RESERVE BANK OF ZIMBABWE

5-Year Strategy Plan
(2026-2030)

Executive Summary

Fostering Central Bank Policy Credibility

Confidence-Trust-Credibility-Efficiency-Stability-Growth

Governor's Foreword

"…..we have made substantial progress in executing our strategic priorities and delivering tangible outcomes. Looking ahead, as we embark on the next phase in the execution of our strategy, we are directing greater efforts towards consolidating these hard-won gains by deepening institutional resilience, while ensuring that the Reserve Bank remains a credible steward over the country's monetary and financial affairs…"

Dr. J. Mushayavanhu
Governor

GOVERNOR'S FOREWORD

Since April 2024, we undertook to reposition the Bank to focus on its foundational mandate and restore the primacy of price and financial stability. Accordingly, we have made determined efforts over the past 20 months, to implement our "Back to Basics" Strategy. The strategic shift within the Back-to-Basics themed Strategy Plan (2025-2030) has been instrumental in restoring core central banking functions, anchoring inflation expectations, and fostering currency, price and exchange rate stability. At the same time, our Strategy was guided by the need to strike a delicate balance to ensure "Stability with Growth".

Against this background, we have made substantial progress in executing our strategic priorities and delivering tangible outcomes. Looking ahead, as we embark on the next phase in the execution of our strategy, we are directing greater efforts towards consolidating these hard-won gains by deepening institutional resilience, while ensuring that the Reserve Bank remains a credible steward over the country's monetary and financial affairs.

During the first year of implementing our 2025-2030 Strategy Plan, we made bold strides to progressively entrench price and exchange rate stability, with discernible results witnessed across all the sectors of the economy. Specifically, we have witnessed relative macroeconomic stability in 2025, typified by sustained disinflation and exchange rate stability, while replenishing the country's external reserve buffers to fortify the foundations of the re-introduced local currency. Furthermore, we have realigned our institutional structure, sharpened our policy focus, and taken deliberate steps to restore public confidence, trust, and credibility.

Despite the significant milestones attained thus far, we remain cognisant of the need to persevere in the fulfilment of our mission as articulated in our Strategy. Considering attendant challenges emanating from the difficult external environment, we commit to remain vigilant and stand ready to deploy appropriate pre-emptive strategies to remain on course to achieve our ambitious objectives. In this regard, we remain steadfast in prudent monetary management to avoid premature policy adjustments and rely more on a rigorous, data-driven, and evidence-based analysis in making informed and timely decisions. While the positive gains achieved thus far represent steps in the right direction, we remain cautious to preserve these gains and guard against complacency.

To take stock of progress in the implementation of the initial Strategy Plan (2025-2029), the Reserve Bank conducted a two-day Strategy Review Workshop from 6-7 November 2025. Concurrently, the Reserve Bank aligned its Strategy Plan guided by the National Development Strategy 2 (NDS 2) and Vision 2030 of becoming a Prosperous and Empowered Upper Middle-Income Society. The Reviewed Strategy now covering the period 2026-2030, also aligns fully with other Policy Guidelines from the Office of The President and Cabinet (OPC) on Government priorities that fall under the purview of the Reserve Bank.

Consistent with our assertion that *"A Strategy is a Living Document",* which must be continuously referred to and aligned to the prevailing context, this strategy review's alignment process ensured that monetary policy remains fit for purpose and agile to the rapidly evolving domestic and external conditions that continue to shape the outlook.

The internalization of the key objectives of the NDS2 in the Reserve Bank's Strategy, was geared at contributing immensely to the Macroeconomic Stability and Financial Sector Deepening (MESFIND) framework. As such, the reviewed strategy has been refined to achieve the following explicit NDS 2 outcomes:

- Sustained low and stable general prices, as measured by annual inflation of around 5%; and exchange rate variability of less than 10% per annum.
- Increased access to affordable and diversified financial services and improved Gross National Savings of up to 25% of GDP.
- Increased financial system depth and breadth, measured by the percentage of the adult population with access to formal financial services, including all digital and mobile platforms, of 90%.
- Improved quality and durability of ZiG Bank notes and widespread issuance and use–, underpinned by easy access by all economic agents country-wide.
- Encourage low and affordable bank charges in the banking sector, consistent with the ease of doing business agenda currently being pursued by Government.

These national outcomes and targets are reinforced by sectoral intermediate targets, which the Reserve Bank will endeavour to achieve in support of NDS 2 and Vision 2030-to achieve Upper Middle-Income status by 2030. In this regard, the strengthening of the Reserve Bank's Strategic Key Focus Areas (SKFAs) and Enabling Key Focus Areas (EKFAs), cannot be over-emphasized. Prominence will, therefore, continue to be attached on the following SKFAs:

(i) ***Consolidating Price, Currency and Exchange Rate Stability;***
(ii) ***Enhancing Monetary Stability, Research, Policy and Data Integrity; and***
(iii) ***Maintaining Safety, Soundness, Resilience and Integrity of the Financial Sector***.

Additionally, the SKFAs will be supported by the following three Enabling Key Focus Areas (EKFAs)

(i) ***Leveraging Technology for Efficiency and Service Delivery;***
(ii) ***Talent Management, Organisational Development and Stakeholder Engagement; and***
(iii) ***Strategic Stewardship: Sustainable Financial Management, Risk Management, and Corporate Governance***.

Strategic Imperatives for 2026

The following key initiatives will anchor the RBZ's strategic thrust in the immediate term as we consolidate the gains so far realized:

i. Conditions precedent for the Transition to Mono-currency

The Reserve Bank will work on the timely achievement of the conditions precedent (CPs) for a smooth transition to mono-currency. While the transition to a mono-currency will largely be market-driven, the need to ensure the pre-requisites for its success will pre-occupy the Reserve Bank in the foreseeable future. The main CPs include sustained and low inflation, adequate reserve buffers, safe and sound financial and payment systems, and efficient exchange rate system and congruence between monetary and fiscal policies.

ii. Ensuring a Clean Balance Sheet for Monetary Policy Effectiveness

The Reserve Bank has made substantial progress in the restructuring of its balance sheet in 2025. The balance sheet clean-up exercise naturally followed our return to core central banking principles and the associated transfer of quasi-fiscal operations (QFOs) to Treasury. Going forward, the restructuring of the RBZ balance sheet will be an essential element in ensuring the financial sustainability of the central bank and expanding policy space for effective market interventions and monetary policy transmission.

iii. Continued Disinflation Program

The Reserve Bank's commitment to entrenching price stability remains the cornerstone of its policy framework. Inflation, which has declined significantly to below 20% in 2025 is expected to reach single digits in 2026, culminating in the attainment of regional macro-economic convergence targets. In this vein, the Bank will continue to pursue a deliberate disinflation strategy, even as policy adjustments will remain data-dependent and evidence-based, to avoid premature policy adjustments and reversals from the de-anchoring of inflation expectations.

iv. From a Tight to Prudent Monetary Policy Thrust

A tight monetary policy stance adopted at the onset of the "Back-to Basics" strategy, served the country well in taming inflation and setting the economy on a course to sustained price stability. Going forward, the monetary policy thrust during this strategic period will focus more towards prudent and disciplined money supply management, with policy decisions calibrated to reflect emerging inflationary pressures and crystallization of any inflation risks.

v. Foreign Exchange Reserves Accumulation and Policy Credibility

Over the Strategy period, the Reserve Bank's foreign exchange reserve accumulation strategy will continue to rank high in its efforts to create pre-conditions for the successful transition to mono-currency and adequately anchor the local currency. The Bank recognises that robust foreign reserve buffers remain indispensable in anchoring the currency, bolstering resilience and absorbing external shocks.

vi. Unwavering Commitment to Sustained Exchange Rate Stability

The Reserve Bank remains steadfast in its commitment to maintaining exchange rate stability as a cornerstone of its broader mandate to anchor low and stable inflation. By mitigating excessive volatility in the foreign exchange market, the Bank fosters a predictable macroeconomic environment that supports price stability and investor confidence. Importantly, the restrictive monetary conditions alongside fiscal rectitude will help moderate exchange rate pressures and cushion the economy against inflation.

vii. Development of Effective Monetary Policy Instruments

The attainment of lasting price stability requires the deployment of appropriate market-based monetary policy instruments to entrench the efficacy of liquidity management efforts and bolster the fight against inflation. To this end, the Reserve Bank will gradually transition from use of direct to indirect monetary policy instruments that are market-based and more effective in managing liquidity conditions to help rein-in inflation.

viii. Digitalization Strategy

To future-proof its operations and enhance the implementation of monetary policy, the Reserve Bank will embark on an ambitious and broad-based digitalisation drive. This strategic imperative extends beyond mere technological upgrades. Instead, it entails the fundamental re-engineering of our internal processes aimed at achieving unparalleled efficiency, accuracy, and speed in meeting our key deliverables.

ix. Risk Management

Considering emerging risks, the development of a robust and integrated Governance, Risk and Compliance Management (GRC) Framework remains indispensable to our institutional resilience. To this end, the Reserve Bank set up a Board Risk Management Sustainability and Compliance Committee as well as a Management Risk Management, Sustainability and Compliance Committee reporting to GExCO. Over the Strategy period, the ERM Framework will play an instrumental role to ensure that the Bank remains attentive to potential risks to help design mitigatory measures and design appropriate plans to deal with the risk as needed.

x. Service Commitment

The Reserve Bank remains deeply committed to upholding robust corporate governance standards by rigorously adhering to established regulatory frameworks, internal policies, and ethical guidelines that shape its operations. In a significant step forward, we have published our inaugural Stakeholders Service Charter, which affirms our dedication to international best practices in service delivery and reinforces our pledge to maintain high standards of accountability, transparency, and responsiveness to all stakeholders. Looking ahead, the Charter will be updated periodically to keep abreast of the evolving needs of our Stakeholders and stay relevant as a responsive central bank.

The Reserve Bank will **“stay the course”** as it firmly commits to delivering its Reviewed 2026–2030 Strategy, guided by prudent adaptability and responsiveness to the shifting domestic and global economic landscape. This strategic flexibility will be vital in continuously recalibrating the Plan as needed, ensuring the Bank remains aligned with its long-term objectives—safeguarding price and exchange rate stability and low and stable inflation.

I Thank You

Dr J. Mushayavanhu
GOVERNOR

Key Highlights ▸ 2026 Key Initiatives

SKFA 1
Consolidating Price, Currency and Exchange Rate Stability

- ✓ Implement Prudent Monetary Policy
- ✓ Develop and launch the electronic Foreign Currency Trading System (FEXIMETS)
- ✓ Accumulation of reserves to 1.5 months of import cover in 2026.
- ✓ Issue improved quality ZiG notes.
- ✓ Integration of ZIMRA and RBZ systems
- ✓ Increase currency in circulation to 5% of ZiG deposits.
- ✓ Continue with disinflation programme to achieve single digit inflation.

EKFA 1
Leveraging Technology for Efficiency, Innovation and Service Delivery

- ✓ Adopt, adapt and customise a credible ICT model.
- ✓ Accelerate the implementation of cybersecurity to secure the Reserve Bank's systems.
- ✓ Recalibrate Bank-wide processes to achieve operational efficiency.
- ✓ Initiate work towards ISO Certification for Bank's processes.
- ✓ Develop a unified data exchange platform.

SKFA 2
Enhancing Monetary Stability, Research, Policy and Data Integrity

- ✓ Implement Reserve Money Targeting consistent with inflation.
- ✓ Ensure Liquidity Management and Cash Flow
- ✓ Committees meet frequently to inform liquidity forecasts.
- ✓ Balance the need to build FX reserves and control the monetary base.
- ✓ Develop a detailed roadmap from Monetary Targeting (MT) to Inflation Targeting (IT).

EKFA 2
Talent Management, Organisational Development, Stakeholder Engagement, and Strategic Communications

- ✓ Automate staff records.
- ✓ Conduct competence filing
- ✓ Conduct workload analysis in Q1 2026.
- ✓ Launch RBZ Academy
- ✓ Conduct outreach campaigns

SKFA 3
Maintaining Safety, Soundness and Integrity of the Financial Sector

- ✓ Increase collateral registry outreach campaigns especially in rural areas.
- ✓ Launch of Financial Inclusion Dashboard.
- ✓ Development of a QR Codes Payments Guideline.
- ✓ Develop National Financial Inclusion Strategy III

EKFA 3
Sustainable, Efficient Financial and Risk Management

- ✓ Automate the generation of financial reports.
- ✓ Full ownership of royalties.
- ✓ Develop a positive risk culture.
- ✓ RBZ Balance Sheet Restrutcuring

RESERVE BANK OF ZIMBABWE

2026-2030

Strategy Plan Snapshot

1 Our Statutory Mandate

The Bank's Statutory Mandate is derived from Section 6 of the **Reserve Bank of Zimbabwe Act [Chapter 22:15]**

The key statutory functions are identified and classified in the **Strategic Focus Areas (SFAs)**

Price and Financial Stability in the Macro-Economy

Currency and Exchange Rate Stability, Governance and Stakeholder Engagement

To achieve and maintain the stability of the local currency.

To formulate and execute the monetary policy of Zimbabwe

To act as banker and financial adviser to, and fiscal agent of, the State; among others

Monetary System Stability and Data Integrity

To regulate Zimbabwe's monetary system.

Economic policy research, macro-economic analysis and data integrity.

Financial Sector Stability

To foster the liquidity, solvency, stability and functioning of Zimbabwe's financial system.

To supervise banking institutions and to promote the smooth operation of the payment system.

2 Our Journey 2026-2030

Our Journey

- Prior to the 5th of April 2024, the Zimbabwean economy witnessed amplified challenges leading to major macroeconomic dislocations, currency and exchange rate volatility, high inflation, loss of monetary values, industrial capacity attrition and elevated levels of informalisation.

New Strategic Thrust Back-to-Basics

- The Reserve Bank embarked on a structural realignment and process re-engineering exercise to transform and position itself for successful execution of its "back-to-basics" strategy where price stability is the primary objective of the central bank.
- Reserve buildup, tight money supply, anchor inflation expectations , exchange rate stability , enhanced stakeholder communication, build confidence, trust and credibility

Key milestones

- Inflation Developments-Inflation will end 2025 between 15% and 20%.
- Exchange Rate Developments-Stable Exchange rate, depreciated marginally by 3.4% from 25.79 to 26.67. Parallel Market premium down from over 50% to below 20%.
- Reserves Build-Up-Accumulated Reserves from, USD276 mil (April 2024) to USD488 mil (Jan 2025) and USD1 Billion by end of Decem-ber 2025 to 6 Billion by 2030. Gold reserves from -73 Kgs in April 2024 to 2.7 tonnes in Jan 2025 to 4 tonnes by end 2025.
- Launch of ZiG-Marked a historic milestone in restoring monetary sovereignty and confidence.
- Stakeholders Perception-Stakeholders are gaining confidence in the Central Bank's strategy and policy direction as evidenced by positive ZiG perception and market surveys
- Financial Sector Soundness- Resillient, Safe and Sound.
- Governor's Perfomance Contract-Outstanding achievement Scored 5.3 out of 6 in 2025!

Where are we going

- Single digit inflation expected from first quarter of 2026.
- Stable exchange rate dynamics with minimum over/ undervaluation of ZiG.
- Foreign exchange reserve money coverage of 3-6 times.
- Exchange rate volatility less than 10% per annum.
- Parallel market premium of between 10% and 20%.
- Adequate foreign currency reserves of at least 3-6 months of imports cover in the medium to long-term.
- Efficient FX management system that promotes ease of access to Foreign Currency by importers.
- Durable macroeconomic stability, characterized by low and stable inflation at single-digit levels.

3 Our Vision, Mision and Values

OUR VISION

To Be An Innovative World-Class Central Bank.

OUR MISSION

To Ensure Price And Financial Stability Through Prudent, Innovative, Evidence-Based Monetary Policies that Preserve the Value of the Local Currency and Promote Sustainable and Inclusive Growth For the Prosperity and Resilience of Zimbabwe.

OUR Values

Mutual-Respect & Teamwork
Integrity
Sustainability Transparency Innovativeness
Commitment
(MISTIC)

4 Our Strategic Thrust

Strategic Key Focus Area 1 (SKFA)

Strategic Key Focus Area 1
Consolidating Price, Currency and Exchange Rate Stability

The Reserve Bank aims to reduce inflation from around 20% in 2025 to single digit by 2026 through exchange rate stability, foreign currency reserve buildup and anchoring inflation expectations.

Strategic Key Focus Area 2
Monetary Stability, Research, Policy and Data Integrity

Under SKFA 2, the Bank will modernize its monetary policy framework by adopting inflation targeting, strengthening liquidity management, and improving data integrity and research to support evidence-based policy making.

Strategic Key Focus Area 3
Maintaining Safety, Soundness, Resilience and Integrity of the Financial Sector

The Bank will safeguard financial sector stability through risk-based supervision, modernized payment systems, regulatory reforms, and initiatives promoting financial inclusion under NDS 2.

Enabling Key Focus Areas (EKFAs)

Enabling Key Focus Area 1

Technology and Efficiency: Advancing digital transformation with in-house software development, fintech innovation, and exploration of a Central Bank Digital Currency.

Enabling Key Focus Area 2

Talent and Engagement: Strengthening talent management, building staff capacity, and enhancing stakeholder communication to foster trust and confidence in Bank policies.

Enabling Key Focus Area 3

Strategic Stewardship: Ensuring financial sustainability, strong risk management, and sound governance to maintain operational efficiency and public confidence.

5 Our "Back-to-Basics" Strategic Focus Areas

6 Our Stakeholders

The Bank pledges to provide efficient, transparent, inclusive, and responsive services to all stakeholders, including Government Ministries, Financial Institutions, Regional and International Organisations, Business, Media and the general public.

It reflects our strategic thrust to:

- Uphold the highest standards of professionalism and ethics,
- Foster innovation and digital transformation,
- Promote financial inclusion and sustainability,
- Strengthen trust and confidence in the financial system.

As we **"walk the talk and stay the course"**, this Charter serves as a cornerstone in our journey to durably anchor and consolidate macroeconomic stability, in line with Vision 2030 and the National Development Strategy.

MANDATE, VISION, MISSION AND CORE VALUES OF THE RESERVE BANK

1.1. INTRODUCTION

1. The Strategy Plan (2026-2030) outlines the Reserve Bank of Zimbabwe's Vision and Mission statement and Key Focus Areas in the five-year period up to 2030.

1.2 MANDATE, VISION AND MISSION

2. The chief mandate of the Reserve Bank of Zimbabwe (RBZ) as defined in Section 6 of the Reserve Bank Act [Chapter 22:15], is the maintenance of price stability, the formulation and execution of monetary policy and the fostering of a stable financial system.

3. In carrying out its mandate, the Bank is directed by a Board of Directors and a Monetary Policy Committee (MPC). The Board is responsible for formulating the policy of the Bank and supervising the Bank's administration and operations. The Monetary Policy Committee (MPC) of the Bank makes decisions on monetary policies that ensure low and stable inflation as well as promoting safety, integrity, sustainability and inclusivity of the country's financial sector.

4. At the operational level, the Bank's mandate is achieved through the Bank's Executive Committee (GExCO) which is responsible for the day-to-day management, control, administration, operation and direction of the Bank through its divisions.

Figure 1: Vision, Mission and Core Values

RBZ GOVERNANCE STRUCTURES

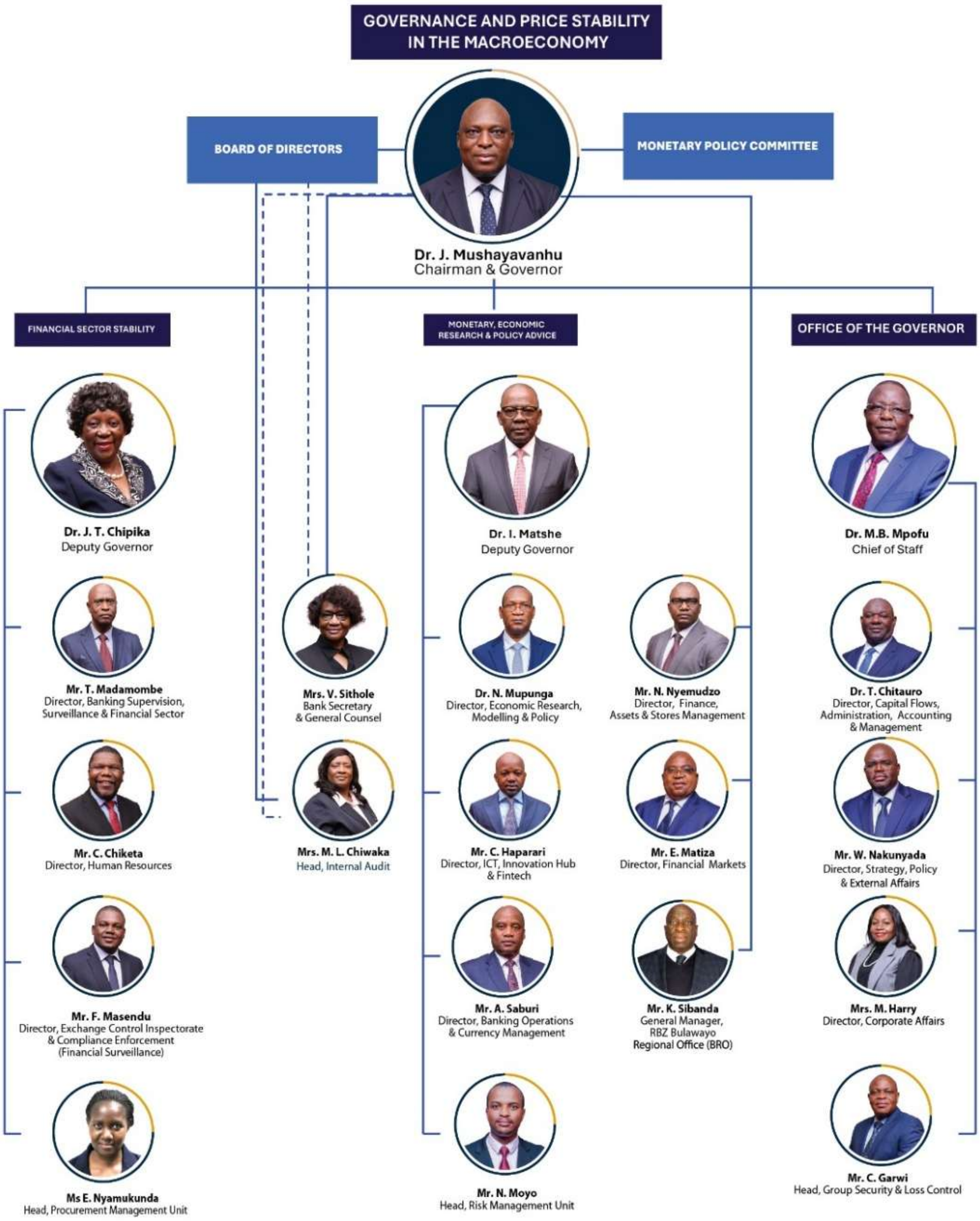
2.1 Board of Directors

5. The governance framework of the Reserve Bank of Zimbabwe consists of the Board of Directors, Board Committees, the Monetary Policy Committee (MPC), the Executive Committee (EXCO), and the Works Council. The Reserve Bank of Zimbabwe Act [Chapter 22:15] vests the Board with the authority and responsibility for formulating the Bank's policies and supervising its administration and operations.

6. The Board's composition includes the Governor as Chairman, two Deputy Governors who are Executive Directors, and eight Non-Executive Directors appointed by the President in consultation with the Minister of Finance, Economic Development and Investment Promotion. The Reserve Bank Board of Directors is presented below.


GOVERNOR'S
EXECUTIVE COMMITTEE (GEXCO)
Governor
Dr J. Mushayavanhu
Risk Management Sustainability and Compliance Committee
Governor
Dr J. Mushayavanhu
Asset/Liability and Reserves Management Committee
Deputy Governor
Dr I. Matshe
Procurement Committee
Deputy Governor
Dr J. Chipika
ICT Steering Committee
Chief of Staff
Dr M.B. Mpofu
Projects Management Committee
Chief of Staff
Dr M.B. Mpofu
Open Market Operations (OMO) Committee

GOVERNOR'S EXECUTIVE COMMITTEE (GExCO)



MONETARY POLICY COMMITTEE

Dr. J. Mushayavanhu
Governor & Chairman

Dr. J. T. Chipika
Deputy Governor

Dr. I. Matshe
Deputy Governor

Mr P. E. Gwanyanya
Committee Member

Prof D. Makina
Committee Member

Dr C.C. Jinya
Committee Member

Mrs. M. Dzumbunu
Committee Member

Prof A. Chakravarti
Committee Member

2025 STRATEGY IMPLEMENTATION PERFORMANCE REVIEW

7. In 2025, the Strategy Implementation Monitoring and Evaluation (SIME) Report for the Reserve Bank highlights the progress made in executing its 5-year Strategy Plan (2026–2030), themed "Back-to-Basics-Fostering Central Bank Policy Credibility." Over this period, the Reserve Bank's performance exceeded the set targets by comfortable margins, indicating strong achievement across outcomes, governance, monetary stability, and financial sector resilience.

8. The Governor's overall performance score for the first half of 2025 ending 30 June 2025, was **5.31** out of a possible score of 6, indicating strong achievement across outcomes, governance, monetary stability, and financial sector resilience, as confirmed in the Governor's mid-term contract review. Specifically, this score is consistent with performance above set targets but within acceptable variance as per IRBM rating scale as show in the table below.

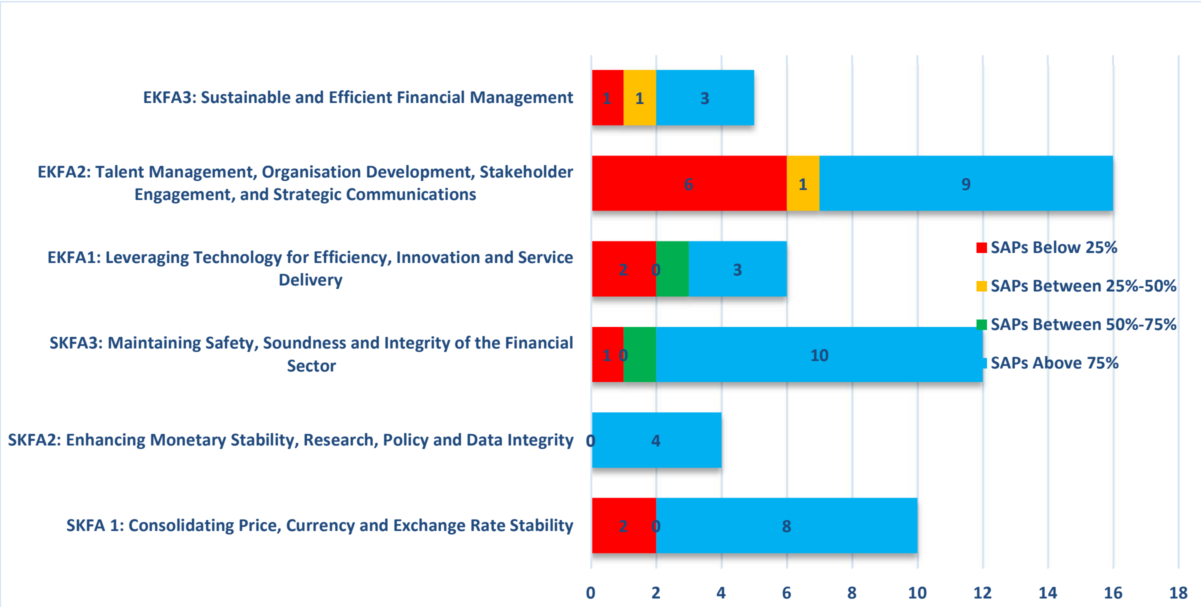
Table 1: Governor's 2025 Performance Highlights

Performance Category	Achievement Out of 6
Outcome 1: Improved Governance and Administration	5.00
Outcome 2: Improved Price, Currency and Exchange Rate Stability	5.70
Outcome 3: Improved Research and Policy Advice	5.13
Outcome 4: Enhanced Financial Stability and Resilience	5.70
Outcome 5: Improved Financial Inclusion	5.60
Outputs	4.90
Service Delivery Standards	5.20
Management of Resources and Organisational Development	5.60
Cross- Cutting Government Priorities	5.00
OVERALL PERFORMANCE	**5.31**

9. The strong performance recorded in 2025 also reflects the prevailing macroeconomic stability, typified by low and stable inflation, relative exchange rate stability, and an increasing share of ZiG transactions in the economy. During the period under review, foreign currency reserves grew by 28% from US$571million to US$731 million. Meanwhile, month-on-month inflation which remained below the 3% target, eased to 0.3% in June 2025, down from 0.9% in May 2025. Consistent with the Reserve Bank's tight monetary policy stance to further entrench price stability, local currency reserve money was contained with a growth of 32.33% from ZiG3.52 billion in December 2024 to ZiG4.65 billion in June 2025.

10. The sustained stability and confidence in the economy was underpinned by consistent policy implementation, evidence-based monetary interventions, and the Reserve Bank's steadfast commitment to remain firmly on its strategic course.

Summary of Performance Across RBZ's Strategic and Enabling Focus Areas



11. Evidently, performance across most Strategic and Enabling Focus areas was above target for the period under review.

CONTEXT AND EMERGING ISSUES

Challenging Global Context:

12. The global economic outlook is marked by significant uncertainty and subdued growth, projected to slow from 3.3% in 2024 to 3.1% in 2026. Key challenges during the strategy period include:

    i. **Geo-economic Fragmentation:** Trade policy shifts and geopolitical tensions disrupt global trade and investment flows.

    ii. **High Borrowing Costs:** While global inflation is receding, borrowing costs remain particularly high in developing economies like those in Sub-Saharan Africa, crowding out essential social and investment spending.

    iii. **External Pressures:** Sub-Saharan Africa faces headwinds from volatile commodity prices, cuts in foreign aid, and changes in preferential trade access (e.g., AGOA), which will influence Zimbabwe's external financing conditions.

Resilient but Challenging Domestic Economy:

13. Despite global headwinds, the domestic economy has demostrated resilience, with growth rebounding to 6.6% in 2025, driven by agriculture and gold production. The introduction of the structured currency, the Zimbabwe Gold (ZiG), has been central to achieving relative exchange rate and price stability. However, several domestic issues persist:

    i. **The Path to Mono-Currency:** The critical "Conditions Precedent" for this transition, including durable single-digit inflation, adequate foreign reserves (3-6 months of import cover), a stable exchange rate, and fiscal-monetary policy congruence.

    ii. **High Informalisation and Dollarisation:** A large informal sector impairs monetary policy effectiveness, reduces fiscal revenues, and sustains a high level of dollarisation, partly due to historical hyperinflation trauma.

    iii. **Fiscal-Monetary Policy Complementarity:** Although the fiscal deficit is contained, Government cash flow challenges require strong collaboration with the Reserve Bank to avoid destabilising monetary and price stability.

Critical Emerging Issues:

14. Three major trends that will also shape the Reserve Bank's Strategy:

    i. **Sustainability and Climate Change:** Zimbabwe is highly vulnerable to climate shocks (droughts, cyclones), which directly impact agriculture, infrastructure, and inflation.

    ii. **Financial and Technological Innovation:** Rapid technological change is unbundling financial services, creating new opportunities and risks.

    iii. **Cybersecurity:** The increased adoption of technology and new business models has amplified vulnerabilities to cyber-attacks. The Rerserve Bank will bolster its cybersecurity operations to protect the integrity, confidentiality, and availability of financial information and systems.

STRATEGIC IMPERATIVES FROM EXTERNAL STAKEHOLDERS

15. Critical feedback and recommendations were gathered from a wide array of stakeholders, including industry associations, farmers, retailers, and consumer bodies. The consultations revealed a strong consensus on several key issues necessary to build confidence and ensure the success of the Bank's policies.

1. **Mono-currency Roadmap:**
The most frequent and urgent imperative raised by stakeholders was the need for a **clear, credible, and public roadmap** for the transition to a mono-currency (ZiG) by 2030. Stakeholders sought assurance, possibly through legislation, that foreign currency deposits would retain their value post-transition and that the process would be predictable to avoid disrupting existing US$-denominated contracts.

2. **Enhancing Confidence in the ZiG:**
Stakeholders identified several operational challenges with the local currency:

i. **Availability and Quality:** They highlighted difficulties in accessing ZiG cash and pointed to the need for improved quality and durability of ZiG banknotes to facilitate everyday transactions.

ii. **Driving Demand:** A key proposal was for the government to lead by example, by increasing the proportion of taxes payable exclusively in ZiG and exploring the payment of royalties to the state in local currency. This would structurally increase demand for ZiG and support its stability.

iii. **Currency Discrimination:** Concerns were raised that Mobile Money Operators made it easier to transact in USD than in ZiG, creating an artificial barrier to the local currency's adoption.

3. **Managing the Cost of Doing Business and Access to Finance:**
Stakeholders expressed concerns over financial costs and access:

i. **High Bank Charges:** Bank charges were cited as being too high, increasing the cost of operating through the formal banking system.

ii. **Interest Rates:** Interest rates on ZiG loans were viewed as potentially prohibitive, threatening the viability of borrowing in the local currency.

iii. **Targeted Finance Facility (TFF):** While appreciated, stakeholders noted the TFF had low utilization and recommended expanding access to value chain participants and improving long-term lending conditions.

4. **Foreign Exchange Market Dynamics:**
There were divergent views on foreign currency retention thresholds, reflecting different sectoral needs:

i. **Exporters (e.g., Miners)** argued that the current 70% retention was insufficient due to exchange losses and high domestic USD costs (e.g., for electricity), effectively reducing their usable portion to around 50%. They advocated for an increase to 85%.

ii. **Importers (e.g., Retailers)** advocated for a reduction in retentions to increase the supply of foreign currency on the interbank market.

5. **Reinforcing Policy Credibility and Communication:** Stakeholders widely **commended the RBZ's consultative approach and the recent period of price and exchange rate stability**.

16. In summary, stakeholders provided a clear mandate to the RBZ: ***continue the path of stability and transparency, but urgently address the practical hurdles to using the ZiG, provide clarity on the future of the currency regime, and work to lower the cost of formal financial intermediation***

REGIONAL AND INTERNATIONAL IMPERATIVES

17. The Reserve Bank of Zimbabwe's (RBZ) 2026-2030 Strategy is deliberately aligned with the country's regional and international commitments and benchmarks. This largely reflects that the Strategy is not developed in isolation but is designed to meet specific obligations and converge with standards set by key multilateral bodies.

1. Alignment with Macroeconomic Convergence Criteria:

18. The Reserve Bank is commited to achieving regional macroeconomic targets. The Strategy is explicitly calibrated to meet the quantitative benchmarks set by the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), and the African Monetary Cooperation Programme (AMCP). These critical targets include:

i. **Inflation:** 3-7% (aligned with SADC and the AU's long-term goal).

ii. **Foreign Reserve Cover:** Building reserves to at least 3 months, targeting 6 months of import cover.

iii. **Budget Deficit:** Maintaining a deficit of less than 3-5% of GDP.

iv. **Exchange Rate Stability:** Maintaining variability within a band of ±10%.

2. Commitment to a Modern Inflation Targeting Framework:

19. The strategy highlights the RBZ's envisaged gravitation towards inflation targeting guided by regional roadmaps, particularly from the SADC Committee of Central Bank Governors (CCBG). The Reserve Bank plans a phased **transition from the current monetary targeting framework to an inflation targeting (IT) regime** by the end of 2030. The transition would be essential for achieving durable price stability and harmonizing with other central banks in the region.

3. Adherence to International Standards and Cooperation:

20. The Strategy is informed by, and commitment to, compliance with various international standards and initiatives:

i. **International Monetary Fund (IMF):** The strategy considers pre-conditions for resolving Zimbabwe's external debt and will leverage technical assistance from the World Bank and IMF, particularly in reforming foreign exchange market frameworks.

ii. **Financial Integrity (ESAAMLG/FATF):** The Reserve Bank will ensure compliance with the Financial Action Task Force's (FATF) recommendations on anti-money laundering and combating the financing of terrorism (AML/CFT), as monitored by the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG).

iii. **Financial Stability (Basel Committee):** The Bank will continue to prioritise the implementation of international banking supervision standards, notably the Basel III framework.

iv. **Greening the Financial System (NGFS):** The Strategy will incorporate sustainability through initiatives like the Sustainability Standards Certification Initiative (SSCI) and alignment with the Network for Greening the Financial System (NGFS).

RBZ STRATEGY PLAN (2026-2030) ALIGNED TO GOVERNMENT PRIORITIES

21. The Reserve Bank' Strategy plan is structured around three **Strategic Key Focus Areas (SKFAs)** supported by three **Enabling Key Focus Areas (EKFAs).**

Strategic Key Focus Areas (SKFAs):

1. **SKFA 1: Consolidating Price, Currency and Exchange Rate Stability** This is the primary objective, focusing on ensuring the Zimbabwe Gold (ZiG) succeeds. Key actions include:

   i. **Currency Management:** Improving the quality and distribution of ZiG banknotes and increasing the proportion of local currency in circulation to 5% of deposits.

   ii. **Exchange Rate Management:** Deepening the foreign exchange market through the Willing-Buyer-Willing-Seller system and developing a new electronic trading platform (FEXIMETS) for greater transparency.

   iii. **Reserves Accumulation:** Aggressively building gold and foreign currency reserves to reach 3-6 months of import cover by 2030, which is critical for backing the ZiG and absorbing external shocks.

   iv. **Capital Flows Management:** Gradually lifting capital controls in line with OECD standards to facilitate foreign trade and investment.

2. **SKFA 2: Enhancing Monetary Stability, Research, Policy and Data Integrity** This area focuses on modernising the tools and frameworks for policy execution:

i. **Liquidity Management:** Developing more effective market-based instruments for managing liquidity and improving forecasting through closer collaboration with the government.

ii. **Monetary Policy Transmission:** Deepening the money and capital markets to ensure policy decisions (like interest rate changes) are effectively passed through to the economy.

iii. **Monetary Policy Framework Modernization:** Transitioning from monetary targeting to a **inflation targeting regime**, supported by a new Forecasting and Policy Analysis System (FPAS) for data-driven decisions.

iv. **Communication:** Prioritising clear and transparent communication to anchor public inflation expectations.

3. **SKFA 3: Maintaining Safety, Soundness and Integrity of the Financial Sector** This ensures the financial system is resilient, inclusive, and trustworthy:

   i. **Supervision:** Adoption and implementing international standards like Basel III to ensure banks are well-capitalized and stable.

   ii. **AML/CFT:** Strengthening efforts to combat money laundering and terrorist financing.

   iii. **Financial Inclusion:** Implementing the National Financial Inclusion Strategy (NFIS II/III) and promoting the use of collateral registries to improve access to credit, especially for SMEs.

   iv. **Sustainability:** Integrating climate risk management and "greening" the financial sector and implementing the Sustainability Standards Certification Initiative (SSCI).

Enabling Key Focus Areas (EKFAs):

1. **EKFA 1: Leveraging Technology for Efficiency, Innovation and Service Delivery** This is a comprehensive digital transformation agenda, including:

   - **Internal Efficiency:** Automating processes, creating a unified data warehouse, and adopting cloud services.

   - **Innovation:** Establishing a "Digital Factory" for in-house software development and a Fintech Innovation Hub with a regulatory sandbox.

   - **Future-Proofing:** Advancing work on a **Central Bank Digital Currency (CBDC)** and significantly strengthening cybersecurity and disaster recovery systems.

2. **EKFA 2: Talent Management, Organisational Development, Stakeholder Engagement, and Strategic Communications** This focuses on the Bank's human and relational capital:

   - **Talent:** Attracting, developing, and retaining skilled staff through the launch of the RBZ Academy and leadership programs.

- **Culture & Diversity:** Managing organizational change and achieving a 50:50 gender balance by 2030.
- **Reputation:** Proactively building the RBZ's brand and public trust through strategic communications and robust media and stakeholder engagement.

3. **EKFA 3: Sustainable, Efficient Financial and Risk Management** This ensures the RBZ itself is a well-governed and sustainable institution:
    - **Balance Sheet Health:** Completing the restructuring and clean-up of the RBZ's balance sheet to ensure monetary policy effectiveness and operational independence.
    - **Financial Sustainability:** Controlling costs and ensuring timely publication of audited financial statements, including details on reserve backing for the ZiG.
    - **Risk Governance:** Embedding a strong risk culture and integrating Enterprise Risk Management (ERM) into all strategic decision-making.

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