. Members and senior staff should be appointed through transparent, merit-based selection with relevant technical, legal, economic and financial expertise, and major decisions supported by robust financial and economic analysis and published reasoning. The overlap between NEPRA and the Power Division should be resolved by clarifying in law and practice which body is responsible for tariff, standard-setting and enforcement decisions, so that the ministry acts through policy rather than regulatory direction. NEPRA itself should be subject to a regular independent performance audit, without compromising its statutory independence, so that the effectiveness of its decisions can be assessed externally. The Power Division's measures address its distinct policy and ownership role.

REGULATORY AND LINE-MINISTRY TYPOLOGY · NEPRA-1

Weak Enforcement of Billing and Consumer Service Manual Standards

Oversight role: Licensing, tariff and consumer-service regulator for DISCOs · Entities: DISCOs

Drivers of vulnerability: Overbilling and detection bills can disguise theft and losses as billed revenue, inflating receivables that are never recovered. NEPRA found discrepancies in almost all DISCO bills, and detection bills are prepared and issued through discretionary, manual processes that allow under-billing, over-billing and collusion.

SHORT TERM	MEDIUM TERM	LONG TERM
Billing non-compliance: Test meter-to-bill accuracy every quarter in the highest-complaint subdivisions of each DISCO, using AMI and billing data, against the Consumer Service Manual; require correction and refund of wrong bills within a fixed period and record the responsible officers. **Excessive-billing cases unresolved:** Conclude the pending excessive-billing proceedings against DISCOs and publish the findings, penalties and consumer refunds. **Opaque tariff reasoning:** Publish the assumptions, supporting evidence, consultation record and reasons for each tariff determination and adjustment, subject to legal confidentiality. **Lead:** *NEPRA; DISCO boards; PITC*	**Human discretion in bill generation:** Automate detection billing so that every assessment is triggered by defined criteria, logged and auditable, with a documented consumer appeal route. **Regulator relies on company summaries:** Give NEPRA secure read-only access to DISCO billing data to analyse manual adjustments, estimated billing, abnormal consumption and complaint outcomes. **Lead:** *NEPRA; PITC; DISCOs*	**Persistent non-compliance:** Impose fines under the NEPRA (Fine) Regulations 2021 for repeated breaches of billing and performance standards, and link these breaches to the performance agreements of DISCO chief executives and boards, while preserving consumers' right to correction. **Lead:** *NEPRA; Power Division*

REGULATORY AND LINE-MINISTRY TYPOLOGY · NEPRA-2

Findings without Timely Sanctions

Oversight role: Enforcement of its own findings · Entities: DISCOs

Drivers of vulnerability: Inquiries are repeated without concluded penalties, which lowers the cost of non-compliance. Proceedings recommended against DISCOs remain under legal action long after the findings.

SHORT TERM	MEDIUM TERM	LONG TERM
Unfinished regulatory action: Maintain a public register of show-cause notices, orders, compliance dates, appeals, penalties recovered and consumer remedies completed, distinguishing findings, appealed orders and final directions. **Fines unpaid:** Track every fine imposed on a DISCO to payment or final decision; most fines are challenged before the NEPRA Appellate Tribunal or the courts and only a small share has been paid. **Lead:** *NEPRA*	**Slow proceedings:** Set and publish service standards for show-cause notices, hearings, decisions and compliance monitoring, and report breaches of these standards to the Authority. **Corporate fines without personal accountability:** Require DISCO boards to identify the officers responsible after each NEPRA finding and report the disciplinary action taken. **Systemic non-adherence:** Review failures to follow statutory requirements, regulatory procedures and established rules, and report corrective action to the Authority. **Lead:** *NEPRA; DISCO boards*	**Sanctions stayed for long periods:** Review the NEPRA Act 1997 and appeal procedures so that appeals against fines are decided within fixed periods and fines are deposited or secured while appeals are pending, and raise penalty levels where they do not deter. **Lead:** *Power Division; NEPRA; Ministry of Law and Justice;*

REGULATORY AND LINE-MINISTRY TYPOLOGY · NEPRA-3

Institutional Under-Capacity of NEPRA as the Independent Regulator

Oversight role: Licensing, tariff and performance regulator for DISCOs · Entities: DISCOs

Drivers of vulnerability: NEPRA has limited in-house expertise in tariff determination, licensing, performance monitoring and oversight of DISCO privatisation, and relies on incomplete or unaudited data supplied by the entities it regulates. Data collection and analysis remain manual, siloed and dependent on individual knowledge, so inflated costs, misreported losses or manipulated data can pass through determinations without challenge.

SHORT TERM	MEDIUM TERM	LONG TERM
Unverified data: State in each tariff and performance determination which data were verified against audited accounts and independent sources and which were accepted unverified, and disallow claims that cannot be verified. **Appointments:** Make appointments of members and senior staff through transparent, merit-based selection based on relevant technical, legal, economic, financial and regulatory expertise. **Lead:** *Chairman and members: Federal Government (Power Division / Cabinet Division), with provincial governments' recommendations for members. Senior staff: NEPRA.*	**Limited expertise:** Recruit specialists in tariff economics, power-systems engineering, forensic audit and privatisation economics, and commission independent technical audits of DISCO loss and investment claims before each multi-year tariff. **Manual data processes:** Digitise tariff and licensing workflows with automated consistency checks against audited sources. **No external performance assessment:** Subject NEPRA to a regular independent performance audit of the effectiveness of its decisions, without compromising its statutory independence. **Lead:** *NEPRA; Power Division; Auditor General of Pakistan*	**Obligations of privatised DISCOs:** Before FESCO, GEPCO and IESCO pass to private owners, write loss-reduction targets, performance standards and penalties into their licences and multi-year tariffs so that the new operators are bound by enforceable obligations. **Non-standard sector data:** Mandate data standards, interoperability and secure data access across the power sector. **Independence and review:** Strengthen legal safeguards for regulatory independence, and establish independent review and performance evaluation of NEPRA without compromising its statutory independence. **Lead:** *NEPRA; Power Division; Privatisation Commission, Ministry of Law and Justice*

REGULATORY AND LINE-MINISTRY TYPOLOGY · PD-1

Owner-Regulator Conflict and External Influence over DISCO Management

Oversight role: Owner and policy ministry for DISCOs · Entities: DISCOs

Drivers of vulnerability: The Power Division, as owner and policy ministry, has formally disputed parts of the regulator's billing findings, and SOE governance is affected by external influence. Where the owning ministry contests the regulator and appointments respond to political rather than performance signals, regulatory pressure on DISCO management weakens.

SHORT TERM · up to 2 years	MEDIUM TERM	LONG TERM
Ministry contests regulator informally: Record the Power Division's objections to NEPRA findings in writing through the formal review and appeal routes under the NEPRA Act, and publish the outcome. **Appointments not performance-based:** Publish DISCO board and CEO vacancies, selection steps and fit-and-proper compliance as required under the SOE (Governance and Operations) Act 2023. **Two bodies acting as regulator:** Clarify in law and practice which decisions on tariffs, standards and enforcement rest with NEPRA, so that the ministry acts through published policy rather than regulatory direction. **Lead:** *Power Division; NEPRA; Ministry of Law and Justice; Federal Cabinet*	**Directions outside the board:** Issue any policy direction to a DISCO in writing through its board and disclose it in the annual report. **No performance contracts:** Sign annual performance agreements between the Power Division and each DISCO board with targets for losses, recovery and service, and publish the results. **Privatisation without safeguards:** Run the privatisation of FESCO, GEPCO and IESCO through a competitive process with published evaluation criteria and enforceable loss-reduction commitments from buyers. **Privatisation design:** Ensure that privatisation of DISCOs introduces competition and performance-based obligations rather than transferring a public monopoly to a private one. **Lead:** *Power Division; DISCO boards; Privatisation Commission; Cabinet Committee on Privatisation*	**Ownership and policy combined:** Separate the state's ownership function for the DISCOs that remain in public hands from the Power Division's policy role, placing ownership with a body subject to the SOE Act framework. **Lead:**; *Power Division; CCoSOEs*

REGULATORY AND LINE-MINISTRY TYPOLOGY · PD-2

Weak Anti-theft Enforcement

Oversight role: Leads anti-theft campaigns · Entities: DISCOs

Drivers of vulnerability: Short anti-theft drives recover dues but do not change the field incentives that allow theft. Campaign intensity has not translated into commensurate recovery, and deterrence remains weak because of slow adjudication and inadequate penalties.

SHORT TERM · up to 2 years	MEDIUM TERM	LONG TERM
Episodic enforcement: Replace campaigns with continuous feeder-level loss tracking that links each detection to billing, FIR, prosecution and recovery in one case record, and publish monthly conversion rates by DISCO. **Complaints not converted to cases:** Use the amended Pakistan Penal Code provisions that make electricity theft cognizable on written information from an authorised officer, and track every complaint to FIR and charge sheet. **Lead:** *DISCOs; Power Division; provincial police*	**Weak evidence:** Standardise evidence protocols and protected inspection procedures, and direct the ongoing AMI rollout and prepaid metering to the highest-loss feeders first. **No intelligence sharing:** Share theft intelligence between DISCOs and law-enforcement agencies in real time, with whistleblower protection for staff. **Staff complicity:** Use loss data by feeder and officer to identify staff who facilitate theft, and take disciplinary and criminal action. **Lead:** *Power Division; DISCOs; provincial Home Departments; FIA*	**Slow adjudication:** Use the existing electricity utility courts and special judges, add designated benches where caseload requires, and apply graduated sanctions, including permanent disconnection for repeat offenders. **Lead:** *Power Division; provinces;*

REGULATORY AND LINE-MINISTRY TYPOLOGY · PD-3

Proliferation of Overlapping Power Sector Entities and Fragmented DISCO Boards

Oversight role: Owner and policy ministry for power-sector companies · Entities: DISCOs

Drivers of vulnerability: Overlapping and overstaffed power-sector entities create bureaucratic layers and duplicate functions, spreading responsibility for decisions and losses across several bodies and diluting accountability. Individual DISCO boards are fragmented and ineffective, leaving management decisions without effective scrutiny.

SHORT TERM	MEDIUM TERM	LONG TERM
Ineffective boards: Enforce the SOE Act 2023 requirements for independent directors, board committees, conflict-of-interest rules and annual board evaluations in every DISCO, and publish board decisions and KPI results. **Lead:** *Power Division (Board Nomination Committee); CCoSOEs; Federal Cabinet; DISCO boards*	**Duplicated functions:** Conduct a functional review of PPMC, PITC, CPPA-G, PPIB, NEECA, GENCO Holding Company, ISMO and related bodies to remove duplication and assign clear responsibility for each function. **Overlapping responsibilities:** Clarify, through a published responsibility matrix, the respective roles of the Power Division, NEPRA, DISCOs and other sector bodies for policy, regulation, ownership and operations. **Lead:** *Power Division; Finance Division; Establishment Division*	**Fragmented oversight:** Consolidate oversight of DISCOs with similar business models under a single board structure with independent directors on fixed, performance-linked tenures, and merge non-core entities. **Lead:**; *Power Division; CCoSOEs*

Structural Reform of the Power Sector

Pakistan's power sector crisis is not merely a consequence of operational inefficiencies within distribution companies (DISCOs); it reflects deeper structural weaknesses in power procurement, contractual governance, demand forecasting and the allocation of financial risks. Successive generation investments were undertaken on the basis of demand projections that did not fully materialise, with long-term capacity-payment obligations, sovereign guarantees and, in several cases, US dollar-indexed returns transferring substantial commercial and financial risks to consumers and the public exchequer. These contractual commitments have become increasingly burdensome as electricity demand from the grid remains below earlier expectations and consumers respond to rising tariffs through self-generation and reduced grid consumption. As identified in Chapter 4, high fixed costs, technical and commercial losses, electricity theft and weak revenue recovery reinforce one another, while the resulting financial shortfalls contribute to tariff pressures, subsidies and circular debt (DISCO-2, DISCO-5). Reforms confined to billing, recovery and administrative efficiency, although necessary, cannot adequately address these underlying structural distortions.

A sustainable reform pathway should recognise distributed rooftop solar and battery energy storage as instruments of electricity-sector restructuring rather than treating them solely as additional generation technologies. Rooftop solar enables consumers to meet part of their electricity requirements at the point of consumption, reducing dependence on centrally supplied electricity and associated network losses. However, its continued expansion, without corresponding adjustments in power procurement, tariff design and network planning, may further reduce grid-based demand while leaving existing capacity-payment obligations largely unchanged. This creates additional cost-recovery pressures on consumers who remain dependent on the grid. Government policy should therefore facilitate distributed solar through affordable financing, transparent interconnection procedures and targeted support for low-income consumers, while introducing equitable network-cost recovery arrangements that do not penalise consumers without access to rooftop installations.

Distributed solar expansion should be accompanied by a structured assessment of opportunities to renegotiate, retire or repurpose underutilised thermal generation assets, particularly where their continued operation imposes disproportionate economic costs. Subject to contractual, technical and financial feasibility, selected coal- and RLNG-based facilities could be considered for conversion into battery energy storage system (BESS) hubs, utilising existing grid connections, land and associated infrastructure. Battery storage could absorb surplus solar generation during daylight hours, discharge electricity during periods of higher demand and provide grid flexibility and ancillary services. However, physical repurposing alone would not eliminate existing capacity-payment liabilities. Any transition must therefore include transparent, consensual and legally enforceable restructuring of the relevant contractual and financial obligations, supported by

independent assessments of the fiscal implications, system reliability and economic benefits. Such restructuring should be undertaken through competitive and transparent processes, with appropriate disclosure of public liabilities and safeguards against preferential treatment of individual project sponsors. Properly designed, these measures could reduce future capacity-cost pressures, improve asset utilisation and progressively ease the fiscal burden associated with underutilised generation capacity.

The same structural approach should guide the privatisation of DISCOs. Privatisation should not be regarded as an end in itself, nor should the transfer of ownership be treated as a substitute for competition, regulatory accountability and improved consumer outcomes. Without an effective competitive framework, privatisation risks converting an inefficient public monopoly into a private monopoly with stronger commercial incentives but limited accountability to consumers (PD-1, NEPRA-3). The reform process should therefore be aligned with the operationalisation of the Competitive Trading Bilateral Contract Market (CTBCM), non-discriminatory network access, competitive power procurement and enforceable performance standards. The regulatory framework should clearly distinguish legitimate investment protection from arrangements that transfer commercial risks to the state. In particular, privatisation agreements should avoid replicating the weaknesses associated with earlier generation contracts, including blanket sovereign guarantees, guaranteed dollar-indexed returns and financial protections unrelated to operational performance.

Private-sector participation should instead be governed by transparent, measurable and independently verifiable performance obligations covering aggregate technical and commercial losses, revenue recovery, supply reliability, service quality and consumer grievance redressal. Financial incentives and penalties should be directly linked to these outcomes, with appropriate allocation of risks between investors, consumers and the government. Transparent competitive bidding, disclosure of concession terms, independent valuation of assets and liabilities, and effective regulatory oversight should be mandatory safeguards throughout the transaction process. Particular attention should be given to preventing regulatory capture, politically influenced asset valuations, preferential contractual arrangements and the subsequent renegotiation of obligations that could undermine the original competitive process.

More fundamentally, major power-sector policy decisions should be subjected to independent ex ante assessments of their fiscal, economic, tariff and distributional implications, including sensitivity analysis of demand projections, exchange-rate movements, technological change and contingent liabilities. The findings should inform regulatory approval, procurement decisions, contract negotiations and privatisation arrangements, with appropriate public disclosure to strengthen institutional accountability. These requirements would address not only the financial consequences of past policy choices but also the discretionary decision-making, weak oversight and information asymmetries that create opportunities for corruption and preferential treatment.

Taken together, distributed solar, energy storage, contractual restructuring and competition-oriented privatisation offer a coherent reform direction for addressing the interconnected vulnerabilities identified across the power-sector typologies. Their relevance to corruption mitigation lies in reducing opaque financial commitments, limiting opportunities for rent-seeking, strengthening competitive discipline and establishing clearer accountability for public and private entities. Implementation would require detailed legal, technical and financial assessments, appropriate sequencing and institutional coordination. Nevertheless, these structural reforms are essential to move beyond recurring tariff adjustments and recovery campaigns towards an electricity sector in which investment decisions, contractual obligations and operational performance are governed by transparency, economic efficiency and consumer welfare.

Box 3: Structural Reform of the Power Sector

5.10.3. Oil and Gas Regulatory Authority (OGRA)

OGRA's measures should build on its existing regulatory mandate by strengthening professional appointments, institutional independence and accountability. Regulatory determinations should be published with supporting data, assumptions and reasons following public hearings, while gas-loss benchmarks should follow a binding multi-year reduction path. Allocation of gas from fields under public-sector ownership and access to shared pipeline infrastructure should follow competitive, transparent and publicly documented procedures. Regulatory approval should be granted only after an independent assessment of market value and the proposed terms, ensuring that concessions do not bypass competition.

Professional qualifications, conflict-of-interest safeguards and transparent decision-making should be reinforced to ensure that regulatory decisions are evidence-based, consistent and subject to public scrutiny.

REGULATORY AND LINE-MINISTRY TYPOLOGY · OGRA-1

Relaxation of UFG Benchmarks

Oversight role: Gas tariff and UFG regulator for SNGPL · Entities: SNGPL

Drivers of vulnerability: Generous loss allowances allow theft to be passed to consumers as permitted loss, removing pressure to find it. The UFG allowance includes components for theft, law and order and politically driven network expansion, and benchmark decisions are exposed to pressure.

SHORT TERM	MEDIUM TERM	LONG TERM
Unexplained UFG allowances: Publish, for each UFG determination, the verified loss calculation, segment data, assumptions and reasons for any adjustment, identifying any formal policy direction and how it was considered. **Benchmarks relaxed outside the path:** Apply the new UFG benchmarks and their five-year reduction path, and refuse any relaxation outside that path unless a written policy direction is published. **Undisclosed reasoning:** Publish every determination with its data, assumptions and reasons, following public hearing. **Lead:** *OGRA; Petroleum Division*	**Ad hoc relaxation:** Keep multi-year, evidence-based UFG trajectories, with reopeners only for documented changes in network, metering or security conditions. **Ad hoc relaxation:** Set a binding multi-year reduction path for unaccounted-for gas in each network segment, and make verified segment-level metering and mass-balance reporting a licence condition for SNGPL. **Lead:** *OGRA*	**Policy pressure on the regulator:** Define in the OGRA Ordinance 2002 the boundary between government policy guidance and regulatory determination, and require directions to be written and public. **Independence and appointments:** Protect OGRA's independence in law, with merit-based, professionally relevant appointments and a clear line between policy guidance and regulatory decisions. **Lead:** *Ministry of Law and Justice; Petroleum Division;*

REGULATORY AND LINE-MINISTRY TYPOLOGY · OGRA-2

Disallowance of Revenue

Oversight role: Revenue requirement determinations · Entities: SNGPL

Drivers of vulnerability: Excess UFG is disallowed financially but not traced to segments, staff or contractors, so the disallowance penalises the company without identifying where the loss occurs.

SHORT TERM	MEDIUM TERM	LONG TERM
Aggregate UFG obscures causes: Require SNGPL to reconcile input and sales volumes by network segment, estimate leakage, metering error, theft and security constraints separately, and submit a costed corrective plan with measured milestones. **Lead:** *OGRA; SNGPL*	**No metering standard:** Prescribe the network metering hierarchy, calibration standard and data-quality assurance needed for a credible mass balance, with periodic independent verification. **Enforcement not measured:** Publish, for each determination, the disallowance applied, the segment-wise causes identified and the corrective actions completed by SNGPL. **Blanket disallowances:** Replace blanket disallowances with incentives and penalties tied to verified loss reduction, commission independent technical audits of losses, theft and metering, and analyse the financial and economic effects of major decisions. **Lead:** *OGRA; SNGPL*	**Disallowance alone:** Link disallowances to root-cause performance obligations, and impose penalties under the OGRA Ordinance where SNGPL misses corrective milestones. **Lead:** *OGRA; Petroleum Division*

REGULATORY AND LINE-MINISTRY TYPOLOGY · OGRA-3

Regulatory Facilitation, Concession Loopholes and Discriminatory Infrastructure Allocation

Oversight role: Licensing, approvals and third-party access · Entities: SNGPL; gas sector

Drivers of vulnerability: Allegations point to departures from bidding directives, exploitation of concession-agreement loopholes, regulatory facilitation beyond the rules and discriminatory allocation of pipeline capacity.

SHORT TERM	MEDIUM TERM	LONG TERM
Unpublished approvals: Publish every approval of gas sale agreements and third-party access, with the legal basis, market assessment and conditions applied. **Allegations unexamined:** Refer substantiated allegations of facilitation or discrimination for independent review. **Lead:** *OGRA*	**Discriminatory access:** Adopt transparent, first-come or auction-based rules for allocating pipeline and storage capacity, with published capacity data and a right of appeal. **Ambiguous concession terms:** Review concession clauses that allow competitive requirements to be bypassed and propose standard terms. **Lead:** *OGRA; Petroleum Division; DGPC*	**Regulatory independence:** Protect OGRA's independence in law, with merit-based appointments and a clear boundary between policy guidance and regulatory approval. **Lead:** *Petroleum Division;*

REGULATORY AND LINE-MINISTRY TYPOLOGY · OGRA-4

Allocation of Gas to a Single Buyer without Competitive Bidding

Oversight role: Approval of gas sale agreements and pipeline access · Entities: Gas sector

Drivers of vulnerability: Gas from fields with majority public-sector ownership can be allocated to a single private buyer through negotiated agreements relying on concession clauses, without competitive bidding or market evaluation of the price.

SHORT TERM	MEDIUM TERM	LONG TERM
No market test: Require an independent assessment of market value before approving any gas sale agreement for fields with public-sector ownership, and publish it. **Lead:** *OGRA; Petroleum Division*	**Bidding directives bypassed:** Apply federal directives requiring competitive bidding consistently to all sales from fields with public-sector ownership, and approve exceptions only with published reasons. **Single-buyer concentration:** Limit the share of a field's output that can be allocated to one buyer without competition. **Lead:** *Petroleum Division; DGPC; OGRA*	**Concession framework:** Amend the petroleum policy and model concession agreements so that the sale of gas from fields with public-sector ownership follows competitive, transparent procedures. **Lead:** *Petroleum Division;*

5.10.4. Ministry of Communications

The Ministry of Communications should strengthen its policy, planning and oversight functions across NHA and Pakistan Post. Transport planning should compare rail and road options based on lifecycle costs, logistics efficiency and long-term economic benefits, while giving routine maintenance and asset management equal priority to new construction. Direct contracting and government-to-government (G2G) contracting should not be permitted, with projects and procurements awarded through open, competitive and transparent procedures. A dedicated compliance cell should track and follow up audit findings and parliamentary directions within defined timelines, documenting actions taken and outstanding issues. Pakistan Post should also strengthen merit-based recruitment through transparent selection criteria, competitive processes and documented appointment decisions.

REGULATORY AND LINE-MINISTRY TYPOLOGY · MoC-1

Weak Oversight of Axle-Load Enforcement at Weigh Stations

Oversight role: Line ministry for NHA; oversees NH&MP · Entities: NHA

Drivers of vulnerability: Discretion at weigh stations allows overloaded vehicles through for informal payments, losing fines and accelerating damage to roads.

SHORT TERM	MEDIUM TERM	LONG TERM
Discretion at weigh stations: Integrate weigh-station records, camera events,	**Manual weighing:** Verify progress on the full automation of weigh stations directed	**Liability at the point of loading:** Establish, through legislation, the liability of

exemptions and fines under the National Highways Safety Ordinance 2000 into a central tamper-evident log, calibrate weighing equipment independently, and accept axle-load fines only through electronic payment. **Lead:** *NHA; Ministry of Communications; NH&MP*	in August 2026, with central data transmission, and use analytics to detect station and operator outliers. **Road-centred planning:** Examine whether transport planning adequately considers railway-based freight and passenger transport, lifecycle costs and logistics efficiency, and give maintenance, rehabilitation and asset management the same priority as new construction. **Lead:** *Ministry of Communications; Planning Commission; Ministry of Railways (NHA for weigh-station automation only)*	shippers and loaders for overloading, and publish enforcement outcomes. **Lead:** *Ministry of Communications;; NHA*

REGULATORY AND LINE-MINISTRY TYPOLOGY · MoC-2

Weak Follow-Through on Audit and PAC Directives

Oversight role: Line ministry for Pakistan Post · Entities: Pakistan Post

Drivers of vulnerability: Audit findings remain unresolved, so irregular banking and cash practices at Pakistan Post continue from year to year. Recoveries pointed out by audit are largely outstanding, and non-compliance with PAC directives is long-standing.

SHORT TERM	MEDIUM TERM	LONG TERM
Findings not tracked: Maintain an audit-para tracker with unique identifier, value, responsible officer, management response, PAC direction, due date and outcome. **Recoveries outstanding:** Adopt a time-bound recovery plan for amounts pointed out by audit, with a named officer for each para. **DAC meetings irregular:** Hold Departmental Accounts Committee meetings at the required frequency and submit compliance on PAC directives within the time set. **Lead:** *Ministry of Communications; Pakistan Post; AGP*	**No escalation:** Review high-value and repeated audit paras every quarter, escalate by materiality and suspected misconduct, and refer suspected criminal cases to the competent agency. **Audit follow-up:** Set up an audit-compliance cell to track every audit para and PAC directive on NHA and Pakistan Post with named owners and deadlines, and link senior officers' appraisals to resolving audit paras. **Non-competitive and G-to-G contracts:** Require clear justification, approvals, documented value-for-money assessments and independent scrutiny for direct and government-to-government contracts, and disclose contract terms, costs, amendments and progress subject to legal restrictions. **Lead:** *Principal Accounting Officer; AGP; PAC Secretariat*	**Weak follow-up system:** Strengthen digital audit follow-up and public reporting of recoveries and disciplinary outcomes. **Lead:** *AGP;*

REGULATORY AND LINE-MINISTRY TYPOLOGY · MoC-3

Patronage Recruitment at Pakistan Post (provisional)

Oversight role: Line ministry for Pakistan Post · Entities: Pakistan Post

Drivers of vulnerability: An inquiry has been ordered into a large number of Pakistan Post recruitments. Staff who owe their posts to patrons are less likely to challenge improper decisions. The typology remains provisional until the inquiry establishes the nature and scale of any irregularity and individual responsibility.

SHORT TERM	MEDIUM TERM	LONG TERM
Inquiry pending: Complete the recruitment inquiry using a documented method, with notice and opportunity to respond before any adverse action, and publish aggregate findings. **Lead:** *Ministry of Communications*	**Recruitment without merit:** Recruit only through published criteria, auditable scoring, panel conflict declarations and merit lists, and reconcile HR records with sanctioned posts. **Recruitment controls:** Require Pakistan Post to recruit through independent testing and published merit lists under a board with independent members, and complete the inquiry into past recruitments with due process.	**Evidence still provisional:** Retain the typology in future NRA iterations only to the extent substantiated by the inquiry. **Lead:** *NMMC Secretariat (National AML/CFT Authority); NAB; Establishment Division*

	Lead: *Ministry of Communications; Establishment Division*	

5.11. Mitigation by Offence Type

The entity blocks in this Section mitigate each typology where it occurs. Chapter 4 also classified the same typologies by the type of offence or scheme they resemble. Viewed this way, the same offence types recur across several entities, and the controls that address them are largely common: declarations and recusal for conflicts of interest, publication and data analytics for procurement, receivables ageing and recovery for revenue leakage, audit trails for falsification, digital workflows for bribery, and barcode-based inventory and automated reconciliation for embezzlement.

Table below brings these together. For each offence type, it lists the entities and typologies in which it was observed and summarises the mitigation needed across the short, medium and long term. The detailed measures, with lead institutions, remain in the entity blocks; the table identifies where a single standard, set centrally by the relevant agency, would serve several entities at once.

Table 12: Offence types observed across entities and the mitigation needed

Offence type	Observed in	Mitigation needed across the three horizons
Conflict of interest and favouritism	FBR (FBR-1) CDA (CDA-6) DISCOs (DISCO-4) PASSCO (PASSCO-4) Pakistan Railways (PR-5) Pakistan Post (MoC-3)	Short term: signed declarations of interest and documented recusal for every procurement, selection and recruitment panel, kept on EPADS or the HR file. Medium term: recusal registers reviewed by board audit committees, and risk-based checks of bidder ownership using SECP beneficial-ownership data. Long term: a comprehensive conflict-of-interest framework building on the Civil Servants (Conduct) Rules 2026, with cooling-off restrictions on moving from office to a supplier.
Procurement fraud and bid manipulation	FBR (FBR-5) NHA (NHA-1, NHA-2, NHA-8) CDA (CDA-1) DISCOs (DISCO-1) SNGPL (SNGPL-3) PASSCO (PASSCO-4) BISP (BISP-4) Pakistan Railways (PR-1) Pakistan Post (PP-5) ETPB (ETPB-4)	Short term: verify compliance with the publication and EPADS requirements of the Public Procurement Rules 2026, and declare mis-procurement with disciplinary consequences. Medium term: automated collusion red flags in EPADS shared with CCP, and payments released only against a valid EPADS contract identifier. Long term: removal of remaining preferences for direct contracting and an interoperable federal-provincial debarment register.
Revenue leakage and non-recovery	FBR (FBR-4) NHA (NHA-5, NHA-6) CDA (CDA-4) DISCOs (DISCO-2) SNGPL (SNGPL-4) BISP (BISP-3) Pakistan Railways (PR-6) Pakistan Post (PP-3) ETPB (ETPB-2)	Short term: monthly receivables ageing reported to audit committees, and verification that FBR cases are selected through the mandatory CRM system. Medium term: recovery targets in management performance agreements, and settlement of dues owed by government bodies through the Finance Division. Long term: consolidated disclosure of receivables and write-offs through CMU, and statutory limits on interim relief so that delay is not rewarded.
Fraud and falsification of records	FBR (FBR-3, FBR-6) NHA (NHA-3, NHA-4) PASSCO (PASSCO-2) SNGPL (SNGPL-1) BISP (BISP-6) Pakistan Railways (PR-1, PR-3) ETPB (ETPB-1)	Short term: maker-checker approval and recorded reasons for every material correction, and verification of guarantees, receipts and certificates with the issuer. Medium term: non-repudiable audit trails and role-based access in core systems, with time limits for concluding falsification cases. Long term: clear evidentiary status for authenticated electronic records, and data matching across FBR and bank records to break fake-invoice chains.
Bribery and extortion	FBR (FBR-1, FBR-2, FBR-6) SNGPL (SNGPL-1) BISP (BISP-2) Pakistan Railways (PR-2)	Short term: high-contact interactions routed through time-stamped digital workflows, building on the National Faceless Centre and e-services, with user feedback through the Pakistan Citizen's Portal. Medium term: anonymous system allocation of cases and inspections, and officer-variance analytics to identify outliers. Long term: stronger whistleblower protection under the Public Interest Disclosures Act 2017 and risk-based verification of asset declarations.
Embezzlement, misappropriation and diversion	DISCOs (DISCO-3) PASSCO (PASSCO-1, PASSCO-3) Pakistan Railways (PR-2) Pakistan Post (PP-1, PP-2) ETPB (ETPB-2)	Short term: barcode-based inventory records and automated end-of-day cash reconciliation, with recovery of confirmed losses. Medium term: barcode, serial or RFID traceability in a single inventory system, and cashless collection through Raast and bank channels. Long term: asset-recovery arrangements consistent with UNCAC, and effective internal audit under the Public Financial Management Act.

Offence type	Observed in	Mitigation needed across the three horizons
External influence and clientelism in targeting	BISP (BISP-5)	Short term: a confidential record of every external request concerning inclusion or exclusion. Medium term: anonymised exclusion statistics, independent validation of NSER samples and grievance outcomes, and a procedural appeal for every exclusion. Long term: rule-based eligibility with human review and appeal, and consideration of a trading-in-influence offence through a broader criminal-law review.
Abuse of functions and misuse of authority	FBR (FBR-1, FBR-4) CDA (CDA-3) DISCOs (DISCO-4) Pakistan Railways (PR-5) ETPB (ETPB-1)	Short term: written reasons, legal basis and approving officer recorded for every exemption, allotment, waiver and appointment. Medium term: second-officer review above set thresholds, with quarterly exception reporting. Long term: proactive publication of decision criteria under the Right of Access to Information Act 2017, and a general standard for reasoned, appealable administrative decisions.

5.12. Cross-Sector Mitigation Matrix

The 56 entity typologies reduce to nine recurring risk patterns (Table 10). Where a pattern recurs, the same core control appears in each affected entity's block, adapted to its systems. Table below sets out that common control, the central institution that should set a single standard for it, and the blocks in which it is applied. Setting the standard once, centrally, avoids ten entities designing ten versions of the same control.

Table 13: Cross-sector mitigation matrix: common controls for recurring patterns

Recurring pattern	Common control applied in each affected entity	Standard-setting institution	Blocks
Procurement manipulation (irregular or non-competitive award)	Full e-PADS coverage; published evaluation and reasons for non-lowest awards; e-PADS record of variations and extensions; bid-rigging analytics	PPRA; CCP	FBR-5, NHA-1, NHA-2, CDA-1, DISCO-1, SNGPL-3, PASSCO-4, BISP-4, PR-1, PP-5, ETPB-4
Non-enforcement of contractual remedies	Guarantees confirmed with the issuing bank; guarantee register with expiry alerts; liquidated damages deducted at each payment; waiver only by the board with reasons	PPRA; SBP and PBA	NHA-3, CDA-2, DISCO-1, SNGPL-3, PR-1, ETPB-4
Fraud and falsification of records	Digital system of record with audit trail; maker-checker approval of changes; digital measurement and receipts	Entity boards; AGP	FBR-3, NHA-4, PASSCO-2, SNGPL-1, PR-3, ETPB-1
Embezzlement, misappropriation and diversion of assets	Barcode-based inventory tracking with exception-led verification; automated end-of-day cash reconciliation; cashless collection; serial or lot tracking	Finance Division; entity internal audit	DISCO-3, PASSCO-1, PASSCO-3, SNGPL-1, PR-2, BISP-2, PP-1, PP-2, ETPB-2
Revenue leakage and unrecovered dues	Receivables aged by status; demands issued with PSID payable through banks and Raast; litigation tracking of stayed dues	Finance Division (CMU); CGA	DISCO-2, FBR-4, CDA-4, PASSCO-2, SNGPL-4, NHA-5, BISP-3, PP-3, ETPB-2
Weak reconciliation of accounts and records	Monthly signed reconciliations with ninety-day escalation; automated bank feeds; Treasury Single Account where permitted	Finance Division; CGA; AGP	DISCO-2, CDA-5, PASSCO-2, SNGPL-4, NHA-5, PR-3, BISP-3, PP-3, ETPB-2
Land and property corruption	Geo-referenced registers reconciled with provincial records; satellite change detection; leases and allotments through open bidding and recorded decisions	Survey of Pakistan; SUPARCO; provincial Boards of Revenue	CDA-3, NHA-5, PR-4, ETPB-1, ETPB-3
Ghost or unverified beneficiaries, pensioners and payees	Payee lists reconciled with sanctioned posts or payment authorisations; maker-checker control of master data; overpayment recovery registers	Finance Division; AGPR	DISCO-3, PR-3, BISP-1, PP-4
Abuse of functions, conflicts of interest and patronage	Recorded reasons for discretionary decisions; interest declarations and recusal; independent testing and merit lists; board HR committee review	Establishment Division; Finance Division (CMU)	DISCO-4, FBR-1, FBR-7, CDA-3, PASSCO-4, PR-5, BISP-5, ETPB-1

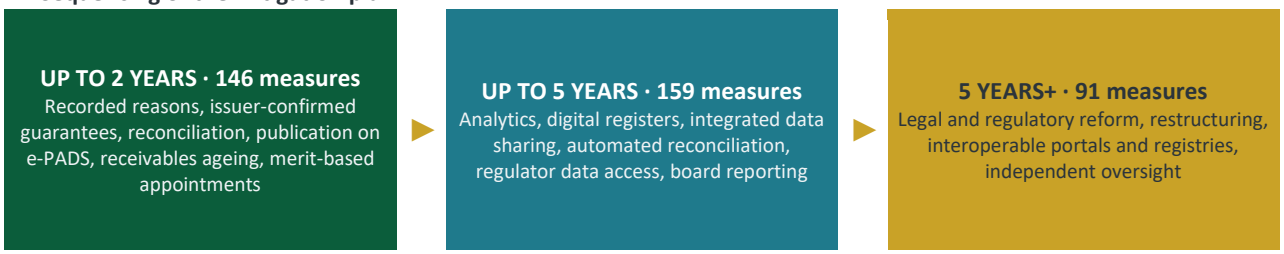
PR = Pakistan Railways; PP = Pakistan Post. The matrix shows where a common control applies, not the severity of the risk or any finding of misconduct.

5.13. Implementation and Monitoring

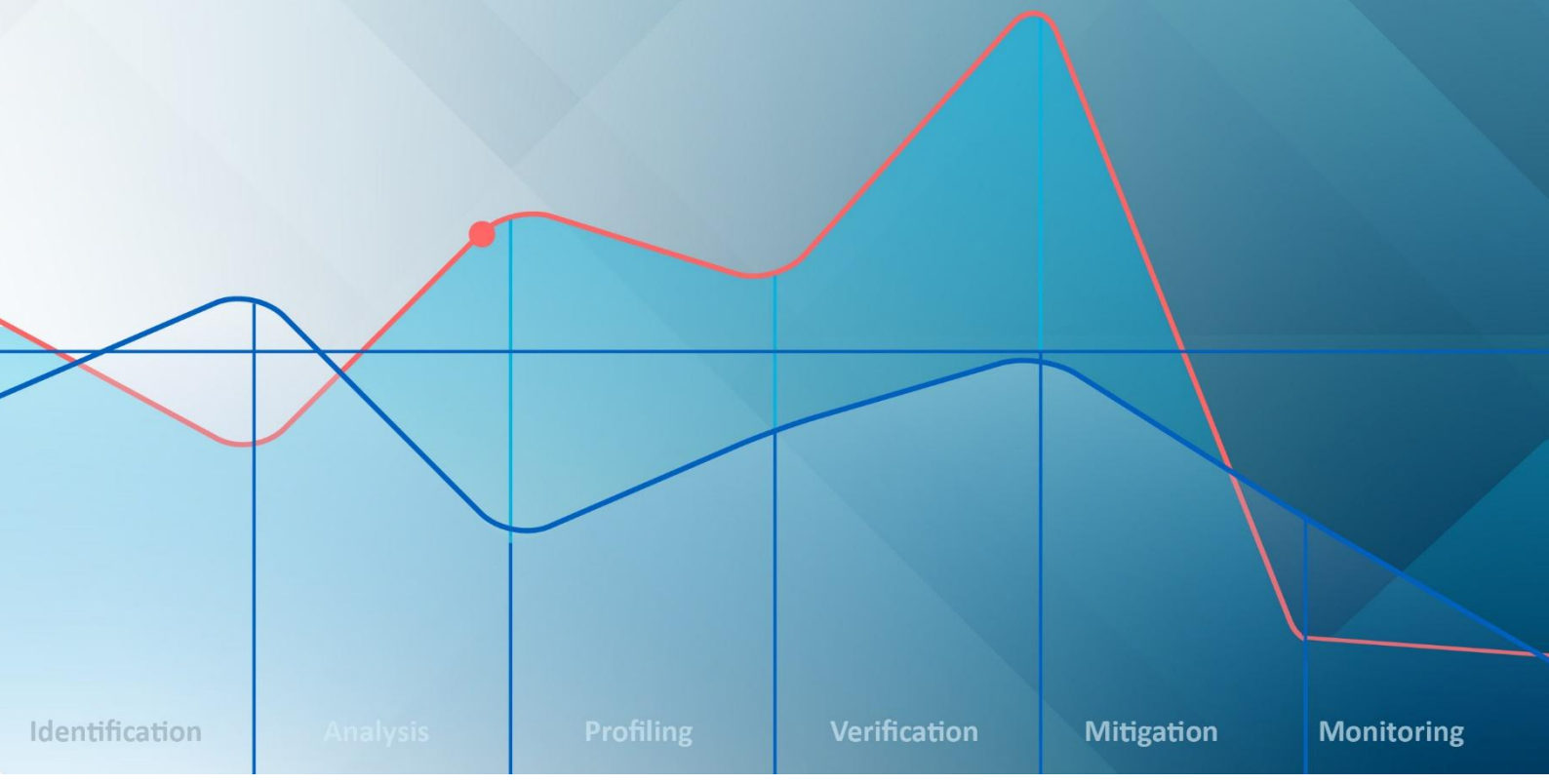
Implementation follows the three horizons. Within two years, the 146 short-term measures, most of which rely on existing powers and systems, can be put in place by the entities and their regulators. Over two to five years, the 159 medium-term measures build the systems, data interfaces and capacity needed to sustain them, alongside the common reforms set out in this chapter. Beyond five years, the 91 long-term measures address the legal, regulatory and structural foundations. Each entity's Principal Accounting Officer or chief executive should adopt the short-term measures in its blocks as a time-bound action plan within three months of the chapter's approval, with progress reviewed quarterly by the board audit committee or the Departmental Accounts Committee.

Progress will be monitored through the National Mitigation Monitoring Committee and its secretariat, and reported biannually to the Prime Minister. Monitoring should track each measure against its typology code, so that a change in audit observations, red flags or complaints for a typology can be read against the measures taken to mitigate it. Before each biannual report is submitted to the Prime Minister, the draft will be shared for consultation with civil society organisations, business chambers and associations, professional bodies, academia and other relevant stakeholders, and changes will be incorporated where required. Following submission, a public version of the report will be published, setting out progress against priority measures and timelines, key achievements, delays and overall results, subject to appropriate confidentiality safeguards.

Sequencing of the mitigation plan



National Corruption Risk Mitigation Implementation and Monitoring Mechanism



Implementation and Monitoring Mechanism

Establishment, scope and legal effect

A National Mitigation Monitoring Committee (NMMC) may set up under of the Prime Minister Office. The Cabinet Division may issue or coordinate the notification and terms of reference, in line with the Rules of Business, 1973. The Committee will oversee how the measures in Chapter 5 are put into effect across the ten assessed entities and the relevant regulators and line ministries. The mechanism operates as a single tier. The Committee, headed by the Minister for Law and Justice, takes decisions and monitors progress. Chairman NAB oversees the master implementation register. The ten assessed entities along with the regulators and line ministries sit on the Committee as members and remain responsible for carrying out the measures within their own mandates. Any action needs a change in law, budget approval or a policy decision, the Committee will refer it to the competent forum. Its proceedings do not amount to findings of criminal liability.

Composition of the National Mitigation Monitoring Committee

Office / institution	Designation and function
Minister for Law and Justice	Convener and overall head; chairs the Committee, approves its agenda and decisions, and reports to the Prime Minister through the prescribed channel.
National Accountability Bureau (NAB)	Chairman NAB; oversees the master implementation register, and advises on corruption-risk findings, the typologies, the assessment methodology and prevention measures within mandate.
National Anti-Money Laundering and Counter Financing of Terrorism Authority	Chairman or an authorised nominee BS-20 or above; coordinates matters and works as secretary.
Director General (Operations), NAB	Member; advises on operational typologies and on the follow-up of red-flag matters, subject to the lawful referral safeguards.
Ministry of Law and Justice	Secretary or a nominated officer BS-20 or above; reviews proposed legal and regulatory measures.
Finance Division	Secretary or a nominated officer BS-20 and above; reviews public financial management, SOE oversight, costing and fiscal implications.
AGP, PPRA, FIA, SECP & EAD	Nominee in BS-20 above or equivalent Confirmation and Verification of Implemented Measures taken by the entities
All ten assessed entities, regulators and Line Ministries	Nominee in BS-20 or above or Equivalent. Implementation and reporting of mitigation measures
Sustainable Development Policy Institute (SDPI)	Executive Director or a nominated senior research fellow; provides independent technical and methodological input on risk prioritisation, the SMART assessment framework and the effective review.

Powers and decisions

The Committee will approve the implementation matrix, set priorities according to risk and confirm which authority is responsible for each measure. It may recommend corrective orders or changes in law to the appropriate authority. The Executive Committee may call for progress reports, ask authorised bodies to verify progress, record delays, resolve coordination issues within its remit, and place unresolved or high-

risk matters before the Committee. Every decision will name a responsible institution, a completion date and the evidence required. Matters outside the members' legal competence will be referred to the competent authority.

Implementation register and baseline

Within 60 days of notification, the Secretary shall issue a controlled master register based on the Chapter 5 typology codes. Each measure will have a unique identifier and record the vulnerability, the entity, the action, the existing legal or control position, the lead and supporting agencies, the horizon, milestones, the due date, an output indicator, the evidence source and the verifying authority. The register will show whether each measure (a) enforces an existing requirement, (b) completes a reform already under way, or (c) is a new action needing approval. A measure will not be marked complete simply because an enabling law, policy, portal or circular exists.

Within 90 days, each focal point will submit an approved plan setting out the starting position, realistic milestones and any dependencies. Proposed changes to scope or deadlines must give reasons and take effect only after written approval of the Executive Committee. Any change to a statutory duty must follow the prescribed legal process separately.

Reporting cycle

Frequency	Report / review
Quarterly	Entity progress return: milestones, supporting evidence, blocked actions and proposed remedies, certified by the head of the entity.
Quarterly	Exception-based review chaired by the Chairman NAB: overdue high-risk measures, disputed completions, implementation barriers, corrective directions and matters for referral to the Committee.
Biannually	Committee meeting chaired by the Minister for Law and Justice: consolidated progress, Executive Committee referrals and decisions. The second meeting of each year also reviews effectiveness: whether controls operate, whether risk has fallen, whether audit observations recur, and next year's priorities.
Biannually, within 15 working days of the Committee meeting	Consolidated implementation brief, decisions needing intervention, and a red-flag annex.

To complement internal monitoring and verification, the implementation process will include stakeholder consultation and public reporting. Each biannual report will first be submitted to the Prime Minister. After approval by the Prime Minister and the Federal Cabinet, a public version of the report will be published and shared with civil society organisations, business chambers and associations, professional bodies, academia and other relevant stakeholders for consultation. The public version will set out progress against priority measures and their timelines, key achievements, delays and their causes, and overall results. Stakeholders' feedback on progress, practical obstacles and the design of measures will be reviewed by the Committee and considered in subsequent implementation and reporting. All public reporting will be subject to appropriate confidentiality safeguards

Verification, status and escalation

A measure reported as complete must be backed by dated evidence that the action was taken, and by a test, proportionate to the risk, showing that the control actually works. Acceptable evidence includes authenticated procurement records, reconciliation statements, system audit logs, board decisions, verified recovery records, inspection results, and approved SOPs with transaction samples or regulator attestations. The Member/Secretary first checks that each submission is complete; internal audit or the relevant lawful oversight body then verifies that the control operates in practice. Claims without support remain "Pending verification".

Status	Decision rule
Not started	An approved action exists, but no evidence of implementation has been received.
In progress	A milestone is being carried out; evidence or partial outputs are available.
Pending verification	The implementer reports completion, but independent or competent review is still outstanding.
Verified complete	The output has been delivered and the evidence accepted after the prescribed check.
Overdue	The target date has passed without an approved extension, and the action is not verified complete.
Blocked / escalated	The action needs a decision, or legal or budgetary intervention, beyond the entity's powers.
Not applicable / superseded	Allowed only on a reasoned, approved change supported by a revised institutional or legal baseline.

Any critical control failure, false progress reporting, material financial exposure or repeated non-compliance will be flagged immediately, without waiting for the next scheduled review. The Member/Secretary will ask for a corrective response within 10 working days. Matters that remain unresolved go to the Executive Committee at its next quarterly review and, if still unresolved, to the Committee at its next biannual meeting. The Convener may call an extraordinary meeting of the Committee where a matter is urgent. Administrative non-compliance is for the competent management, board, ministry or regulator to address. Suspected offences will be passed on only through the lawful referral channels of the relevant investigating agency. The role of the Chairman NAB as head of the Executive Committee does not alter this requirement.

Safeguards and information management

The register will be kept with role-based access, change logs and document-retention controls. Financial intelligence, suspicious transaction reports, protected personal information and live investigative material will not be uploaded to the dashboard. Where needed, agencies may instead give a lawful, aggregated disposition or a restricted confirmation that a matter has been referred or is under consideration. All reporting will respect applicable secrecy, privacy, evidentiary and due-process requirements.

To avoid duplicate reporting, the mechanism will rely, wherever possible, on audited financial statements, AGP observations, PPRA and e-PADS records, entity management information systems and regulator returns. Access to any system, bank information or personal data needs its own lawful basis and authorisation.

SMART-based performance assessment and the Prime Minister's review

Each mitigation action will be checked against SMART principles before it is entered in the approved register. The entity's focal point proposes how the action will be measured, the head of the institution certifies that this is feasible, the Executive Committee examines the proposal, and the Committee approves the baseline, intended result, evidence standard and review date. Measurement should show whether the vulnerability has actually been reduced, not merely whether an instruction has been issued or an activity completed.

Assessment principle	Required application
Specific	Identify the Chapter 4 typology, the exact control weakness, the corrective action and the accountable institution.
Measurable	Record a sound baseline, the intended change and a verifiable evidence source, and distinguish delivering an output from making the control work.
Achievable	Test the action against existing legal authority, resources, institutional capacity and dependencies, and record any obstacle that needs a higher decision.
Relevant	Show a direct link between the proposed control and the corruption vulnerability it addresses; reject measures that only count activity.
Time-bound	Set a completion date, interim review points and a period for testing whether the control keeps working.
Review and decision rule	Entities report evidence and deviations quarterly. The Executive Committee validates material results quarterly and directs corrective action. The Committee reviews progress biannually and escalates unresolved high-risk matters in its report to the Prime Minister.

Accountability and review of these terms

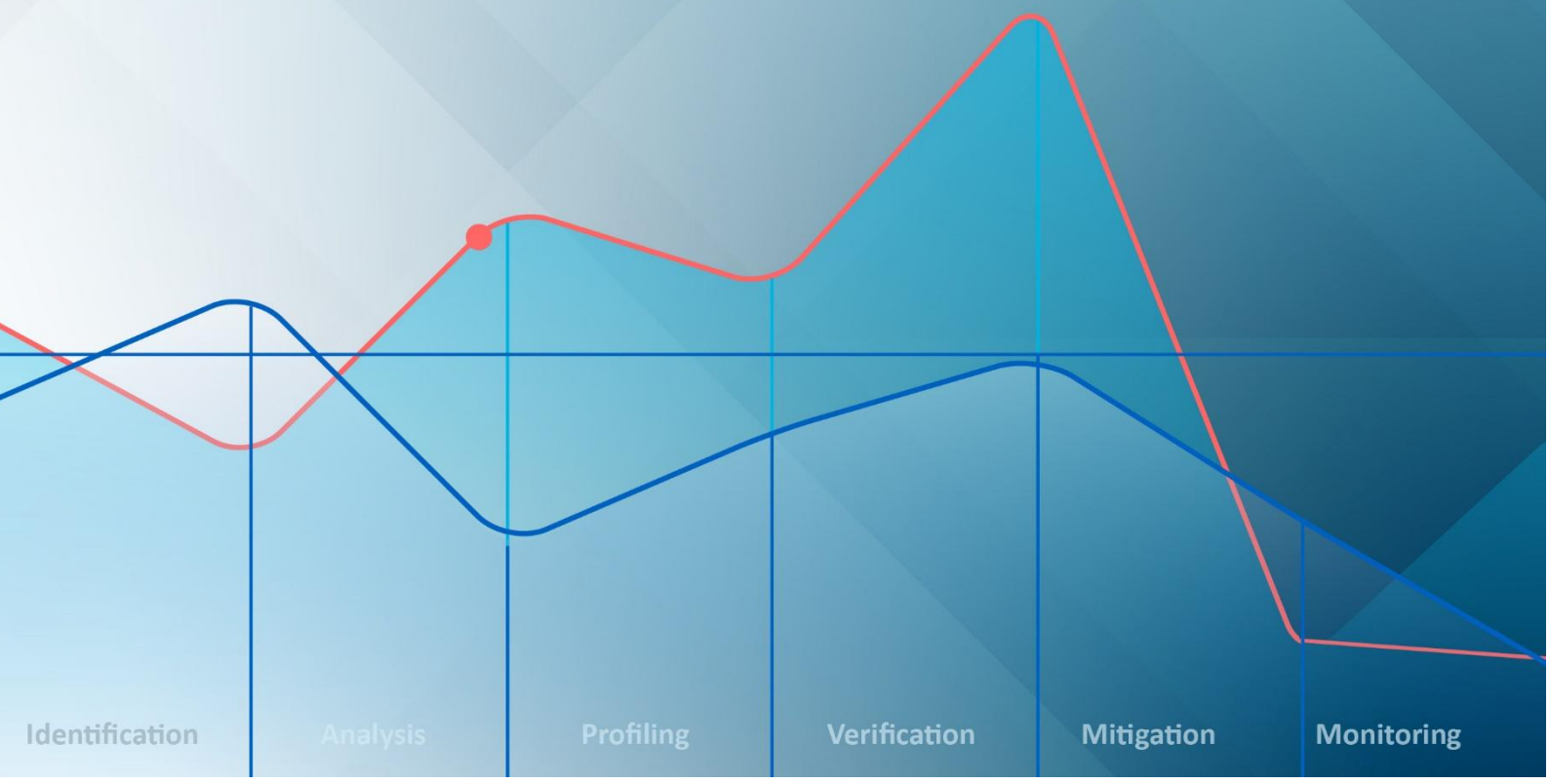
The Committee reports to the Prime Minister through the prescribed official channel. The Member/Secretary will keep a record of action taken on every decision of the Committee and the Executive Committee. The head of each implementing institution remains accountable for the legality and execution of actions within that institution. These terms shall be reviewed after the first biannual meeting and then every year. Any amendment needs the approval of the authority that set up the Committee.

APPROVAL CLAUSE

This mechanism becomes operational once approved and notified by the competent authority. Where there is any inconsistency, existing laws, service rules, the Rules of Business, financial delegations, and the powers of courts, regulators, auditors and investigating agencies shall prevail.

SPECIAL CHAPTER

State Land: Vulnerabilities, Recovery and Protection



SPECIAL CHAPTER

State Land: Vulnerabilities, Recovery and Protection

How public land is lost, and what has been done to restore it

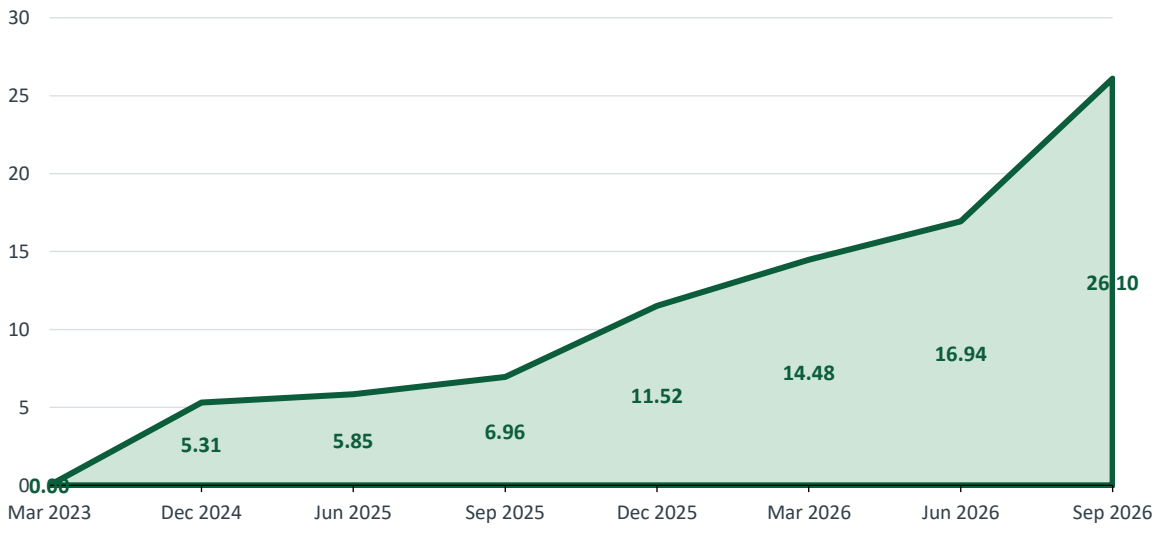
6.92 m	Rs 25.6 trn	3.51 m	Rs 6.78 trn
Acres of state land recovered, 2023 to September 2026	Value of state land recovered over the same period	Acres of Sindh forest and mangroves secured and mutated	Pakistan Railways land restored in Q3 2026

Background

State land is among the most valuable assets held by the public sector. It is owned by a wide range of bodies, including provincial forest, revenue and irrigation departments, the National Highway Authority, Pakistan Railways and development authorities such as CDA, while title records are maintained by provincial revenue authorities. Where land is not recorded in the owning department's name, not surveyed on the ground or not monitored after acquisition, it becomes vulnerable to illegal allotment, encroachment and transfer at below its true value. Several of the typologies in Chapter 4, in CDA, Pakistan Railways, ETPB and NHA, arise from exactly these conditions.

Recognising the scale of the problem, NAB established a **Specialized Land Directorate** to recover misappropriated, hidden, under-utilised and mis-utilised state assets across the country, working with provincial revenue departments. In 2025 NAB estimated that state land worth about Rs 5 trillion was under illegal possession. The drive that followed changed the profile of NAB's recoveries. NAB recovered Rs 6.213 trillion in 2025, the highest annual figure since its establishment in 1999, and Rs 14.6 trillion in the first three quarters of 2026, bringing total recoveries from March 2023 to September 2026 to Rs 26.1 trillion. State land accounts for the great majority of this amount.

Cumulative NAB recoveries since March 2023 (Rs trillion)



How State Land Is Lost and Why It Matters

NAB's land cases reveal a consistent set of weaknesses. Most begin with a gap in the record: land that belongs to the state but is not shown in the revenue record in the owning department's name. That gap is then exploited through allotment, lease, encroachment or conversion. Because land is both a store of public wealth and the foundation for infrastructure, investment and environmental protection, these weaknesses have consequences well beyond the individual parcels concerned.

Key vulnerabilities

Six recurring vulnerabilities in state land management

Un-mutated and un-demarcated land Of 632,387 acres of notified forest in three Sindh circles, only 99,212 acres had title documents; 1,339,322 acres of mangroves were un-surveyed	**Illegal allotment** 24,544 acres of Sindh forest land allotted to private persons by local revenue authorities, in the absence of any ownership record	**Dubious and below-value leases** State land leased to housing societies and individuals through dubious leases, including 5,222 acres illegally leased in Thatta
Encroachment and illegal possession 154,980 acres of Sindh forest land encroached; railway land held in illegal possession in Karachi	**Conversion of amenity land** 811 acres of CDA amenity plots in housing societies diverted from their intended public use	**Idle land and uncollected dues** Over 100,000 roadside amenities on highway right-of-way not paying prescribed charges; land acquired for highways left un-mutated for four decades

Missing title and demarcation is the root vulnerability. Forest notifications dating back to the late nineteenth and early twentieth centuries were never reflected in the revenue record, leaving 533,175 acres of Sindh forest as un-mutated land. Land acquired by NHA for the national highways in Sindh remained un-mutated for nearly four decades, as did land acquired for Motorways M-5 and M-6. Without a recorded owner on the ground, such land can be claimed, allotted or occupied with little risk of detection.

Allotment and leasing outside proper procedure convert that gap into private gain. In Sindh, local revenue authorities allotted 24,544 acres of forest land to private persons precisely because the land carried no ownership footprint in the record. In Karachi, NAB has dealt with state land allotted illegally and leased on dubious terms to housing societies and individuals. Where leases are granted without competitive bidding or on outdated valuations, as the Chapter 4 typologies for ETPB and Pakistan Railways describe, public land is transferred at well below its market value and the state loses the income it should earn.

Encroachment, conversion and neglect complete the picture. Nearly 155,000 acres of Sindh forest land had been encroached. Amenity plots meant for public use in Islamabad housing societies were diverted. Along the national highways, more than 100,000 shops, petrol pumps and other establishments operate on the right-of-way without paying the charges due under NHA rules, and Rs 4 billion was misappropriated in the acquisition of land for Motorway M-6.

Weak oversight within the land administration itself allows these practices to persist. The Sindh forest case illustrates how the absence of an ownership record enabled local revenue authorities to make allotments that should never have been possible, and the Sindh High Court directed that delinquent forest officers and influenced beneficiaries be identified. Land acquired for public projects is equally exposed: in the case of Motorway M-6, funds were misappropriated during the acquisition process itself. When the officials who maintain land records, approve allotments or manage acquisition are not subject to effective checks, the record becomes an instrument for transferring public land rather than protecting it.

Economic and macro-critical impact

The loss and misuse of state land is not only a governance problem; it is macro-critical. NAB's 2025 estimate that state land worth about Rs 5 trillion was not properly documented with ownership titles gives a sense of scale. Land values of this order, held outside public control, represent wealth that the state can neither use, lease nor protect.

Channels through which land vulnerabilities affect the economy

Fiscal and revenue losses Forgone lease income, unpaid right-of-way charges, below-value transfers and losses in land acquisition	**Investment and property rights** Insecure title and competing claims deter investment and burden the courts	**Public infrastructure** Encroached or unregistered railway and highway land constrains expansion and maintenance
Environment and climate Loss of forests and mangroves weakens climate resilience and forfeits carbon value	**Citizens and housing markets** Fraudulent housing schemes built on misappropriated land defraud ordinary buyers	**Trust in the state** Collusion within land administration erodes confidence in public institutions

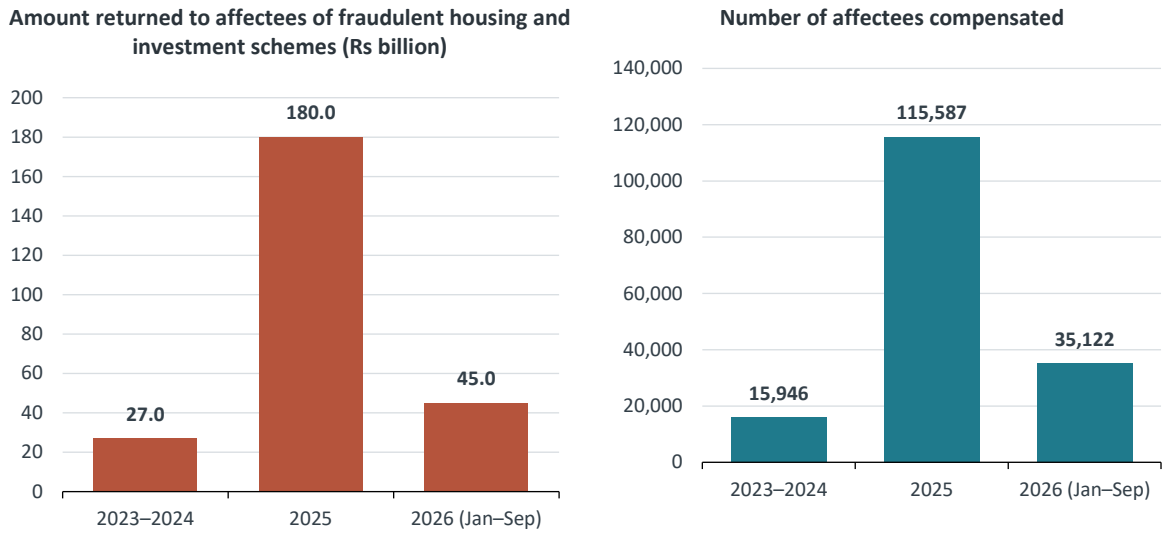
Fiscal and revenue losses are the most direct channel. Every acre allotted illegally or leased on dubious terms is an asset the state no longer earns from, and every lease granted below market value transfers future income to private parties. Recurring revenue is also lost: more than 100,000 roadside establishments along the national highways have not been paying the right-of-way charges due under NHA rules, a loss that recurs every year until collection is enforced. Public money is lost in acquisition too, as the Rs 4 billion misappropriated in acquiring land for Motorway M-6 shows. Taken together, these losses reduce the non-tax revenue available to entities that already depend heavily on budgetary support.

Investment and property rights suffer when title is uncertain. Land that is not mutated in the owning department's name is exposed to unauthorised claims and legal disputes, as NHA itself recognised when it acknowledged that, without NAB's intervention, mutation of highway land might have remained delayed indefinitely. Weak protection of property rights and difficulty in enforcing contracts are among the governance weaknesses that, as noted in Chapter 1, hinder investment. Competing claims over land also add to the burden on courts and revenue authorities, delaying productive use of the land for years.

Public infrastructure depends on secure land. Railway and highway corridors that are encroached or unregistered cannot easily be widened, maintained or redeveloped, and the value locked in railway land is exceptional: the 10,870 acres restored to Pakistan Railways in a single quarter of 2026 were worth Rs 6.78 trillion. For an entity that appears among the Top 10 in Chapter 3, land of this value represents both a significant risk and a major opportunity to strengthen its finances.

Environment and climate are affected when forests and mangroves are lost. Encroachment of nearly 155,000 acres of Sindh forest land and the illegal allotment of a further 24,544 acres erode natural defences against flooding and coastal erosion. The economic value at stake is now measurable: once title to 3.506 million acres of Sindh forest was secured, a study with the Asian Development Bank estimated its carbon potential at between US$10.0 billion and US$34.4 billion. Protected areas of national significance, such as Hingol National Park in Balochistan, were among the land recovered.

Citizens and housing markets bear the cost when private schemes are built on misappropriated land or sold without valid title. Between 2023 and September 2026, NAB returned Rs 251.6 billion to 166,112 affectees of fraudulent housing and investment schemes, with 2025 alone accounting for Rs 180 billion and more than 115,000 affectees. Such cases damage confidence in the formal housing market, divert household savings and leave ordinary buyers to bear the losses created by weak control over land.



Source: NAB data on recoveries in cheating-public-at-large cases, 2023–2026. Total: Rs 251.63 billion returned to 166,112 affectees.

Finally, land records, allotments and acquisitions are administered by public officials, weaknesses in this area send a strong signal about the integrity of public institutions more broadly. For these reasons, the protection of state land is treated in this report as a macro-critical governance issue, closely linked to the fiscal, investment and climate objectives of the Government.

NAB's Interventions

NAB's approach combines enforcement with administrative correction. Rather than relying only on prosecution, it has worked with the owning departments and revenue authorities to establish title, demarcate land on the ground and record it in the department's name, so that recovered land is protected against future claims.

NAB's land-recovery approach

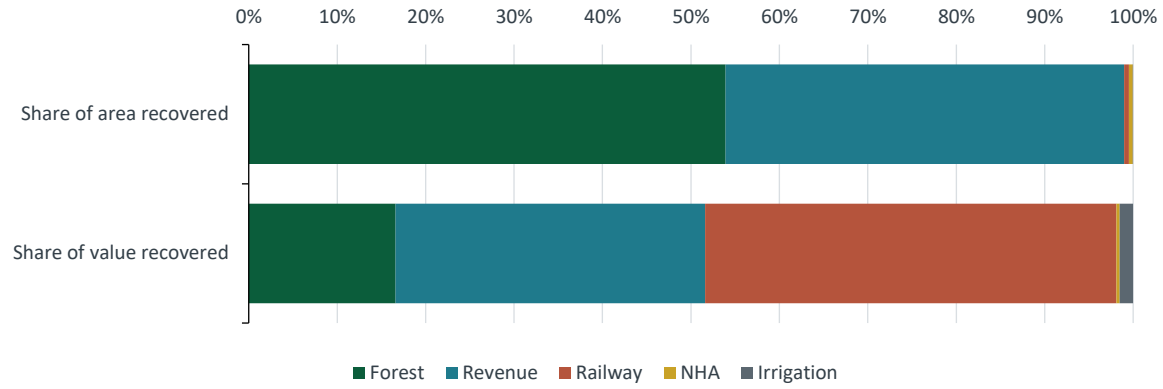


Institutionally, the Specialized Land Directorate coordinates this work. **State Assets Task Forces** were established in Punjab and Sindh, and in 2026 six **Joint Task Forces of Pakistan Railways and NAB** were constituted at regional bureaus to identify and restore railway land. NAB works closely with the Boards of Revenue and with forest, irrigation and highways departments, and uses the Survey of Pakistan, the Settlement and Survey Department of Sindh and the GIS unit of the Sindh Forest Department to convert notified coordinates into satellite polygons that are then physically demarcated. Alongside recovery, NAB has frozen and attached land and other assets under the Anti-Money Laundering Act and the Code of Criminal Procedure in major cases, and has supported departments in securing recurring revenue, for example by helping NHA develop an outsourced mechanism to collect right-of-way charges. Its investigations are increasingly supported by AI-assisted tools and a paperless e-Office system.

The results for 2026 show where value lies. Forest and revenue land account for almost all of the area recovered from January to September 2026, but railway land, though less than one percent of the

area, accounts for nearly half of the value, reflecting its location in prime urban areas. Sukkur, Karachi and Balochistan recorded the largest recoveries.

Land recovered, January–September 2026: share of area and share of value by category



Source: NAB land-recovery data, January–September 2026. Total: 2,065,522 acres valued at Rs 14,566.61 billion.

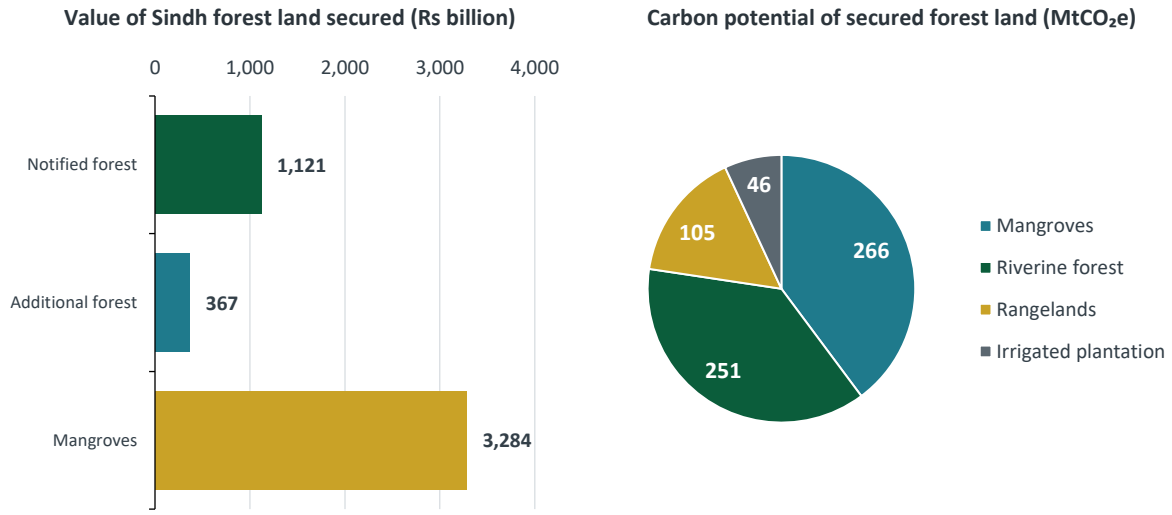
Major Recoveries

Pakistan Railways land: Rs 6.78 trillion

The largest recovery by value came from the six Joint Task Forces of Pakistan Railways and NAB constituted in 2026. In the third quarter of 2026 alone, they restored 86,960 kanals (10,870 acres) of prime railway land worth Rs 6.78 trillion to Pakistan Railways. Most of this value was recovered by the Sukkur (Rs 5,062 billion) and Multan (Rs 1,558 billion) bureaus. The scale of the result, achieved within a single quarter, shows how much railway land had drifted out of effective control and how valuable it is.

Sindh forest land and mangroves: Rs 4.77 trillion

Acting on orders of the Supreme Court (2018) and the Sindh High Court (2020), NAB Sukkur opened inquiries into three afforestation circles of the Sindh Forest Department. Working with the Department and district revenue authorities, it traced forest notifications dating back more than a century and secured mutation of 533,175 acres of un-mutated forest land, worth Rs 1,120.84 billion, within about four months. It also uncovered notifications for a further 210,079 acres, worth Rs 366.93 billion, and secured their mutation. At the Department's request, NAB then took on the most difficult task: mutation of 1,403,343 acres of mangroves, most of it never surveyed, through forensic location of notified coordinates, satellite mapping and physical demarcation. In total, the process secured land valued at Rs 4,771.80 billion.



Source: NAB executive brief, Forest land and mangroves (October 2026); Sindh Forest Department and Asian Development Bank study. Areas: notified forest 533,175 acres; additional forest 210,079 acres; mangroves 1,403,343 acres.

FROM RECOVERED LAND TO CLIMATE FINANCE

Securing title to 3.506 million acres (1.417 million hectares) of forest has enabled the Sindh Forest Department, with the Asian Development Bank, to assess its carbon potential at 688.2 million tonnes of CO_2 equivalent, with an indicative value of US$10.0 billion to US$34.4 billion at US$15 to US$50 per tonne. The Department has already outsourced 41,752 hectares in Matiari and Jamshoro for preservation and carbon farming, with estimated carbon-credit proceeds of US$533 million to US$1.77 billion over a 40-year project life. The contract received the Asset Triple A Sustainable Award 2026 and was rated Best Deal of the Year in South Asia.

Illegally allotted state land in Karachi: Rs 3.36 trillion

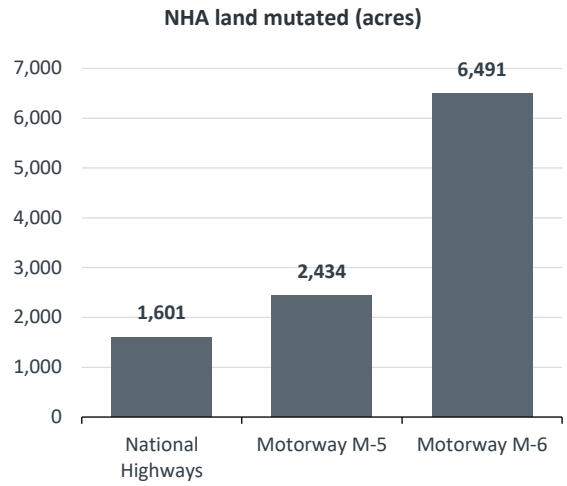
In the first half of 2026, NAB Karachi recovered 64,791 acres of illegally allotted state land and land held under dubious leases by housing societies and individuals, worth Rs 3.355 trillion, the highest regional recovery of the period. It included the restoration of 350 acres of state land in Clifton, valued at Rs 423.5 billion, under a reference before the accountability court.

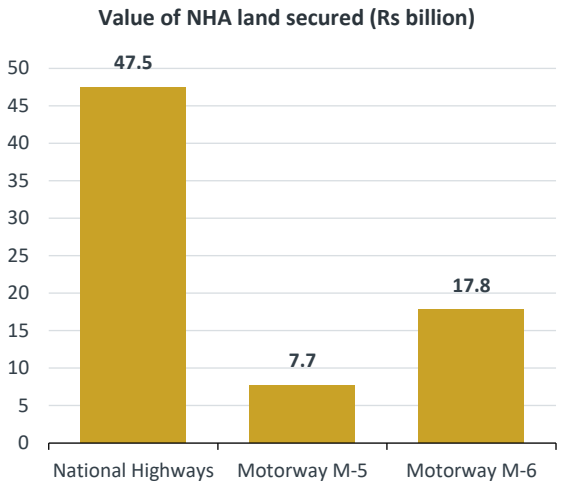
Balochistan forest land: Rs 2.35 trillion

NAB Balochistan located and recovered 1,073,097 acres of un-mutated and misappropriated forest land in 2026, worth Rs 2,353 billion, including prime natural reserves such as Hingol National Park along the coastal highway and land of the Gwadar Industrial Estate Development Authority.

National Highway Authority land: Rs 73 billion secured

While scrutinising revenue records in District Ghotki, NAB Sukkur identified that land acquired by NHA had never been mutated in its name. It secured mutation of 1,601 acres along about 356 kilometres of national highway from Sakrand to the Sindh-Punjab border, closing a gap of nearly four decades, and of 8,925 acres acquired for Motorways M-5 and M-6 within two months. In total, 10,526 acres worth Rs 73.03 billion were secured, and NAB Karachi separately recovered Rs 4 billion misappropriated during acquisition for M-6. NAB also identified more than 100,000 roadside establishments liable to right-of-way charges, and NHA has since advertised for outsourced collection of these dues.





OTHER SALIENT LAND CASES

Hyderabad and Jamshoro: 80 acres recovered at Gulistan-e-Sarmast Housing Scheme (Rs 6 billion), and 4,488 acres at Jamshoro frozen (Rs 215 billion), in cases concerning a private housing developer.

Thatta: 5,222 acres of illegally leased land recovered (Rs 7.8 billion), in an inquiry concerning officials of the Sindh Revenue Department.

Karachi: 43.11 acres recovered from illegal possession by a private company (Rs 9.67 billion), in an inquiry concerning officials of Pakistan Railways and the Sindh Revenue Department.

Islamabad: 811 acres of CDA amenity plots in housing societies recovered (Rs 66.63 billion), and 51 kanals in Sector E-11 handed over to CDA (Rs 29 billion).

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Glossary of Terms

Term	Meaning in this report
Abuse of functions	The use of lawful discretion, for example over exemptions, allotments, waivers or appointments, for an improper purpose or without recorded reasons.
Accountability follow-through	The extent to which findings by auditors, regulators and oversight bodies lead to sanctions, recoveries and corrective action.
Amenity plot	Land reserved in a development plan for public use, such as parks, schools, hospitals or community facilities.
AT&C losses	Aggregate Technical and Commercial losses: electricity lost through technical losses, theft and unrecovered bills, expressed as a share of the energy supplied.
Audit para	An observation raised by the Auditor General in an audit report, pending settlement by the Departmental Accounts Committee or a decision of the Public Accounts Committee.
Battery energy storage	Facilities that store electricity, for example surplus daytime solar generation, and release it when demand is high.
Bid rigging	Collusion among bidders to fix the outcome of a tender, for example through cover bids, bid rotation or market sharing.
Bid rotation	A collusive pattern in which the same group of bidders take turns to win contracts.
Board oversight	The responsibility of a state-owned enterprise's board of directors to supervise management, approve major decisions and hold executives accountable.
Capacity payment	A fixed payment to a power producer for keeping generation capacity available, payable whether or not electricity is purchased.
Change order (variation)	A change to the scope, quantity, specification or price of a contract after award.
Circular debt	The build-up of unpaid amounts across the energy payment chain when bills are not recovered, subsidies are not paid on time or payments between companies are delayed.
Composite index	A single score that combines several weighted indicators; in this report, the CGVI.
Concession agreement	A contract between the government and an exploration or production company setting out the rights and obligations for developing a petroleum or gas field.
Conflict of interest	A situation in which an official's or institution's private or commercial interest could improperly influence an official decision.
Control	A rule, procedure or system designed to prevent, detect or correct a weakness.
Control and Transparency Weakness	The CGVI pillar measuring gaps in internal controls and public disclosure, evidenced partly through complaints.
Corruption and Governance Vulnerability Index (CGVI)	The composite index used in Phase I to measure and rank the corruption-risk vulnerability of entities, built on five weighted pillars.

Corruption risk	The likelihood that a weakness in rules, records or controls could be exploited for private gain. It is not a finding that corruption has occurred.
Cover bid	A deliberately uncompetitive bid submitted to give a false appearance of competition.
Cross-cutting governance typology	A typology arising from how the federal government as a whole operates, such as politicised appointments, manual processes or fragmented data, which no single entity can correct on its own (GOV-1 to GOV-10).
Cross-debarment	Barring a firm debarred by one procuring agency from contracts with other public agencies.
Cross-sector matrix	The table showing which recurring risk patterns appear in which of the Top 10 entities.
Cut-off date	In the digitalisation reform, the fixed date after which paper files, manual approvals and offline transactions are no longer accepted for a given function.
Data Opacity and Detectability	The CGVI pillar measuring how difficult it is to detect irregularities because data are missing, incomplete or unpublished.
Debarment (blacklisting)	Formal exclusion of a firm from public procurement for a set period following fraud, collusion or serious default.
Definitional typology	A typology classified by the offence or scheme it most closely resembles under UNCAC and domestic law.
Demarcation	Surveying and marking the boundaries of a land parcel on the ground.
Detection bill	A bill issued to an electricity consumer for unbilled consumption identified during inspection, for example after meter tampering.
Digitalisation	Moving government functions from paper and manual processes to digital records, electronic approvals, automated verification and electronic audit trails.
Direct contracting	Awarding a contract without open competition, permitted only in defined circumstances.
Dollar-indexed returns	Returns to investors that are linked to the exchange rate of the US dollar, so that the cost to the purchaser rises when the rupee depreciates.
Drivers of vulnerability	The evidence-based conditions that make a typology possible, set out at the top of each mitigation block.
Embezzlement	Misappropriation of public money or property by a person entrusted with it.
Encroachment	Illegal occupation or use of public land or property.
Entity Score	An entity's overall Stage Two CGVI score on a scale of 0 to 100.
Exclusion and inclusion errors	In social protection, the wrongful exclusion of eligible households and the wrongful inclusion of ineligible ones.
Existing control baseline	The set of controls and reforms already adopted or under way, on which the mitigation plan builds.
Exposure	How consequential a function would be if integrity failed, reflecting its financial scale, discretion and public interface.
Extremely High (risk band)	The highest risk band, for Entity Scores above 90, requiring immediate in-depth review and an entity-specific mitigation plan escalated for oversight.

Faceless assessment	Tax assessment in which cases are allocated by system and handled without face-to-face contact between taxpayer and assessing officer.
Federal–provincial coordination	Standing arrangements through which federal and provincial institutions act together on matters such as land records, utility theft and the settlement of public-sector dues.
Fiscal materiality	The degree to which a vulnerability has implications for the Federal Budget or the wider public financial position.
Focal point	The officer nominated by each entity or regulator to coordinate and report on its mitigation measures.
Fraud triangle	A theory holding that fraud arises where pressure, opportunity and rationalisation coincide; the NRA focuses on institutional opportunity.
Functional typology	A typology arising within a particular government function, such as procurement, revenue collection, disbursement or asset management.
Ghost payee	A beneficiary, pensioner or employee who is paid but does not exist, has died or is no longer entitled.
Horizon	The time frame for a mitigation measure: short term (up to 2 years), medium term (2 to 5 years) or long term (beyond 5 years).
Independent power producer (IPP)	A privately owned power generation company that sells electricity to the state purchaser under a long-term contract.
Inherent Exposure	The CGVI pillar measuring an entity's scale, discretion and public interface before controls are taken into account.
Inherent risk	Risk that exists before controls are applied.
Institutional theory	A perspective emphasising how formal rules, informal norms and practices together shape institutional behaviour.
Institutional vulnerability	Conditions within an institution that could make misuse easier or detection harder.
Interim relief	A temporary court order, such as a stay, granted while a case is decided.
Interpretive safeguard	The principle that the NRA identifies vulnerabilities, not misconduct, and that its results should not be used for adverse action without independent verification.
Klitgaard's framework	A heuristic expressing corruption risk as monopoly plus discretion minus accountability.
Lead institution	The body responsible for implementing a mitigation measure.
Liquidated damages	A pre-agreed amount a contractor must pay for delay or non-performance.
Macro-Critical Impact	The CGVI pillar measuring an entity's fiscal or revenue impact and systemic importance.
Master register	The central record of every mitigation measure, maintained by the monitoring secretariat and coded to its typology.
Merit-based appointment	Selection of leaders and senior staff through transparent procedures based on relevant qualifications, experience and demonstrated performance.
Mis-procurement	Procurement carried out in breach of the procurement rules.
Mitigation block	The section of Chapter 5 setting out the short, medium and long-term measures for one typology.
Mutation	Recording a change of ownership of land in the official land record.

National Mitigation Monitoring Committee	The two-tier body that oversees implementation of the mitigation plan, convened by the Minister for Law and Justice with the National AML/CFT Authority as its secretariat.
Net Guaranteed Revenue	A toll contract model in which the operator pays a fixed guaranteed amount to NHA regardless of actual collections.
Observed risk evidence	Indications, such as audit observations, red flags and law-enforcement cases, that an area warrants closer preventive attention.
Overlapping mandates	Situations in which several institutions share related functions without clear boundaries, diluting accountability.
Performance audit	An audit examining economy, efficiency, effectiveness and the achievement of stated objectives, as distinct from a compliance audit or a criminal investigation.
Performance-based regulation	Regulation that links a utility's allowed revenue to verified performance on losses, recovery and service quality.
Performance guarantee	A bank guarantee provided by a contractor as security for proper performance of a contract.
Phantom delivery	Goods or services recorded as received and paid for but never delivered.
Pillar	One of the five weighted dimensions of the CGVI.
Policy capture	The shaping of policy, such as tax exemptions, in favour of influential groups rather than the public interest.
Principal Accounting Officer	The official responsible for the financial management and accounts of a ministry or entity.
Principal–agent theory	A theory examining how those who delegate authority (principals) control those who act on their behalf (agents) when information is unequal.
Product substitution	Delivering cheaper or lower-quality goods than those specified in a contract.
Proof of life	Periodic verification that a pensioner or beneficiary is alive and entitled to payment.
Proxy indicator	A single indicator used in Stage One screening to represent a whole pillar.
Public-private partnership (PPP)	An arrangement in which a private party finances, builds or operates public infrastructure, often with government financial support.
Questionnaire (governance)	The Entity Governance and Institutional Integrity Questionnaire, recording whether specific safeguards exist, checked against cited documents.
Reconciliation	Matching two sets of records, such as a bank statement and a ledger, and explaining any differences.
Recurring pattern	A risk pattern that appears across several entities, shown in the cross-sector matrix.
Red flag	An indicator that a transaction or process may warrant closer review; it is not proof of wrongdoing.
Regulatory capture	A situation in which a regulator comes to act in the interests of those it regulates rather than the public.
Regulatory typology	A typology describing how the conduct or capacity of a regulator or line ministry sustains entity-level risk.
Rent-seeking	Seeking income through manipulation of rules or influence rather than productive activity.
Residual risk	Risk that remains after existing controls are taken into account.

Revenue leakage	Revenue that is due but not assessed, billed or recovered.
Right-of-way	Land acquired and held by NHA along highways and motorways, including the strips on either side of the carriageway.
Right-sizing	Adjusting an organisation's structure and staffing to match its functional requirements, through digitisation, retraining and redeployment rather than abrupt reductions.
Risk band	The category in which an Entity Score falls: Low (0–29), Moderate (30–44), Substantial (45–59), High (60–74), Very High (75–90) or Extremely High (above 90).
Rooftop solar	Solar panels installed on homes, businesses and public buildings, generating electricity at the point of use.
Screening Score	An entity's Stage One score, based on one proxy indicator per pillar.
Secondary Risk Signals	The CGVI pillar measuring recorded signals of risk: audit paras, procurement red flags and law-enforcement cases.
Short delivery	Delivery of less than the contracted quantity while full payment is claimed.
SMART	Specific, Measurable, Achievable, Relevant and Time-bound: the test applied to each mitigation action.
Sovereign guarantee	A government undertaking to meet the obligations of a borrower or contract counterparty if it defaults, creating a contingent liability for the state.
Split tender	Dividing a purchase into smaller parts to avoid competitive procurement thresholds.
Stage One	The screening stage, applying one proxy indicator per pillar to all identified federal entities.
Stage Two	The in-depth stage, assessing 25 entities and 5 regulators and line ministries on the full indicator set and the questionnaire.
Standstill period	A short interval between notice of award and contract signature, allowing complaints to be decided before the contract is signed.
Stay order	A court order suspending recovery or enforcement while a case is pending.
Structural typology	A typology reflecting a weakness built into shared systems, such as unreconciled records, unenforced remedies or incomplete registers.
Sunset clause	A provision under which an exemption or measure expires automatically unless renewed after review.
Systemic typology	A typology arising from inter-agency arrangements, government-wide conditions or external influence.
Tariff equalisation	Charging consumers the same tariff across distribution companies, regardless of each company's costs or performance.
Tax expenditure	Revenue forgone through tax exemptions, concessions and special regimes.
Top 10 + 5	The ten highest-risk entities and five regulators and line ministries carried into the typologies and mitigation plan.
Treasury Single Account	A unified government banking arrangement that consolidates public cash balances under the control of the Finance Division.

Triangulation	Combining several independent sources of evidence so that no single data stream determines a result.
Typology	A recurring pattern through which a weakness in rules, records or controls could be exploited. It does not establish that misconduct has occurred.
Unaccounted-for gas (UFG)	The difference between gas entering a network and gas billed, arising from leakage, measurement error and theft.
Uraan Pakistan	The Government's homegrown National Economic Transformation Plan for 2024–29, built on the 5Es framework: Exports, E-Pakistan, Environment, Energy and Infrastructure, and Equity, Ethics and Empowerment.
Valuation tables	Official rates used by FBR to value immovable property and other assets for tax assessment.
Value at risk	The amount of public money involved across audit, law-enforcement and complaint records attributable to an entity.
Verification	Independent confirmation, with dated evidence, that a measure has been implemented and that the control works.
Viability gap	The difference between the cost of a public-private partnership project and what the private investor can recover, covered by government support.
Welfare dependency	Continued reliance on cash transfers without a route to self-reliance, arising from programme design that has no exit strategy.