



RESERVE BANK OF VNUATU

STRATEGIC PLAN

2025 - 2030

Abstract

The Act of the Reserve Bank of Vanuatu (CAP 125) accords monetary policy central roles in monetary and price stability. At the same time, the Reserve plays a key regulatory role in Vanuatu's financial sector stability. But non-traditional central banking roles in financial inclusion are being added to the responsibilities of the Reserve Bank, and the Reserve Bank is challenged by emerging issues in technological innovation and digital finance, consumer empowerment and climate change and resilience. Under this new environment, stakeholder expectations of the roles of central banking have also shifted dramatically.

The *Reserve Bank of Vanuatu Strategic Plan 2025-2030* seeks to address these challenges. The strategies inherent in the plan aim to enhance the Reserve Bank's core responsibilities, enable it to operate in a conducive and resilient environment, and mandate it to embrace innovation and exclusivity in how it operates in various key priority areas of the Reserve Bank of Vanuatu over the next five (5) years.

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GOVERNOR'S FORWARD

Mr. Letlet August, Governor, Reserve Bank of Vanuatu

The Reserve Bank of Vanuatu Strategic Plan 2025-2030 outlines our vision, mission and values as the central bank and regulator of the financial sector in Vanuatu. This vision is designed to elevate the RBV's role and make it more visible to its stakeholders. It identifies our key priority areas, and the policy actions and measures we will undertake to bring about this vision over the medium term. The plan strongly enhances Reserve Bank's role in monetary policy as an important policy ingredient in macroeconomic stability, and its regulatory role, which is central to financial sector stability in Vanuatu. It is therefore an important guide in our efforts to achieve these broad objectives and Reserve Bank's priorities in the different thematic areas of the plan.

The strategic plan also outlines our measures of success. The plan will be implemented through detailed deliverables and timelines as determined by different internal groups and their annual workplans. There will be semi-annual tracking of the progress as well as a mid-term reviews of the plan's progress as part of the plan's monitoring and evaluation framework to ensure our vision becomes reality. At the same time, the plan will be subject to changes in the environment, stakeholder expectations and the internal resources and capacity within the Reserve Bank itself.

Our vision centers on strengthening the Reserve Bank's conduct of its core monetary policy and financial sector stability roles to achieve its objectives of low inflation, adequate foreign reserves, currency issue and financial sector stability. The RBV will also undertake a number of various policy initiatives as part of its strategic planning. To solidify its position for this, the Reserve Bank will modernize its key legislation – the RBV Act - to the standards of modern central banks. It aims to strengthen monetary policy through improvement in research capacity and credible data governance frameworks as an important ingredient of policy formulation and advice. It will enhance its financial regulatory roles in areas such as risk-based

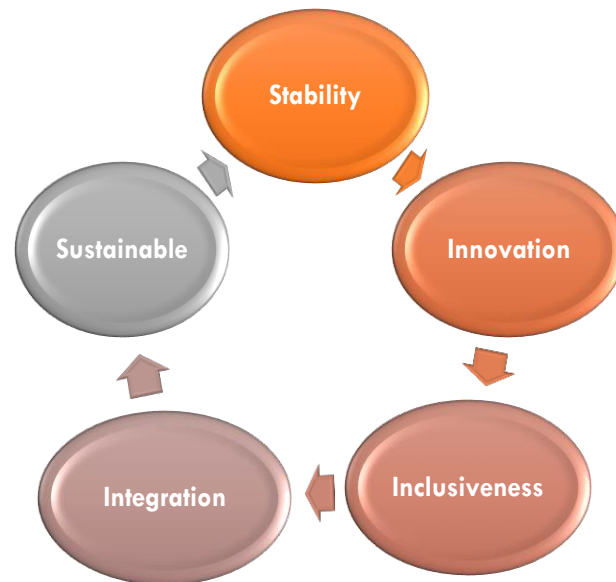
supervision, oversight of the payment system and the non-bank sectors to further strengthen its financial sector stability. The Reserve Bank also will continue reforms of Vanuatu's payments system to embrace retail payment system and a safe and secure development of digital financial services.

The plan aims to improve efficiency of its operations through embracing technology and innovation and by creating a work environment and culture that is safe, inclusive and resilient.

Recognizing that the Reserve Bank operates in a complex and changing environment which can impact its operations, a strong monitoring and evaluation framework has been put in place to ensure that the vision outlined in this plan will be achieved over the medium term.

Our Vision

A credible central bank that promotes stability, innovation, inclusiveness, integration and sustainable development of Vanuatu.



Our Mission Statement

To achieve this vision, the Reserve Bank will undertake the following missions:

- Establish appropriate monetary conditions for price stability.
- Enhance the Reserve Bank's role in supervising, regulating and the oversight of the financial system.
- Promote and uphold an internationally reputable financial system.
- Modernize and safeguard the monetary and payment system.
- Provide credible policy advice to the Government driven by evidenced based research.
- Enhance credible data governance and management systems.
- Promote greater transparency.
- Develop and retain a highly skilled and motivated workforce.
- Foster and maintain strong relationships and trust with all stakeholders.
- Promote and support access to financial inclusion initiatives.
- Actively strengthen the Reserve Bank's role in fostering economic development.

Our Values

In a world that is buffeted by international and domestic changes, the values of the Reserve Bank will act as its anchor. The fundamental beliefs and principles, inherent in the values of the Reserve Bank, will guide how the Reserve Bank conducts itself and identifies its culture and behaviour to its different stakeholders as it performs its statutory responsibilities in Vanuatu.

The Reserve Bank has fundamental goals and responsibilities and the following values will help unify its different activities towards one common purpose:



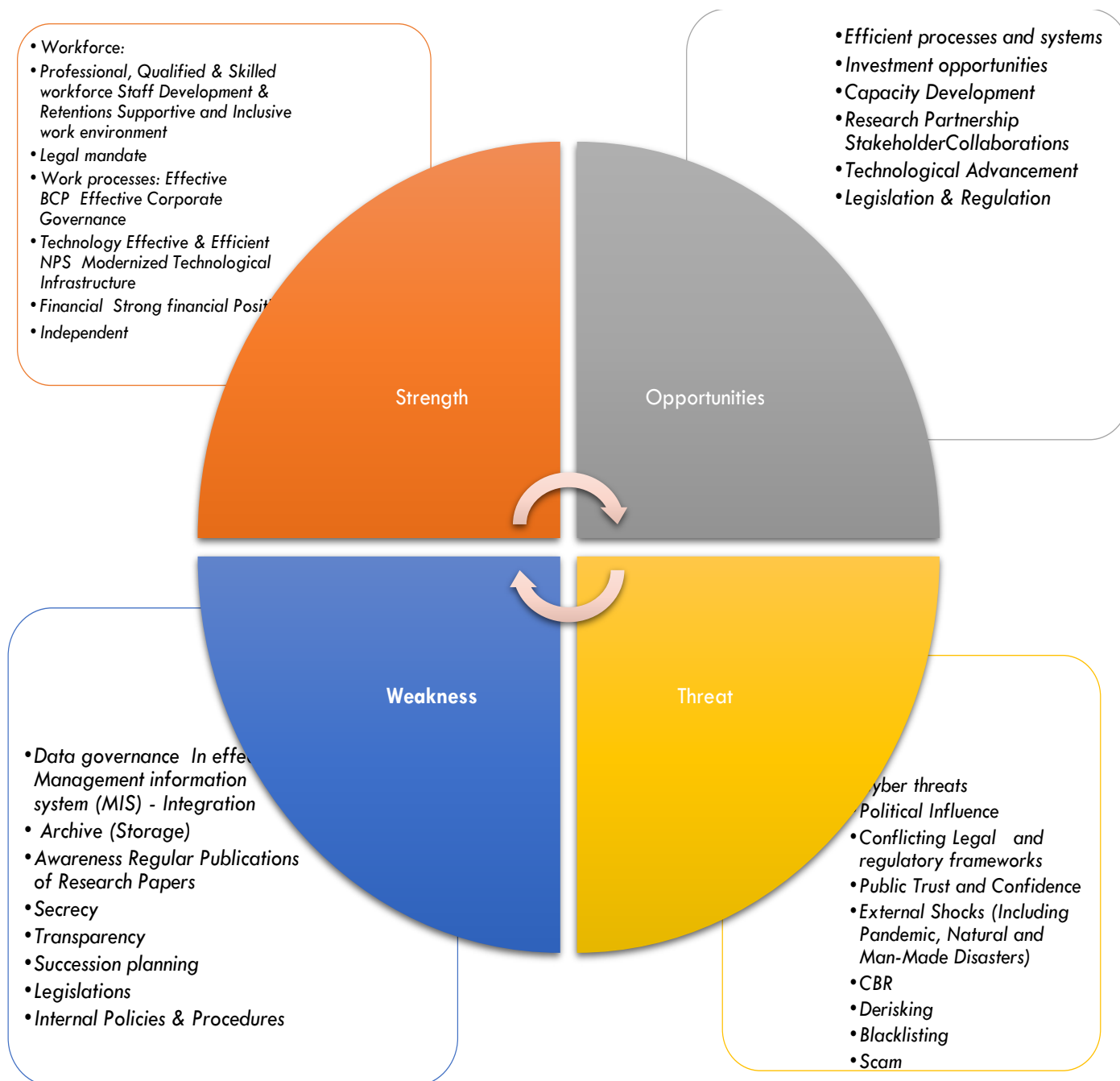
- **INTEGRITY**- being professional in our conduct.
- **ACCOUNTABILITY** – being committed to work ethics and standards.
- **RESPECT** – for others.
- **EXCEL** – in what we do.
- **SAFETY** - safe work environment.

Integrity	Accountability	Respect	Excel	Safety
•Being Professional in our conduct	•Being committed to works ethics and standards	•For others	•In what we do	•Safe work environment

SWOT ANALYSIS

The development of this strategic plan involved a bottom-up approach developed in various sessions with senior staff and management of the Reserve Bank of Vanuatu. The sessions involved an assessment of the previous strategic plan and the development of short, medium and long term strategies. In the light of this evaluation, a new vision and mission for the Reserve Bank were developed for the five years 2025-2030.

The assessment involved a SWOT analysis and a scan of the political, economic, social, legal, environmental and technological environment under which the Reserve Bank operates.



STRATEGIC PLAN 2025 - 2030

The Act of the Reserve Bank of Vanuatu (CAP 125) accords monetary policy central roles in monetary and price stability, given the Reserve Bank's ability to control money so as to create conditions conducive to economic development in Vanuatu. At the same time, the Reserve plays a key regulatory role in Vanuatu's financial sector stability. As the central counter-party in the interbank payment system the Reserve Bank, the Reserve Bank is required under the National Payment System Act (No.8 of 2021), to ensure a safe and efficient payment and settlement system in Vanuatu.

Central banking in Vanuatu, as in most regional central banks, have expanded their responsibilities to non-traditional central banking roles in financial inclusion, while at the same time, the Reserve Bank, is challenged by emerging issues in technological innovation and digital finance, consumer empowerment and climate change and resilience. Under this new environment, stakeholder expectations of the roles of central banking have also shifted dramatically.

In light of these challenges, the Reserve Bank has developed strategic themes that will be an overall guide its work in the different thematic areas of its responsibilities.

Strategic Themes

Theme 1: Enhancing Core Responsibilities

The Reserve Bank will enhance its core responsibilities in monetary and financial sector stability through sound monetary policy and strengthened regulation and oversight. The Reserve Bank understands that its core responsibilities contribute an important ingredient of macroeconomic stability in Vanuatu in ensuring low and stable inflation, adequate foreign reserves, and a safe, sound and efficient financial sector and payment and settlement system. These outcomes also form an important part of Vanuatu's *National Sustainable Plan 2016-2030*. Its key action plans seek ensure that this is carried out.

<u>Priority Areas</u>	<u>Key Action Plans by RBV</u>	<u>Success Measure</u>
Macroeconomic Stability	<ol style="list-style-type: none"> 1. Sound monetary policy 2. Undertake dialogue and policy consultation with key stakeholders 3. Regular cash flow 4. Modernize research and development 5. Integrate climate change into policy framework. 	<ul style="list-style-type: none"> • Low (0-4%) and stable inflation • Financial sector stability • Sufficient level of foreign reserves (4 months) • Sustainable economic growth
Sound Currency Management	<ol style="list-style-type: none"> 1. Predictable supply of quality currency. 2. Enhanced security features 3. Regular awareness 4. Research Vatu denomination 	<ul style="list-style-type: none"> • Quality and timely distribution of Vatu currency • Reduced number of counterfeiting • Trusted and Durable • Research findings on new Vatu denomination
Financial Sector Stability	<ol style="list-style-type: none"> 1. Strengthen systemic risk analysis and stress testing 2. Implement Basel reforms and measures & IAIS Insurance Core Principles; 3. Strengthen regulatory framework; 4. Safeguard correspondent banking relationships; 5. Strengthen Bank resolution Framework; 6. Strengthen Risk Based Supervision; 7. Develop financial sector crisis management and resolution plans. 	<ul style="list-style-type: none"> • Compliance with international standards; • Updated legislations for effective supervision; • Accurate and reliable data for improved risk analysis; • Access to cross-border transactions; • Effective mechanism in place for timely resolution. • Effective monitoring and surveillance of financial institutions; • Board approved contingency plans to maintain business continuity.

		<ul style="list-style-type: none"> • Reduced litigation. • Timely disbursement of insurance claims.
Financial and money market development	<ol style="list-style-type: none"> 1. Develop secondary market 2. Conduct feasibility study on need for market development 3. Enhance domestic liquidity forecasting 4. Incorporate green and blue bonds into domestic market strategy. 5. Diversify foreign reserves investment in assets. 6. Strengthen reserve management and investment. 7. Procure and install a Back-end system (Administration and Treasury Management System. 8. Strengthen financial risk management. 9. Implement revised currency basket 10. Develop Foreign Exchange Policy 11. Develop Foreign Reserve Management policy 12. Develop Foreign exchange market intervention policy. 13. Develop Domestic investment guidelines. 14. Develop financial resources and collateral Policies 	<ul style="list-style-type: none"> • Successful issuances of securities as per government schedule. • Strong balance sheet and healthy financial position • Real-time reports and effective operational risk management • Effective investment performance • Board-approved Foreign Exchange Policy • Board-approved Foreign Reserve Management policy • Board approved Foreign exchange market intervention policy • Collateral Policy framework in place

National Payments Infrastructure	<ol style="list-style-type: none"> 1. Guarantee secure settlement and finality 2. Promote fair access and resilient interconnectivity 3. Review system rules 	<ul style="list-style-type: none"> • Effective and efficient system • Fair and open access • Stakeholders approved revised system rules
Corporate Governance	<ol style="list-style-type: none"> 1. Development of internal policy 2. Review organizational structure 3. Strengthened staff policy 	<ul style="list-style-type: none"> • Policy is developed, approved and implemented • Structure is reviewed, approved and implemented
Data Governance	<ol style="list-style-type: none"> 1. Establish coordination committee 2. Review the current database and information assets. 3. Engage technical assistance and development of data framework. 4. Data automation 	<ul style="list-style-type: none"> • Committee members appointed with a clear TOR • Management endorsement • Data governance framework completed and implemented • Timely and reliable data. • Efficient Reporting

Theme 2: Enabling a Conducive and Resilient Environment

The Reserve Bank will ensure that its policies will create an environment conducive to economic development. At the same time, the impact of climate change and the risks arising from has meant that the Reserve Bank will enhance its policies in financial inclusion and inclusive green finance (IGF) so as to ensure a more resiliency among the different vulnerable groups in Vanuatu.

Priority Areas	Action Plan	Success Measure
People Development	<ol style="list-style-type: none"> 1. Modernization of Human Resources Management systems 2. Implement the Staff Policy 3. Formulate a succession planning procedure and assessment. 4. Conduct training and development needs assessment in all departments. 5. Research staff report tools 6. Performance based assessment 	<ul style="list-style-type: none"> • Fully integrated digital performance management system in use across all departments • A fully operational and integrated HRMIS with sections for recruitment, leave, training, and performance. • Enhanced Staff Policy • Succession plans implemented • Increased productivity
Risk Management	<ol style="list-style-type: none"> 1. Embed Enterprise Risk Management framework in Bank's operation 2. Promote a strong risk culture in the Bank 3. Ensure risk management is integrated in decision making processes. 4. Leverage the use of technology and data analytics in risk management processes. 5. Strengthen disaster recovery operational framework 6. Enhance National payment System 	<ul style="list-style-type: none"> • Risk Policy Framework approved • Software upgrade • Periodic reports generated • Business continuity management, Disaster recovery plan & Business continuity Policies developed by Business Continuity Committee • Policies Implemented • Reduced litigation • Improved risk culture • Safe working environment

Priority Areas	Action Plan	Success Measure
	<p>oversight framework</p> <ol style="list-style-type: none"> 7. Strengthen collaboration with other regulatory bodies and stakeholders. 8. Strengthen hazard response (fire, orientation, drills etc) 	
Embrace Technological Advancement	<ol style="list-style-type: none"> 1. Revise ICT Policies. 2. Establish a DRP committee. 3. Support System development with up-to-date technologies. 4. Strengthen redundancy plans 5. Strengthen digitization 	<ul style="list-style-type: none"> • Effective implementation of revised ICT Policies. • Improved efficiency • Improved security protocols • Disaster resilient • Cyber threats mitigated.
Corporate Services	<ol style="list-style-type: none"> 1. Enhance security access control systems. 2. Automate procurement processes. 3. Property development of RBV sites. 4. Enhance library services 	<ul style="list-style-type: none"> • Improved security access control systems. • Digital data management system. • Efficient procurement process • Northern Operation center extension completed • Redesign property. • Improved Library services

Priority Areas	Action Plan	Success Measure
Financial Management	<ol style="list-style-type: none"> 1. Review accounting and budget policy 2. Integrate and Automate Financial systems 	<ul style="list-style-type: none"> • Timely & accurate financial reporting • Integration success and operational efficiency gains. • Financial performance, efficiency and internal controls

Theme 3: Embracing Innovation and inclusivity

The Reserve Bank seeks to embrace innovation in its work culture by promoting safe and innovative products as well as to embrace digital transformation of its internal operations.

Digital finance offers opportunities for ensuring that financial services and products that are affordable and safe can reach vulnerable and the disadvantaged groups in Vanuatu. This will lead to creating a more inclusive society and economic development that is inclusive and sustainable with no one left behind.

Priority Areas	Action Plan	Success Measure
Financial System Development	<ol style="list-style-type: none"> 1. Regular National Financial Inclusion Taskforce Meeting and working group meetings 2. Implement the National Financial Inclusion Strategic Plan 2025 – 2030 3. Strengthen financial consumer protection and market conduct mechanism 4. Strengthen MSME financing avenues and 	<ul style="list-style-type: none"> • Refer to National Financial Inclusion Strategy 2025 - 2030.

Priority Areas	Action Plan	Success Measure
	address financial consumer mechanisms for MSMEs entities.	
Communications	<ol style="list-style-type: none"> 1. Implement communication of monetary policy and manage expectations 2. Implement communication policy 3. Regular awareness 	<ul style="list-style-type: none"> • Effective Communication • Annual Report Publication

Monitoring and Evaluation

Effective monitoring evaluation mechanisms form an important component of achieving the vision inherent in this strategic plan. At a more operational level, detailed annual work plans and timelines of each groups within the Reserve Bank will be used to track progress of this plan, and will be reviewed annually. At a more broader level, a mid-term review of the plan will also be carried out so that new and emerging issues can be accommodated in the strategic plan.

Abbreviations

DRP	Disaster Recovery Policy
HRMIS	Human Resources Management & Information System
IAIS	International Association of Insurance Supervisors
ICT	Information and Communication Technology
IGF	Inclusive Green Finance
MSME	Micro-Small-Medium-sized Enterprises
RBV	Reserve Bank of Vanuatu
TOR	Terms of Reference