SCHOOLS MONETARY POLICY CHALLENGE

Shaping the Next Generation of Financial Sector Leaders

PARTICIPANTS HANDBOOK

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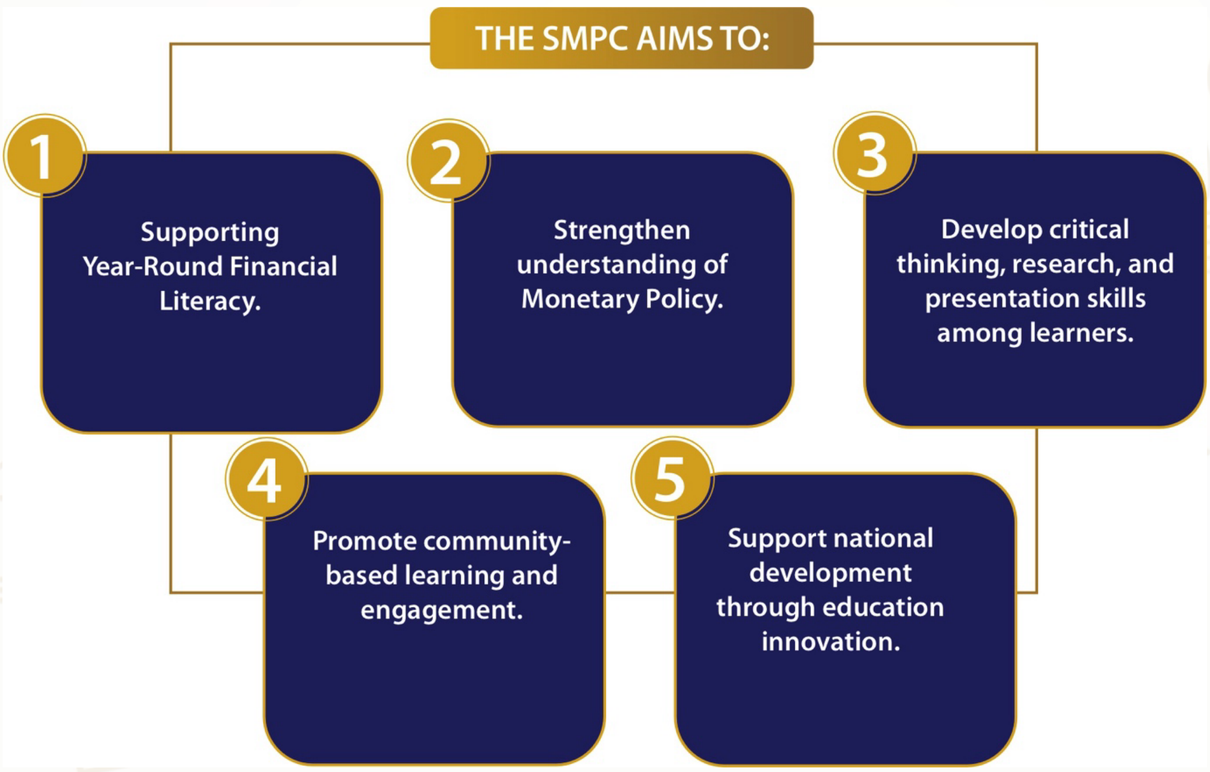
1. OVERVIEW OF THE SCHOOLS MONETARY POLICY CHALLENGE (SMPC)

1.1 What is the SMPC?

The Schools Monetary Policy Challenge (SMPC) is an annual national competition initiated by the Reserve Bank of Zimbabwe (RBZ). It is designed to engage secondary and high school learners in practical monetary policy issues and broader economic matters that are central to the Bank's mandate. The competition simulates the role of the RBZ's Monetary Policy Committee (MPC), allowing students to act as Child RBZ Governors representing their schools in a structured, multi-stage contest.

The SMPC is a flagship community engagement and financial literacy programme that leverages the national education system to promote understanding of monetary policy and financial inclusion across Zimbabwe.

1.2 Objectives



1.3 SMPC and Heritage-Based Education 5.0: Strategic Alignment

1.3.1 The SMPC program supports Heritage-Based Education 5.0 by linking financial education to Zimbabwe's culture and creativity. It helps students learn how traditional ideas about money and community can work together with modern monetary policy. At the same time, it encourages learners to think of new business ideas that use local resources and heritage, so they can create jobs and grow the economy. This way, SMPC not only teaches about monetary policy but also helps build skills for innovation and national development.

1.3.2 What Does This Mean for You as a Student?

The SMPC program is not just about learning big words like "monetary policy." It's about connecting what you learn in school to real life in Zimbabwe. You'll see how money, prices, and jobs affect your family and community—and how you can help shape the future.

1.3.3 How Does It Connect to Your Community?

Heritage-Based Education 5.0 says our culture and local ideas matter. So, SMPC encourages you to:

- Think about how traditional savings groups (like mukando/*maround*) relate to modern banking.
- Use local resources and creativity to come up with business ideas that solve real problems in your area.

1.3.4 Why Is This Important?

By learning about money and policy in a way that respects our heritage, you can:

- Understand how Zimbabwe's economy works.
- Become an innovator who, in light of the Bank's Financial inclusion agenda, create jobs instead of waiting for one.
- Help build a stronger, self-reliant country.

1.4 Process

The competition follows a structured, multi-tiered format:

1.4.1 School-Level Selection

Each school selects a team of three learners: one Child RBZ Governor, two Deputy Governors.

1.4.2 Cluster-Level Competitions

Schools compete within local clusters on RBZ-guided assignments and themes.

1.4.3 District-Level Competitions

Winning teams from clusters advance to district-level competitions.

1.4.4 Provincial-Level Competitions

District winners compete to represent their province at the national level.

1.4.5 National Finals

Ten finalist teams (one per province) participate in a pre-finals bootcamp a day before the finals and present their final Monetary Policy Statements at a high-profile event presided over by the RBZ Governor.

2. PARTICIPATION & COMPETITION RULES

2.1 Eligibility Criteria

To participate in the RBZ SMPC, teams must meet the following requirements:

- **School Type** - Open to all registered secondary/high schools in Zimbabwe, including Government, mission, and private institutions.
- **Learner Level** – Preferably, teams must be constituted by learners in non-exam classes i.e. Form 3 and/or Lower Sixth students currently enrolled full-time at respective schools.
- **Team Composition:**
  - ☑ Each school may enter one team only.
  - ☑ Each team must consist of three learners
    - 1 Governor (team leader and main presenter)
    - 2 Deputy Governors
  - ☑ The team must be accompanied by a teacher from the school.

2.2 Team Formation and Roles

- The Governor will lead the team and deliver the final presentation.
- Deputy Governors will support research, analysis, and participate in the Question & Answer session.
- Schools may involve other learners in research and preparation, but only the three official team members will represent the school and respond during the finals.
- For mixed schools, teams should include at least one female.

2.3 Gender Equality

2.3.1 The SMPC program is committed to giving equal opportunities to all learners, including girls. Schools are encouraged to actively involve female students in teams, leadership roles, and presentations.

2.3.2 This helps build confidence, promote gender equality, and ensure that girls contribute their ideas on financial literacy and monetary policy.

2.3.3 By including girls, schools empower future female leaders and make the challenge more inclusive and representative of Zimbabwe's diverse talent.

2.4 Submission Requirements

- Teams must submit assignments as per requirements specified for each set of assignments.
    - ☑ If typed, use Times New Roman, 12-point font size, 1.5-line spacing;
    - ☑ If handwritten, submissions must be neatly handwritten in blue or black ink.
- Graphs and tables may be included but must be clearly labelled.
- Written submissions submitted via email should be sent to smpc@rbz.co.zw or hand delivered to the District/Provincial centre specified in the assignments note.

2.5 Data Usage

- Teams may use data from:
    - ☑ Reserve Bank of Zimbabwe publications e.g. Monetary Policy Statements, Snapshots, Monetary Policy Committee Resolutions.
    - ☑ ZIMSTAT
    - ☑ International sources (e.g., IMF, World Bank, AfDB)
    - ☑ Local newspapers and economic commentary

2.6 Team Changes and Attendance

- Team members may not be changed during the competition unless approved by RBZ.
- All team members from schools selected as finalists are required to attend both the:
    - ☑ Finalists' Bootcamp: A preparatory workshop designed to enhance understanding of monetary policy, improve presentation skills, and provide guidance on the final stage of the competition.
    - ☑ Finals Presentation Event: Where teams will present their Monetary Policy Statements to a panel of judges and participate in a Question & Answer (Q&A) session.
- Attendance is compulsory for all three team members. Absence of any member may result in disqualification, unless prior written approval is granted by RBZ due to exceptional circumstances.
- The teacher who supervised the team must also accompany the learners to both the Bootcamp and Finals.
- During the Q&A session, all team members must be prepared to respond to questions posed by the judging panel. The team's ability to demonstrate collective understanding and teamwork will be assessed.

2.7 Disqualification Grounds

- Plagiarism and use of Artificial Intelligence.
- Submissions written by someone other than the team members.
- Team changes without RBZ approval.
- Failure to meet submission deadlines.
- Inappropriate behaviour or misconduct during the competition.
- Immediate family members of RBZ employees are not eligible to participate to ensure fairness and avoid conflicts of interest.

2.8 Consent and Declaration

- All team members, the supervising teacher, and parents/guardians of participating learners must sign the SMPC Entry and Consent Form to confirm understanding, and approval of participation in the competition.

2.9 Dress code

- School uniforms including blazer.

2.10 Supporters and Cheerleading Teams

- Finalist schools may bring a small cheerleading team to support their SMPC team during the finals' presentation event.
- All costs related to transport, accommodation, meals, and any other logistics for the cheerleading team must be covered by the school or the individuals attending.
- Cheerleaders must be current students at the participating school and must adhere to the event code of conduct.
- Schools must submit the names and contact details of the cheerleading team members to RBZ at least one week before the finals.
- Cheerleaders may participate in designated activities during the finals but will not be allowed to interfere with the competition proceedings.

3. ENTRY AND CONSENT FORM

Name of School

School Head's Name

Cell Phone Number

Email Address Head's Name

District

Province

Teacher in charge of Team

Cell phone Number

Email Address

	SMPC Team Members' Details		
Full Name	**ID Number**	**Class**	**Contact Number**

Signature

Date

3.1 Terms and Conditions

3.1.1 By entering the SMPC, the participating school and all its team members agree to be bound by the terms, conditions, rules and requirements set out by the Reserve Bank of Zimbabwe (RBZ).

3.1.2 Any dishonest conduct or unauthorized assistance will result in disqualification of the school and its team.

3.1.3 SMPC assignment answer scripts must be submitted to the RBZ and/or MOPSE-prescribed Centre by the deadline specified in the assignment note.

3.1.4 The RBZ's decision regarding finalists and winners is final.

3.1.5 Participation does not guarantee any prize.

3.1.6 The RBZ reserves the right to cancel or modify the SMPC at any time.

3.1.7 Unless the RBZ is otherwise advised in writing, permission is hereby granted for the RBZ to:

a. process personal information of the participating school, its personnel and its team members for purposes of and in relation to the SMPC.

b. hold interviews, take photographs and record video footage of the participating school's personnel and its team members in relation to the SMPC.

c. use and publish all information of the participating school and its team members, as well as interviews, quotes, photographs, video footage or the like ("products") held or taken of the participating school's team members as the RBZ may deem fit, always acting reasonably.

d. use, edit, publish, store, retain and reuse the said products for non-profit, non-commercial purposes, including in print, online and social media, and all other forms of media

3.1.8 Participants assume all risks related to participation, including travel and venue use.

3.1.9 The RBZ is not liable for indirect or consequential losses arising from participation.

3.1.10 Participants indemnify the RBZ against any third-party claims resulting from their actions during the SMPC.

3.1.11 By signing this form, participants acknowledge understanding and acceptance of these terms.

3.1.12 By signing this Entry and Consent Form, the participating school and its team members acknowledge that they have read and understand the above terms and conditions, as well as the rules and requirements of SMPC.

4. ASSIGNMENTS AND THEMES

4.1 Purpose of Assignments

Assignments are the core of the SMPC competition. They are designed to:

- Engage learners with real-world monetary policy issues.
- Promote financial literacy and inclusion.
- Encourage critical thinking and economic analysis.
- Align student learning with the strategic priorities of the Reserve Bank of Zimbabwe.

Each assignment will be based on a specific theme and will require teams to research, analyze, and present their understanding and policy recommendations.

4.2 Assignment Themes

Themes have been developed to reflect current and emerging priorities in Zimbabwe's monetary and financial landscape. The three main themes include:

- BiG 5 ZiG Banknotes series Awareness and Promotion.
- Financial Literacy.
- Monetary Policy.

4.3 Assignment Execution

Assignments will be distributed at each stage of the competition (Cluster, District, Provincial, National) through the RBZ and Ministry of Primary and Secondary Education (MoPSE).

Each assignment will include:

- A task brief outlining the objectives and expected outcomes.
- A fact sheet with relevant data and background information.
- Guidelines on format, length, and submission requirements.

5. PRIZES

To motivate participation and reward excellence, the SMPC offers:

Prestigious Titles:

- National winners are crowned Child RBZ Governor and Deputy Governors.

Attractive Prizes:

- Awards for national winners and runners-up.
- Consolation prizes and promotional giveaways at various stages of the competition.

School Prize:

- Winning school to be awarded a monetary prize to finance an infrastructure development project of their choice.

COMPETITION STAGE	GIVE AWAYS	PRIZES
Cluster Level	i. T-shirt for each participant ii. Notebook and pen	No prize
District level	i. Water bottle for each participant ii. Notebook and pen	iii. ZiG 15,000 for the school iv. Small trophy v. District Child Governor and Deputy Governor lanyards for winning team
Provincial Level	i. School backpack for each participant	ii. Medium Trophy iii. Tablet for winning team members iv. ZiG 30,000 for the school v. Provincial Child Governor and Deputy Governor lanyards for winning team
National Level	i. Finalists tshirts – all participants ii. Branded Duffle bag – all participants iii. Sun hat – all participants iv. Travel to Vic Falls for the Annual Financial Inclusion Conference	First prize i. Full year scholarship at current school (not exceeding ZiG 25,000 per child per term) ii. Laptop and smart watch per child iii. Large trophy iv. ZiG 250,000 towards a development project for the school. v. Child Governor and Deputy Governor lanyards Second Prize i. laptop for each child ii. medium trophy iii. ZiG 100,000 for the school

6. KNOW YOUR CENTRAL BANK: THE RESERVE BANK OF ZIMBABWE

6.1 Legal Mandate

The RBZ's statutory mandate is derived from Section 6 of the Reserve Bank of Zimbabwe Act [Chapter 22:15].

Functions

The Bank is responsible for:

- Achieving and maintaining the stability of the local currency.
- Formulating and executing monetary policy.
- Fostering the liquidity, solvency, stability, and functioning of Zimbabwe's financial system.
- Supervising banking institutions and promoting the smooth operation of the national payment system.
- Regulating Zimbabwe's monetary system.
- Conducting economic policy research, macroeconomic analysis, and ensuring data integrity.
- Lender of last resort for banking institutions.
- Acting as banker, financial adviser, and fiscal agent to the Government.

6.1.1 Vision

- ***"To be an innovative, world-class Central Bank."***

6.1.2 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."***

6.2 History of the RBZ

The Reserve Bank of Zimbabwe (RBZ) was established in 1956. It replaced the Central Bank of Rhodesia and Nyasaland and became Zimbabwe's official central bank after independence in 1980. Since then, the RBZ has played a key role in managing the country's money, financial system, and economy.

6.3 Location

The RBZ's Head Office is located at:
80 Samora Machel Avenue, Harare, Zimbabwe

It also has a Regional Office in Bulawayo, which supports operations in the southern parts of the country.

6.4 Top Leadership of the RBZ

The RBZ is led by a Governor, who is supported by two Deputy Governors and a team of Directors. These leaders are responsible for making important decisions about Zimbabwe's economy.

These leaders work with experts in banking, finance, economics, technology, law and other relevant fields to guide the country's monetary policy.

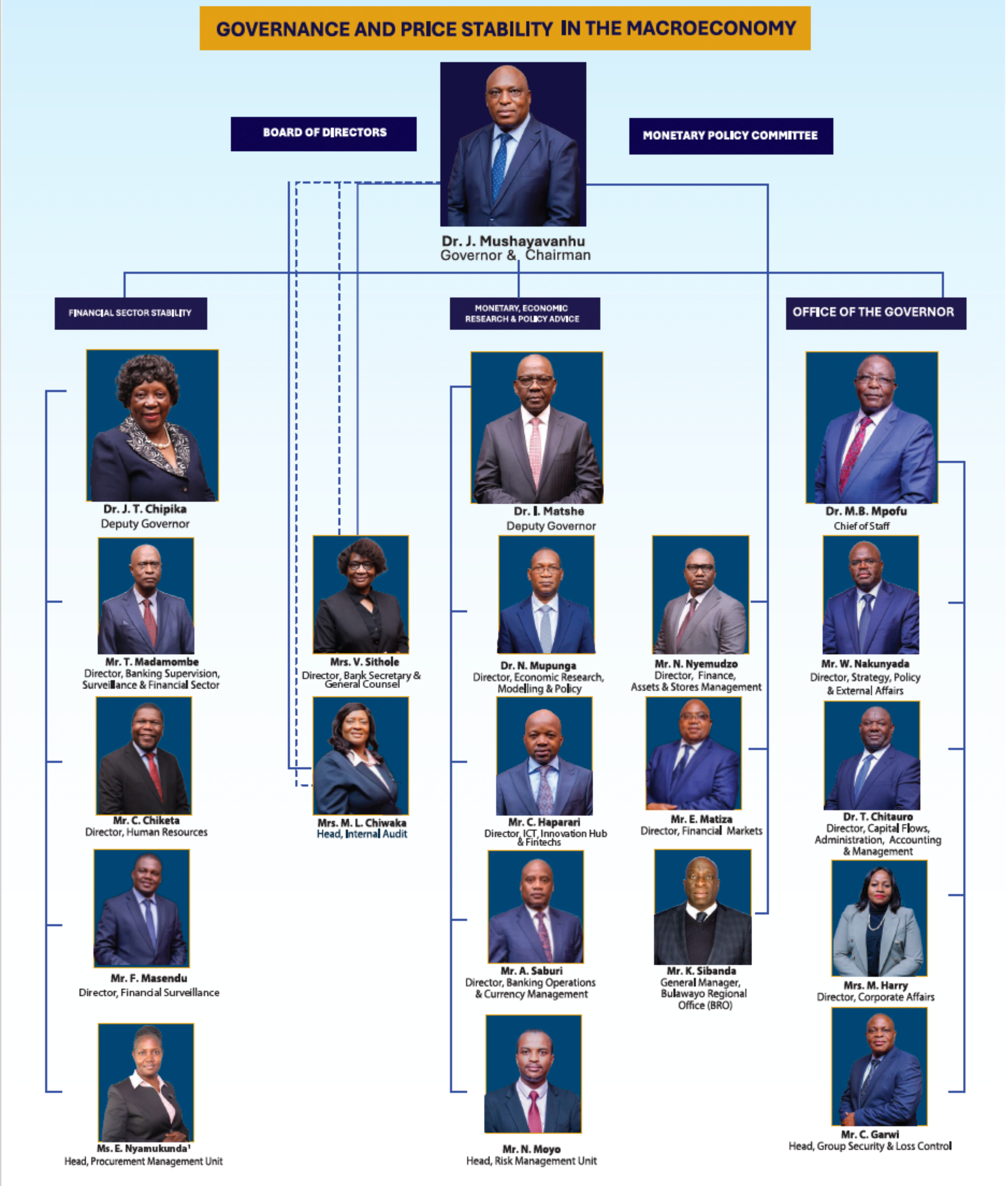
6.5 Current Structure of the RBZ

The RBZ is made up of different Divisions, each with a special role. These Divisions work together to make sure the Bank runs smoothly and achieves its goals

Divisional Directors and respective Divisions include:

- Dr. Nebson Mupunga – Economic Research, Modelling & Policy
- Mr. Azvinandaa Saburi – Banking Operations & Currency Management
- Mr. Farai Masendu – Financial Surveillance
- Mr. Philip T. Madamombe – Banking Supervision, Surveillance & Financial Stability
- Mr. Ernest Matiza – Financial Markets
- Dr. Tayengwa Chitauro – Capital Flows Administration, Accounting & Management
- Mr. Clever Haparari – Information Technology & Fintech Innovation
- Mrs. Melody Harry – Corporate Affairs
- Mr. Never Nyemudzo – Finance, Assets & Stores Management
- Mr. Willie Nakunyada – Strategy, Policy & External Affairs
- Mrs. Virginia Sithole – Bank Secretary & General Counsel
- Mr. Cleopas Chiketa – Human Resources
- Mr. Kasanda Sibanda – General Manager, Bulawayo Regional Office

GOVERNOR'S EXECUTIVE COMMITTEE (GEXCO)



6.6 Functions of the Bank

The RBZ performs several core functions:

Monetary Policy Formulation Implementation
Setting interest rates and managing money supply to maintain price stability.

Currency Issuance and Management
Printing and distributing the Zimbabwe Gold (ZiG) currency and ensuring its integrity.

Financial Sector Supervision
Regulating banks and financial institutions to ensure soundness and compliance.

Exchange Rate and Foreign Reserves Management
Stabilizing the exchange rate and accumulating gold and foreign currency reserves.

Payment Systems Oversight
Ensuring efficient and secure national payment systems.

Economic Research and Data Integrity
Conducting research to inform policy and maintaining reliable economic statistics.

Financial Inclusion and Literacy
Promoting access to financial services and educating the public on financial matters.

Advisor and banker to Government
Acting as banker, fiscal agent and adviser to the Government on financial and economic matters.

7. MONETARY POLICY IN ZIMBABWE

7.1 What is Monetary Policy?

Monetary policy refers to the actions taken by the Central Bank, in Zimbabwe being the Reserve Bank of Zimbabwe to control the amount of money in the economy and manage interest rates to stabilize prices, reduce inflation, and create an environment that supports economic growth.

Monetary policy does not work in isolation, it also complements the fiscal policy.. The fiscal policy broadly deals with government revenue and expenditure and is guided by legislation (National Budget), showing how the government uses taxes and spending to influence economic activity.

7.2 Why Monetary Policy?

It is an essential policy tool that can affect economic growth and development through direct and indirect channels.

Direct Channel: Provides revenue to the government through seigniorage. Seigniorage refers to government revenues from the manufacture of notes and coin.

Indirect Channel: Fostering or ensuring macroeconomic stability. Avoiding high and unstable inflation, thus avoiding macroeconomic instability. Instability is not good for the development of the economy. By deploying monetary policy in a countercyclical fashion (acting against the economic cycle/behavior of the economy to keep it stable), it can help stabilize the economy in the face of shocks arising from other sources.

7.3 How Does Monetary Policy Work?

The Reserve Bank uses various tools to manage money supply and influence interest rates. These tools include:

7.3.1 Statutory Reserve Requirements:

This is the minimum amount of funds that banks must hold in reserves and not lend out. For example, with the current reserve ratio at 30%, if a bank receives ZiG100 in deposits, it must keep ZiG30 as reserves and can lend out the remaining ZiG70. By requiring banks to keep more money in reserve, the Reserve Bank reduces the amount of money circulating in the economy, which helps control inflation.

7.3.2 Bank Policy Rate:

This is a benchmark interest rate set by the Reserve Bank to influence interest rates, particularly, the interbank interest rates, which are the rates that banks charge each other for lending or borrowing reserve balances overnight. The interbank interest rates influence all other interest rates in the market. The current Bank policy rate is 35%. When the Reserve Bank increases this rate, borrowing becomes more expensive for commercial banks, who then raise interest rates at which their customers can access loans. Higher interest rates discourage borrowing and reduce spending, which helps control inflation.

7.3.3 Overnight Accommodation Window:

If banks cannot access funding from other banks in the interbank market, they resort to the Reserve Bank for overnight accommodation. Overnight accommodation refers to short-term loans that central banks provide to commercial banks, usually for one night. These loans help banks ensure they have enough funds to meet their daily operational needs. The Reserve Bank charges a penalty when it gives loans to banks through the overnight accommodation facility to control the amount of money in the economy and also avoid banks' over dependence on emergency short-term funding from the Reserve bank but rather manage their funds more carefully, and also to encourage them to lend to each other. The current overnight accommodation rate is 35%.

7.3.4 Open Market Operations (OMO):

These involve the Reserve Bank buying or selling government securities (financial instruments which people can use to invest, save or borrow money) such as Treasury Bills (TBs) to control liquidity. For example, when the Reserve Bank sells TBs, people buy them and give their money to the Reserve Bank and thus money is withdrawn from the economy (Mopping out), reducing liquidity and slowing inflation. On the other hand, when the Reserve Bank buys securities, it gives money to the people who sell the TBs. This puts more money into the economy (liquidity injection), increasing the flow and helping to boost economic activity.

7.4 Key terms in recent RBZ Monetary Policy Statements

- **Inflation:** The increase in general prices of goods and services over time. Inflation erodes the value of money, meaning you need more ZiG to buy the same amount of goods. The Reserve Bank works to keep inflation low and stable to protect the currency's purchasing power.
- **Liquidity:** The amount of money readily available in the economy for transactions. Too much liquidity can lead to inflation, while too little can slow down economic growth.
- **Reserve Cover:** This refers to the ratio of Zimbabwe's foreign exchange reserves to its short-term external debt. A higher reserve cover shows that Zimbabwe has enough reserves to support its economy, maintain exchange rate stability, and protect against external shocks.
- **Exchange Rate:** This is the value of the ZiG compared to other currencies. In Zimbabwe, the exchange rate is market-determined in the interbank foreign exchange market based on the supply and demand for foreign currency. This rate is purely determined through authorised dealers (Banks) based on foreign currency trades that would have been conducted through banks.

7.5 Current Monetary Policy Liquidity Management Initiatives

7.5.1 Non-Negotiable Certificates of Deposit (NNCDs):

These are financial instruments issued by the Reserve Bank to absorb excess money from the banking system. Banks buy NNCDs to park their extra funds at the Reserve Bank, which reduces the amount of money circulating in the economy and helps control inflation.

7.5.2 Intra-Day Facility for Banks:

This facility provides short-term funds to banks during the day to help them manage liquidity and meet withdrawal or lending needs.

7.5.3 Targeted Finance Facilities (TFF):

This is a special funding program introduced by the Reserve Bank to provide low-cost funding to productive sectors like agriculture, manufacturing, and mining. The facility is accessible through banks at concessionary rates.

7.6 Current Monetary Policy Stance

There are two monetary policy stances that the Reserve Bank can pursue depending on the prevailing macroeconomic conditions: tight or loose monetary policy. A monetary policy is said to be tight when the Reserve Bank increases the bank policy rate and statutory reserves, in an effort to reduce money supply. Conversely, a loose monetary policy is characterized by a reduction in interest rates and an increase in the money supply. The Reserve Bank is currently pursuing a tight monetary policy to control inflation, stabilize prices, and promote confidence in the economy. Actions being pursued by the Reserve Bank include changing statutory reserve requirements, varying bank policy rates, and using open market tools like NNCDs to manage liquidity effectively.

7.7 Achievements of Monetary Policy since April 2024

The Reserve Bank's monetary policy measures have produced significant results:

1. Annual inflation significantly declined from 95.8% in July 2025 to single digit levels starting Jan 2026 at 4.1%.
2. Exchange rate has stabilised since Sept 2024 and parallel market premium has been contained – below 20%.
3. Sustained build-up of reserves from 0.18 months in April 2024 to 1.5 months of import cover as at 30 April 2026.
4. Reserve money fully-backed & money supply growth contained at inflation-neutral and growth enhancing levels.
5. Robust foreign currency (FX) generation capacity through FX administration and accounting.
6. Sustained Demand for ZiG as evidenced by an increase in ZiG usage to about 35 – 40% of total NPS transactions.
7. Sustained Banking Sector Stability and Financial Inclusion.
8. Enhance collaboration between fiscal and monetary policies and Enhanced monetary policy communication.

8. FINANCIAL LITERACY FUNDAMENTALS

8.1 Introduction

Financial literacy is the ability to understand and manage money effectively. For learners participating in the Schools Monetary Policy Challenge (SMPC), financial literacy is more than a personal skill, it is a gateway to understanding how everyday financial decisions connect to monetary policy and the stability of Zimbabwe's local currency, ZiG. When you learn to save, budget, invest, and borrow responsibly, you are not only improving your own future, you are also supporting the Reserve Bank of Zimbabwe's efforts to maintain price and financial stability.

8.2 Why Financial Literacy Matters for Students

8.2.1 Personal Benefits

- **Better Money Management:** Helps you plan, save, and spend wisely.
- **Avoid Debt Problems:** Teaches you to borrow responsibly and avoid unnecessary loans.
- **Goal Achievement:** Enables you to set financial goals and work toward them (e.g., saving for school trips or gadgets).
- **Confidence in Banking:** Prepares you to use banking services like accounts, mobile banking, and digital payments.
- **Protection Against Scams:** Makes you aware of safe financial practices and how to avoid fraud.

8.2.2 Academic and Career Benefits

- **Improved Decision-Making:** Builds analytical skills useful in subjects like Business Studies and Economics.
- **Career Readiness:** Financial literacy is essential for future entrepreneurs and professionals.
- **Foundation for SMPC Success:** Understanding money concepts helps you excel in SMPC assignments and presentations.

8.2.3 National and Community Benefits

- **Supports Currency Stability:** When people save and transact in ZiG, it strengthens demand for, and confidence in the local currency.
- **Promotes Financial Inclusion:** Encourages more people to use banks and formal financial services.
- **Economic Growth:** Savings and investments create funds for businesses, jobs, and development.
- **Community Empowerment:** Financially literate students can teach peers and families, spreading knowledge beyond school.

8.3 CORE FINANCIAL LITERACY SKILLS

8.3.1 SAVING

Saving is the foundation of financial security and independence. It means setting aside money for future use instead of spending it all now. Here's why saving is important:

a) Prepare for Emergencies - Life is unpredictable. Saving helps you handle unexpected expenses like school projects, medical needs, or transport costs without stress.

b) Achieve Goal - Whether it's buying textbooks, paying for a school trip, or saving for a gadget, having money set aside makes it easier to reach your goals without borrowing.

c) **Build Financial Discipline** - Saving teaches patience and planning. These habits help you avoid impulse spending and prepare you for bigger financial decisions later in life.

d) **Support Currency Stability** - When you save in ZiG, you help strengthen confidence in Zimbabwe's local currency. This supports the Reserve Bank of Zimbabwe's efforts to maintain currency stability.

e) **Create Opportunities for Growth** - Savings can later be invested in small projects or school clubs, helping you learn about entrepreneurship and wealth creation.

f) **Reduce Stress -** Knowing you have money set aside gives peace of mind and reduces financial anxiety.

Additional Notes

- **Start small:** Even the smallest amount saved consistently makes a difference.
- **Use safe methods:** A savings jar at home or saving account at a bank.
- **Set a clear goal:** For example, "Save ZiG100 in one month."

8.3.2 BUDGETING

Budgeting means creating a plan for how you will use your money before you spend it. It is one of the most important financial skills because it helps you control your money instead of letting money control you.

Why Budget?

- Avoid Running Out of Money: A budget ensures you don't spend everything at once.
- Achieve Your Goals: Helps you set aside money for savings and important needs.
- Reduce Stress: Knowing where your money goes gives peace of mind.
- Prevent Wasteful Spending: Encourages you to think before buying.
- Prevents Impulse Spending: Builds discipline and responsibility.
- Helps you distinguish between **needs** (essential items) and **wants** (things you can live without).
- Prepares you for managing larger sums of money in the future.

Steps to Create a Budget

- **Know Your Income:** How much money do you receive (e.g., pocket money)?
- **List Your Expenses:** Snacks, transport, stationery, etc.
- **Prioritize Savings:** Decide how much to save first before spending.
- **Allocate for Emergencies:** Keep a small amount for unexpected needs.
- **Stick to Your Plan:** Review your budget weekly to see if you followed it.

Extra Tips

- Use a notebook or phone app to track spending.
- Review your budget every week and adjust if needed.
- If you overspend, learn from it and improve next time.

8.3.3 INVESTING

Investing means putting your money into something that can grow over time. Unlike saving, which keeps your money safe, investing aims to increase its value. Here's why investing is important:

a) Grow Your Money

- Investing allows your money to work for you. Instead of sitting idle, it earns returns.
- Example: If you invest in an interest-bearing account at a bank you will earn interest on your money.

b) Achieve Bigger Goals
- Saving alone may not be enough for long-term goals like starting a business or paying for higher education.
- Investments can help you reach these goals faster because they generate extra income.

c) Learn About Risk and Reward
- Investing teaches you that higher returns often come with higher risks.
- Understanding risk prepares you for real-world financial decisions. Talking to a financial advisor about the different risks involved in the various investment options always helps.

d) Support Economic Growth
- When people invest, businesses get funds to grow, create jobs, and produce goods.

e) Build Financial Confidence
- Knowing how to invest responsibly makes you confident in managing money beyond school.
- It prepares you for adulthood where investments like Treasury Bills, shares, or bonds become important.

Additional Notes
- Understand risk: Investments can grow, but they can also lose value.
- Always research before investing, don't follow rumors or promises of quick money.

A. Understanding Money Market and Capital Markets in Zimbabwe
When we talk about investing, it's important to know where investments happen. In Zimbabwe, there are two main types of markets for financial instruments:

A1. Money Market
The money market is where short-term financial instruments are traded. These instruments usually mature in less than one year.

- **Examples of Money Market Instruments:**
  - Treasury Bills (TBs) issued by the Government.
  - Certificates of Deposit (CDs) issued by banks.
  - Commercial Paper (short-term corporate debt).

- **Why It Matters for You:**
  - These instruments are considered low-risk and are often used for saving and earning interest.

- RBZ uses the money market to manage liquidity and control inflation through tools like Open Market Operations (OMO).

- **Connection to SMPC:**
  - Understanding TBs and CDs helps you appreciate how the RBZ influences money supply and stability through these financial instruments.

A2. Capital Market

The capital market deals with long-term investments, usually more than one year.

- **Examples of Capital Market Instruments:**
  - Shares (stocks) of companies listed on the Zimbabwe Stock Exchange (ZSE).
  - Bonds issued by Government or corporations.

- **Why It Matters for You:**
  - Investing in shares or bonds can grow wealth over time.
  - Capital markets help businesses raise funds for expansion, creating jobs and supporting economic growth.

Key Takeaway:

Money markets are for short-term, safer investments, while capital markets are for long-term growth opportunities. Both play a role in Zimbabwe's economy and are linked to RBZ's monetary policy and ZiG stability.

8.3.4 BORROWING

Borrowing means taking money from someone else with a promise to repay it later. It can be helpful, but if not managed well, it can lead to serious problems. Here's what you need to know:

a. Why Borrowing Can Be Good?

- Emergency Situations: When you urgently need money for school fees, medical costs, or transport and have no savings.
- Important Needs: Borrowing for something essential that you cannot postpone, like exam registration.

b. Why Borrowing Can Be Risky?

- Debt Trap: If you borrow too often or too much, you may struggle to repay.
- High Costs: Some loans have interest, meaning you pay back more than you borrowed.
- Stress: Owing money can cause anxiety and affect relationships.

c. **Golden Rules of Borrowing?**

1. Borrow Only What You Can Repay: Never take more than you can realistically pay back.
2. Borrow for Needs, Not Wants: Avoid borrowing for luxuries or things you don't need.
3. Understand the Terms: Know when and how you must repay, and if there is interest.

Additional Notes

- Borrowing affects the economy: If too many people borrow and spend, it increases money supply and can cause inflation.
- RBZ uses tools like interest rates to control borrowing and maintain stability.
- Borrowing responsibly supports financial health and prevents problems later in life.

9. HOW TO PREPARE FOR SMPC ASSIGNMENTS

The Schools Monetary Policy Challenge (SMPC) assignments test your understanding of monetary policy, financial literacy, and Zimbabwe's economic context. Preparing well will help you perform confidently and score high. Follow these steps:

9.1 Understand the Assignment Brief

- Read Carefully: Go through the task description and note key requirements.
- Identify the Theme: Is it about ZiG awareness, financial literacy, or monetary policy?
- Highlight Deliverables: Presentations, posters, reports, debates—know what is expected.

9.2 Work with Your Teacher Mentor

- Each team (Governor and Deputy Governors) will have a teacher in charge who acts as your mentor.
- Role of the Teacher:
  - ☑ Guide you in understanding the assignment requirements.
  - ☑ Help you access reliable resources like RBZ publications.
  - ☑ Provide feedback on your drafts and presentations.

- **Tip:** Communicate regularly with your teacher and ask questions when you need clarification.

9.3 Consult Classmates and Peers

- Involve other learners for ideas and support.
- Ask classmates for opinions on topics like saving habits or ZiG usage.
- Use group discussions to brainstorm creative approaches for posters or debates.
- Remember: While the official team submits the work, classmates can help with research and practice.

9.4 Gather Information

- Use Reliable Sources:
  - ☑ RBZ publications (Monetary Policy Statements, Snapshots).
  - ☑ Official RBZ website for updates on ZiG and policy tools.
  - ☑ ZIMSTAT for economic data.

- Talk to People: Interviews with parents, traders, or community members can provide real-life insights.
- Global Examples: Research how other countries handled currency stability or financial literacy.

9.5 Organize Your Research

- Create a folder or notebook for notes, charts, and references.
- Summarize key points in simple language.
- Group information under headings like "ZiG Stability," "RBZ Mandate," "Financial Literacy Tips."

9.6 Plan Your Presentation

- Structure: Introduction → Main Points → Conclusion.
- Visuals: Use posters, charts, or infographics for clarity.
- Practice: Rehearse with your team and time your presentation.

9.7 Engage Your Audience

- Include interactive elements like quizzes or Q&A.
- Speak clearly and confidently.
- Relate concepts to everyday life (e.g., pocket money budgeting).

9.8 Record and Report

- Keep attendance records for assemblies.
- Document feedback from parents or community engagements.
- Submit all deliverables on time.

9.9 Tips for Success

- Start early, don't wait until the last minute.
- Divide tasks among team members (Governor and Deputy Governors).
- Use simple language but show understanding of economic concepts.
- Be creative—make your posters and presentations engaging.

10. CONCLUSION

10.1 The Schools Monetary Policy Challenge (SMPC) is a unique platform for learners to explore how monetary policy, financial literacy, and the promotion of Zimbabwe's local currency, ZiG, work together to build an economy where stability is the norm.

10.2 As Zimbabwe takes gradual steps toward a mono-currency system, your participation ensures that you contribute meaningfully to the policy discourse and support the country's macroeconomic aspirations.

10.3 Through this program, you are not only learning how to manage money wisely but also gaining practical insights into how central banking decisions influence everyday life.

10.4 These experiences prepare you to become informed citizens and tomorrow's economic leaders, innovators who will drive resilience, confidence, and prosperity for Zimbabwe.

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