



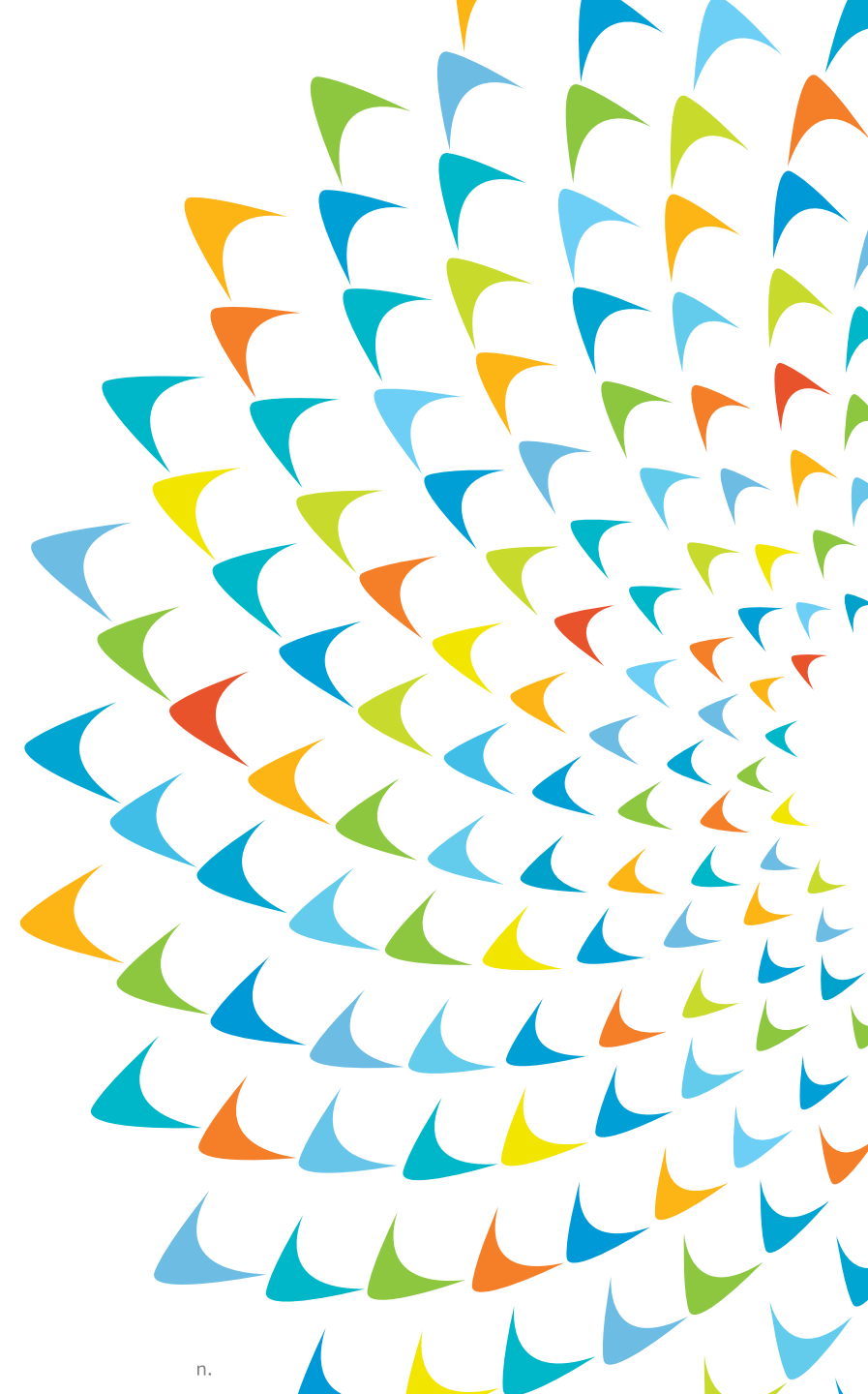
Anatomy of a Reform Concept

What makes a reform practical?

Joel Syquia, SD3-PSMG

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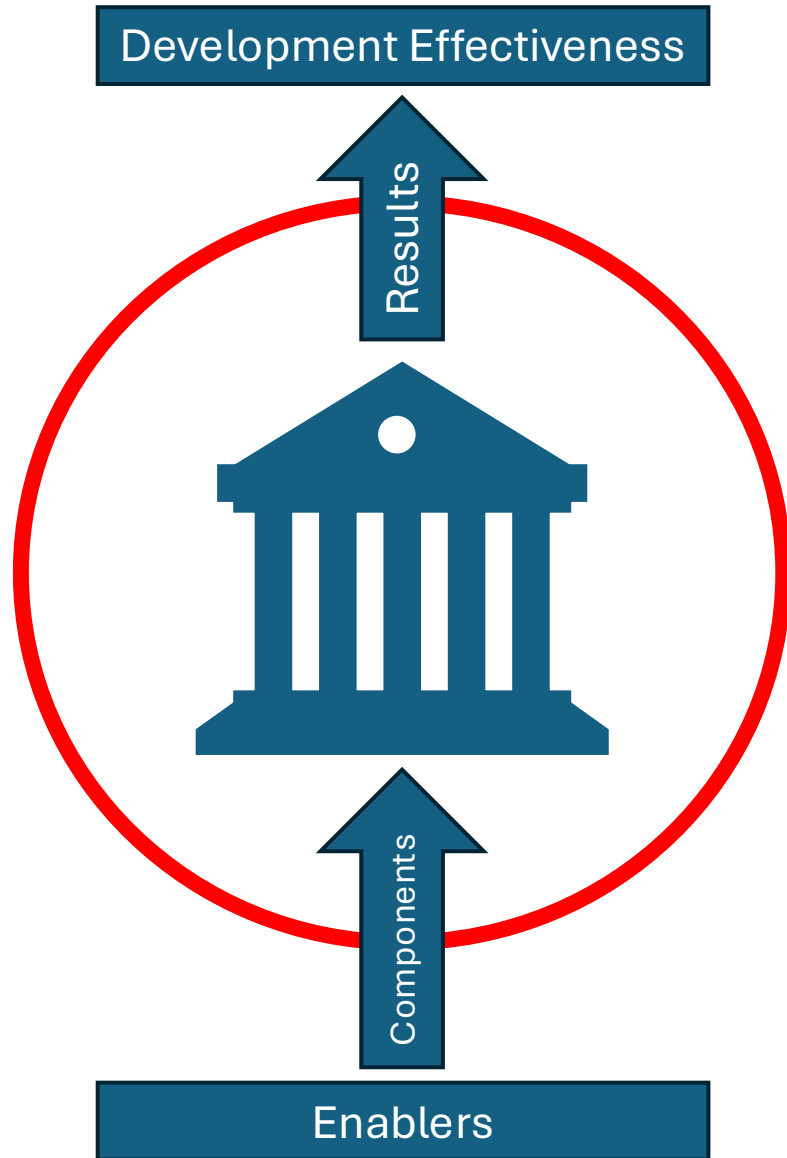
Enactment of a new investment law to codify legal protections for investors and provide time bound incentives for priority sectors	Simplification of legal definition of MSMEs to encourage MSMEs to formalize and benefit from simplified taxpayer self-assessment regime
Upgrade of the online business registration portal to enable timely issuance of digital business licenses	Roll out of national assistance program during crises to support MSMEs in priority industries (agro-processing, light manufacturing, tourism and IT) where women constitute a high proportion of the workforce
Adoption of an R&D/STEM roadmap to increase percentage of women graduates	Launch of an e-commerce marketplace, providing better trading links for all MSMEs, particularly in rural areas

Basic Principle 1: Centrality of information in public policy

- Incomplete and imperfect information (II) in society and markets yields a situation of information asymmetry (IA) in the economy [II → IA]
- ***Strong governance arrangements enhance credibility***

Conceptual Construct and Examples:

Specific PSM Domain Area	[II → IA] Construct	Transaction Costs Incurred	Credible Commitment Demonstrated
Quality of Public Administration	Due to limited resources for translation, most laws (as well as mandated information for service delivery provisions, for example) may be in the primary language, thus constraining broader public dissemination	Lack of comprehensive customs and clearance procedures and poor quality of infrastructure are a constraint for businesses for just-in-time supply chain management, thus incurring costs to navigate the clearance system	Government approval for SOE policies that mandate rigorous reporting standards, or mandates for female representation on Boards (such as in the Philippines)
Transparency, Accountability, and Corruption in the Public Sector	Information on contract awards for procurement not made public (thus limiting transparency on the inefficiencies of not adhering to the competition principle of public procurement)	NGOs do not have ready and complete access to information on, e.g., procurement at local level; this increases the risks of malgovernance, as well as of their costs to carry out their mandates	Actionable decisions taken by governments to give free access to all the laws and regulations in place; or to provide access to assumptions used in revenue forecasts



Basic Principle 2: The need for a systems perspective

- A whole-of-government approach
 - Ensures coordinate work
 - Enhances policy coherence
 - Accounts for trade-offs
 - Consolidates efforts for enhanced service delivery
- Don't get too preoccupied with “low hanging fruits” at the risk of the broader enabling environment
- Objective: Secure a better handle on unintended consequences

PSMG Pillars and Results Chain

Vision

Long-term, e.g., Mongolia 2050; Viet Nam 2045
SDGs; ADB's vision of an Asia Pacific region that is prosperous, inclusive, resilient, and sustainable

Strengthened country systems; improved governance & PSM; greater macrofiscal stability

Systemic Outcomes (Pathways)	1. Domestic Resource Mobilization & Debt Management	2. Public Financial & Expenditure Management	3. Oversight and accountability mechanisms	Overarching Domains
Key Strategic Priorities	• Medium-term strategy • Revenue policy • Revenue administration measures – management of risks, investigation and audit, arrears monitoring • Int'l tax cooperation • Other ways to mobilize • Debt strategy, including of local governments • Debt management plan	• Fiscal strategy • Budget preparation & control • Management of fiscal risks • Treasury single account • Control of expenditure arrears • Integrity of financial information • Internal controls and audit • Public investment management • Public procurement – legal & regulatory framework, market operations, transparency, etc.	• Fiscal transparency • Monitoring of SOEs and subnational governments • Work of independent supreme audit institution • Legislative scrutiny • Accountability – of process, use of resources, and results • Anticorruption mechanisms • Oversight & ethics: roles of Legislature, regulators, CSOs	• Involvement of private sector through, e.g., PPPs, access to credit, competition policy, SOE reforms, etc. • Infrastructure governance • Inclusiveness, transparency • Subnational governance • Credible commitment to legal and policy systems • Capacity development • Climate & disaster resilience
Instrumentation	• Digitalization and information systems • Access to information legislative arrangements • CSO engagement • Adherence to global standards (e.g., ISA, BEPS, AML/CFT) • Move towards a National Integrity Strategy • Accreditation of those in the procurement profession (e.g., CIPS)			• Gender responsive budgeting • Intersectionality of themes (e.g., CDR in infrastructure governance) • MTFF, MTBF, Fiscal Rules • Use of analytical tools: e.g., PEFA, PIMA, TADAT, etc. • M&E protocols, including in, e.g., social safeguards • Risk portfolio management for, e.g., contingent liabilities

Who are your stakeholders?



Binding constraint: Sub-optimal enabling environment for investments and businesses, hampered by delays in investment approvals

Broad policy, institutional and capacity-building reforms to address basic governance challenges and information asymmetry



Reform Area 1: Enhancing the enabling environment for investment and business

Enactment of a new investment law to codify legal protections for investors and provide time bound incentives for priority sectors

Upgrade of the online business registration portal to enable timely issuance of digital business licenses

Adoption of an R&D/STEM roadmap to increase percentage of women graduates

Binding constraint: Uncompetitive MSMEs, both domestically and internationally, hampered by unfair competition from informal economy and tax compliance challenges

Targeted reforms to formalize and capacitate MSMEs



Reform Area 2: Growing MSMEs

Simplification of legal definition of MSMEs to encourage MSMEs to formalize and benefit from simplified taxpayer self-assessment regime

Roll out of national assistance program during crises to support MSMEs in priority industries (agro-processing, light manufacturing, tourism and IT) where women constitute a high proportion of the workforce

Launch of an e-commerce marketplace, providing better trading links for all MSMEs, particularly in rural areas