



RESERVE BANK OF VANUATU

STRATEGIC PLAN

2025 -2030

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Abstract

The Act of the Reserve Bank of Vanuatu (CAP 125) assigns to the Reserve Bank of Vanuatu (RBV) traditional central banking roles in monetary and price stability, and the RBV performs key prudential supervisory and regulatory roles in Vanuatu's financial sector. In recent times, non-traditional central banking roles in financial inclusion were added to its responsibilities. Central banks like the RBV, operate within constraints imposed by the international and domestic environment. At the same time, they have had to respond to emerging issues in rapid technological change, Anti-Money Laundering & Terrorist Financing (AML & CTF), cyber-security and climate change. Under this new environment, stakeholder expectations have changed, and central banks like the RBV, have had to re-think their roles, adapt their policy tools and operate beyond traditional mandates.

The *Reserve Bank of Vanuatu Strategic Plan 2025-2030* is part of RBV's responses to these challenges. The plan's medium-term strategies will enhance and strengthen RBV's core responsibilities and objectives in various key priority areas of the RBV over the next five (5) years. The strategies are part of RBV's continuing legal and policy reforms. Through the plan, the RBV also seeks to improve its operating processes and achieve efficiency gains through capacity building, improved stakeholder collaboration, and through embracing innovation and technology.

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MESSAGE FROM THE GOVERNOR



Mr. August LETLET
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 RBV's role and enhance its visibility within its stakeholders. It identifies our key priority areas, and the policy measures we will pursue to achieve this vision over the medium term. The plan enhances RBV's role in monetary policy as an important component of macroeconomic stability, and its regulatory role, which is central to financial sector stability in Vanuatu. It is therefore an important guide in our mandate to achieve these broad objectives in the different thematic priority 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 work-plans. The plan has three strategic themes – shortened as the *Three Es*. The theme of *Enhancing our Core Responsibilities* concerns the priority areas of macroeconomic and financial sector stability, sound currency management, payment system, and financial and money markets development. The priority areas in our second theme – that of *Enabling a Conducive and Resilient Environment* - center on human resources development, risk management and ensuring sound corporate governance. Under our third theme of *Embracing Innovation and Inclusivity*, we will seek to embrace innovation in our internal processes and policies and improve inclusivity through improving access to financial services and products in Vanuatu.

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, financial sector stability, further reforms in the payment system and financial inclusion. The RBV will undertake a number of various policy initiatives as part of its strategic planning. To solidify its position for its roles, the RBV will modernize its key legislation – the Reserve Bank of Vanuatu Act - to the standards of modern central banks. It aims to strengthen monetary policy, by making low and stable inflation as its core objective, through improvement in research capacity and credible data governance frameworks as an important ingredient of policy formulation and advice. It will enhance prudential supervision and regulatory roles in areas such as risk-based supervision, stress testing framework, crisis prevention and resolution frameworks, and improve prudential policies to current international standards. It will expand

oversight of the payment system and the non-bank sector. Reforms of the national payment system will include putting in place instant fund transfer (IFT) processes and expand automated payment system to the retail sector. Under the plan, the RBV will embrace digital transformation in its processes and policies.

The plan aims to improve efficiency of RBV operations, through embracing technology and innovation and by creating a work environment and culture that is safe, inclusive and resilient. The RBV will improve collaboration with its stakeholders, particularly with the Government and the domestic banking sector so it can deliver on its mandate more effectively.

We believe that our staff is an important asset for our success. We will invest in their development by recruiting, retaining and developing a highly skilled and competent workforce while creating an operating environment that supports staff wellbeing, creativity and innovation. Recognizing that the RBV operates in a complex and changing environment which can impact its operations, a 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. Semi-annual tracking of the progress as well as a mid-term reviews of the plan will be undertaken to ensure our vision becomes reality. At the same time, we recognize that policies can be subject to changes in the environment, stakeholder expectations and the internal resources and capacity within the RBV itself.

ORGANIZATIONAL AND GOVERNANCE STRUCTURE

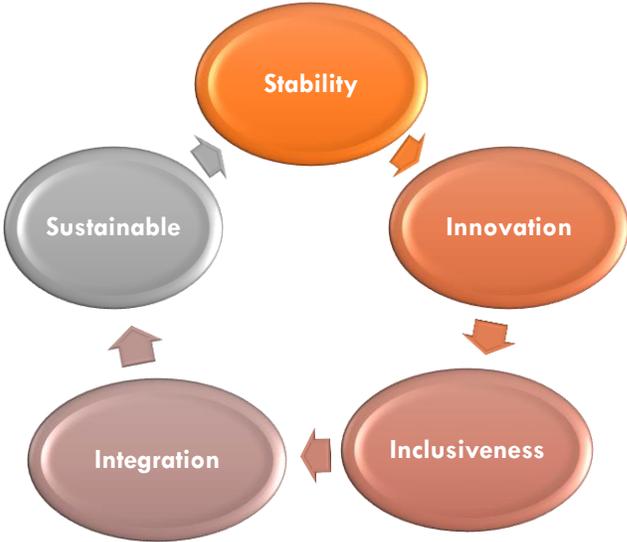
The powers, objectives and functions of the RBV are derived from the Reserve Bank of Vanuatu Act [CAP 125], the Financial Institutions Act [CAP 254], the International Banking Act [CAP 280], the National Payment System Act [No. 8 of 2021], Insurance Act [CAP 54] and the Credit Union Act [CAP 256].

The objectives of the RBV are geared to achieving two broad outcomes in Vanuatu, in low and stable inflation and thus monetary stability, and financial sector stability. These are not ends in themselves, but rather, are means to establish an environment conducive for sustainable economic growth and development. This aligns, on a broader sense, with the Government’s overall *National Sustainable Development Plan 2016-2030*, with goals to “promote stable growth through responsible fiscal, and a counter-cyclical monetary policy”.

In decision making and corporate governance, the Board of Directors, appointed by the Minister responsible for Finance, is responsible for the policy and affairs of the RBV. The Governor, is appointed by the Prime Minister as the CEO, and directs the operations of the institution, assisted by the management and staff of the RBV.

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

The values of the RBV provides a guiding anchor in how it operates. The fundamental believes and principles, inherent in these values, guide how it conducts itself and identifies its culture and behaviour to its different stakeholders as it performs its statutory responsibilities in Vanuatu.

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



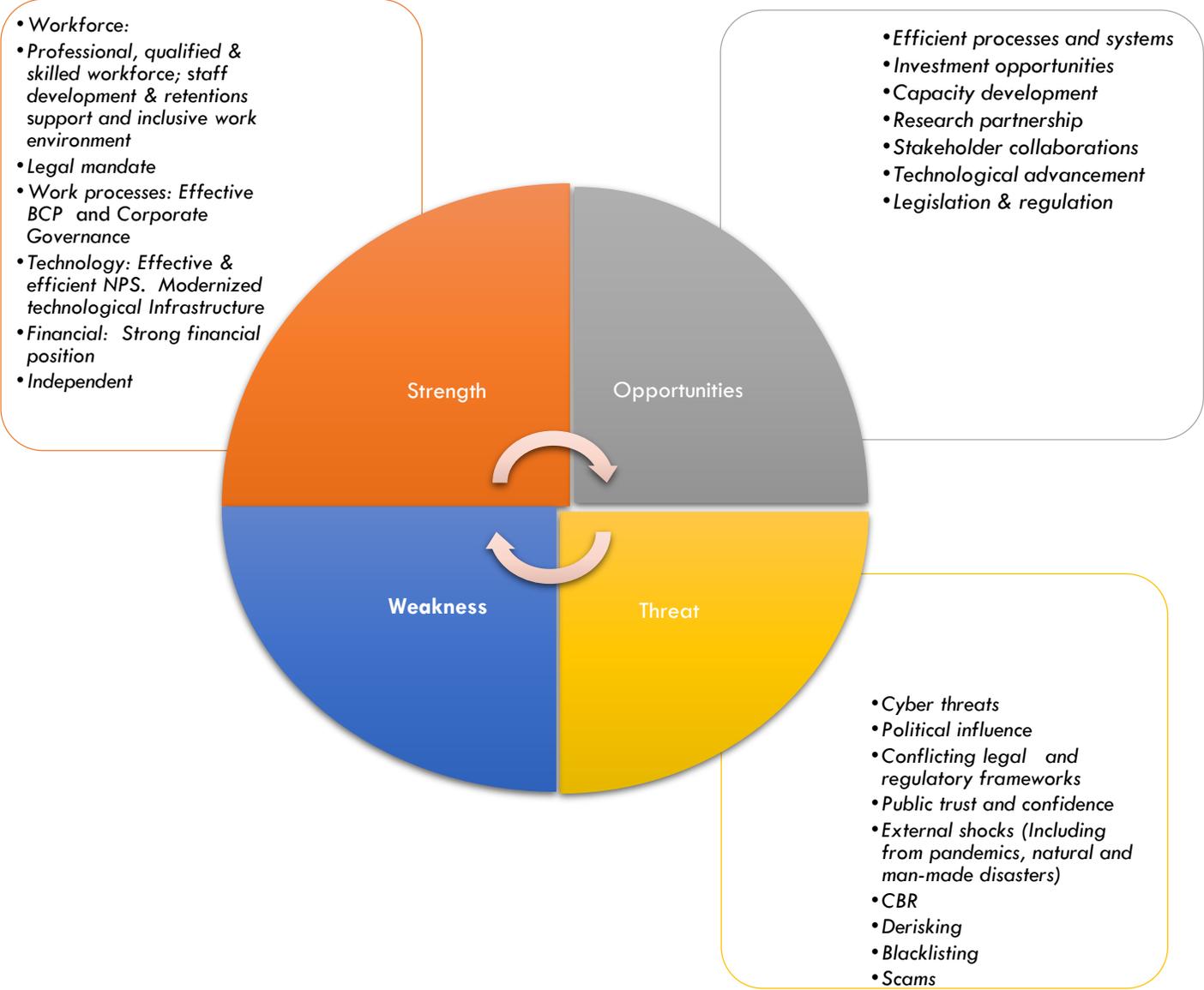
- **INTEGRITY**- being professional in our conduct.
- **ACCOUNTABILITY** – being committed to work ethics and standards.
- **RESPECT** – for others.
- **EXCEL** – in what we do.
- **SAFETY** - safe work environment.

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 process of developing this medium-term strategic plan involved a bottom-up approach through a series of meetings with staff and senior management of RBV to facilitate in the development of the strategies. The process involved an evaluation and assessment of the previous strategic plan which led to the development of a new vision and a new mission for RBV. These new vision and mission have now replaced those in the previous strategic plan.

An analysis of the strength, weaknesses, opportunities and threat (SWOT) and a scan of the political, economic, social, legal, environmental and technological environment were undertaken to guide the strategic planning process.



STRATEGIC PLAN 2025 - 2030

The Act of the Reserve Bank of Vanuatu provides the RBV central roles in monetary and price stability in Vanuatu. The RBV recognizes that this important national mandate is a key pillar of macroeconomic stability in Vanuatu, and to maintain it, will require continuing policy reforms so it is able to deliver on this mandate effectively. Monetary, and therefore price stability, hinges on the ability of the RBV, as a central bank, a degree of independence to control money, so it is able to create appropriate conditions, through price stability and an adequate level of foreign international reserves, conducive to economic development in Vanuatu. At the same time, the RBV plays key supervisory and regulatory roles in Vanuatu for the purpose of ensuring stability in its financial sector. The RBV is the central counter-party in the interbank payment system, and is required under the National Payment System Act, to ensure a safe and efficient payment and settlement system in Vanuatu. It also regulates the insurance sector in Vanuatu.

Stakeholder expectations of the roles of central banking have changed in the ongoing rapid changes in the international and domestic environment and RBV's Strategic Plan 2025-2030 outlines the strategies to address those challenges. At the same time, the threat of climate change and extreme weather events has necessitated the need to be resilient and inclusive in addressing these challenges.

In line with the trend in most regional and developing-country central banks, the RBV has expanded its responsibilities to, what used to be, non-traditional central banking roles in financial inclusion. Under this strategic plan, RBV's target of the Ni-Vanuatu and businesses having access to financial services and products has expanded so a larger number of people and businesses will be empowered to participate actively in the financial sector. The plan aims to achieve this through embracing technological innovation and its other policies in the financial inclusion agenda. The strategies are grouped under strategic themes as a guide in the different thematic areas of RBV's responsibilities.

STRATEGIC THEMES

Theme 1: Enhancing Core Responsibilities

The RBV will enhance its core responsibilities in macroeconomic stability through sound monetary policy and strengthened regulation, prudential oversight, currency management, oversight of the payment and settlement system, and financial and money market development under this strategic plan.

To achieve this outcome, the RBV will make changes in key legislations, ensure policies meet international standards and best practices, enhance economic research, improve stakeholder

consultation, put in place credible bank resolution and stress testing frameworks, conform to current international standards in regulatory policies, adopt risk-based supervision, strengthen correspondent banking relationships, engender the development of the secondary market, integrate climate change in policy framework, and improve its internal processes and policies in corporate and data governance frameworks.

RBV's core responsibilities will ensure low and stable inflation, adequate foreign reserve levels, 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 Development Plan 2016-2030*.

Priority Areas	Key Action Plans by RBV	Success Measure
Macroeconomic Stability	<ol style="list-style-type: none"> 1. Sound monetary policy 2. Undertake dialogue and policy consultation with key stakeholders 3. Undertake 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. Ensure a predictable supply of quality currency 2. Enhanced security features 3. Undertake regular currency awareness and outreach 4. Undertake research on Vatu denomination 	<ul style="list-style-type: none"> • Quality and timely distribution of Vatu currency • Reduced number of note counterfeiting • Trusted and durable currency • 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 standards and reforms & IAIS Insurance Core Principles 3. Strengthen regulatory framework 4. Safeguard correspondent banking relationships 	<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 bank resolution

	<ol style="list-style-type: none"> 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"> • Effective monitoring and surveillance of financial institutions • Board approved contingency plans to maintain business continuity • Reduced litigation • Timely disbursement of insurance claims
<p>Financial and Money Market Development</p>	<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 other 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 the revised Vatu currency basket weights and composition 10. Develop a foreign exchange policy 11. Develop a 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

<p>National Payments Infrastructure</p>	<ol style="list-style-type: none"> 1. Guarantee secure settlement and finality 2. Promote fair access and resilient interconnectivity 3. Review the national payment system rules 	<ul style="list-style-type: none"> • Effective, secure and efficient payment and settlement system • Fair and open access • Stakeholder-approved revised system rules for payment system participants
<p>Corporate Governance</p>	<ol style="list-style-type: none"> 1. Develop internal corporate governance policy 2. Review RBV organizational structure 3. Strengthened staff policy 	<ul style="list-style-type: none"> • Corporate governance policy is developed, approved and implemented • RBV organization structure is reviewed, approved and implemented
<p>Data Governance</p>	<ol style="list-style-type: none"> 1. Establish data governance coordination committee 2. Review the current database and information assets 3. Engage technical assistance and develop a data governance framework 4. Establish and adopt data automation processes 	<ul style="list-style-type: none"> • Data governance committee members appointed with a clear TOR • Data governance committee is endorsed by Management • Data governance framework completed and implemented • Availability of timely, secure and reliable data • Efficient Reporting

Theme 2: Enabling a Conducive and Resilient Environment

As part of the strategic plan, the RBV will continue to ensure a conducive and safe work environment. It recognizes that the development of its human resources capacity, as a key asset, will lead to improved productivity. To achieve this, it will undertake a number of policy measures, through improved performance management systems, succession planning and by putting in place an integrated human resources and information management system. Part of a conducive and safe work environment will involve establishing a credible risk management framework through a number of policy measures. The RBV will embed enterprise risk management framework, promote a risk

culture within the organization, leverage use of technology and data analytics and improve cyber security as part of ensuring risk mitigation and resilience. It will continue with reforms of the national payment system at the retail level and expand regulatory oversight to the national payment system. At the same time, the impact of climate change and the unfinished agenda of improving access to financial services and products, will require the speedy implementation of strategies under the *National Financial Inclusion Strategy 2025-2030*, so the RBV can empower the Ni-Vanuatu and improve resilience among the vulnerable and underserved groups.

The RBV aims to automate corporate service functions as part of its policy of embracing digital technology which will require changes in its ICT policies and the use of up-to-date technologies in its support systems, including in its financial management system, to ensure timely and accurate financial reporting, improved financial performance and ensure adequate internal controls.

Priority Areas	Action Plan	Success Measure
People Development	<ol style="list-style-type: none"> 1. Modernize human resources management systems 2. Implement the staff policy 3. Formulate a succession planning procedure and assessment. 4. Conduct trainings and develop needs assessment in all departments 5. Research staff report tools 6. Undertake 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 • Improved productivity

Priority Areas	Action Plan	Success Measure
<p>Risk Management</p>	<ol style="list-style-type: none"> 1. Embed enterprise risk management framework in RBV's operation 2. Promote a strong risk culture in RBV 3. Ensure risk management is integrated in decision making processes. 4. Leverage the use of technology and data analytics in risk management processes 5. Enhance national payment System oversight framework 6. 6. Strengthen disaster recovery operational framework 7. Strengthen collaboration with other regulatory bodies and stakeholders 8. Strengthen hazard response (fire, orientation drills etc.,) 	<ul style="list-style-type: none"> • Risk policy framework approved • Software upgrades are undertaken • Risk periodic reports are generated • Business continuity management, disaster recovery plan & business continuity policies are developed by Business Continuity Committee • Risk management policies are implemented • Reduced litigation cases • Improved risk culture in RBV • Safe working environment
<p>Embrace Technological Advancement</p>	<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. Improve digitization of RBV services 	<ul style="list-style-type: none"> • Effective implementation of revised ICT Policies • Improved efficiency • Improved security protocols • Disaster resilient • Cyber threats mitigated

Priority Areas	Action Plan	Success Measure
Corporate Services	<ol style="list-style-type: none"> 1. Enhance security access control systems 2. Automate procurement processes 3. Undertake 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 processes are established • RBV's Northern Operation Center (NOC) extension is completed • A redesigned property (NOC) • Improved library services in RBV
Financial Management	<ol style="list-style-type: none"> 1. Review accounting and budget policy 2. Integrate and automate financial management systems 	<ul style="list-style-type: none"> • Timely & accurate financial reporting • Integration success and operational efficiency gains • Improved financial performance, efficiency and internal controls

Theme 3: Embracing Innovation and inclusivity

Under this strategic plan, the RBV seeks to put in place a financial inclusive environment in Vanuatu through its broader strategy on financial systems development. To undertake this, the RBV will pursue medium-term strategies under the second *National Financial Inclusion Strategy 2025-2030*, aimed at improving access to financial services and products for businesses and individuals, strengthening consumer empowerment, and ensuring a more resilient and inclusive society.

The RBV will embrace technological innovation in its work culture and in its internal operations and processes by promoting safe and innovative products.

The RBV aims to support digital finance so that financial services and products can be made accessible and affordable to all citizens including the vulnerable and the disadvantaged groups in Vanuatu. This will lead to creating a more resilient society and the achievement of an inclusive and sustainable economic development in Vanuatu.

The RBV will use corporate communication strategy to carry out its tasks and function more effectively through clear, timely and accurate communication, both internally, and externally to improve awareness, enhance public understanding of its tasks and functions, promote its policies, disseminate data and manage expectations.

Priority Areas	Action Plan	Success Measure
Financial Systems Development	<ol style="list-style-type: none"> 1. Undertake regular National Financial Inclusion Taskforce 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 address financial consumer mechanisms for MSME entities 	<ul style="list-style-type: none"> • Increase in the number of citizens and businesses, including small businesses, women and the disadvantaged, to financial services and products • A financially inclusive society • Access to affordable and safe financial services and products • Increase access of women and small businesses to financial services and products
Corporate Communications	<ol style="list-style-type: none"> 1. Implement communication of monetary policy and manage expectations 2. Implement communication policy 3. Undertake regular awareness 	<ul style="list-style-type: none"> • An effective communication strategy is adopted • Clear, timely and accurate information is made available to RBV's stakeholders through its communication platforms • Stakeholder expectations are managed effectively • A well-informed public on RBV policies, tasks and functions

Priority Areas	Action Plan	Success Measure
		<ul style="list-style-type: none">• RBV annual reports are published

MONITORING AND EVALUATION

Effective monitoring forms an important component of achieving the vision of this strategic plan. The RBV will conduct regular monitoring of this strategic plan. At an operational level, detailed annual work plans and timelines of each groups within the RBV will be used to track the progress of this plan annually. At a broader level, a mid-term review of the plan will also be carried out to accommodate any issues that can impact the outcome, or the direction of the plan itself.

Abbreviations

AML & CTF	Anti-Money Laundering & Terrorist Financing
CEO	Chief Executive Officer
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