

# SI 215 of 2025 FACTSHEET

## Foreign Participation In Reserved Sectors

### WHAT IS SI 215 OF 2025

- Statutory Instrument 215 of 2025 is formally titled the Indigenization & Economic Empowerment (Foreign Participation in Reserved Sectors) Regulations, 2025.
  - It was gazetted on 11 December 2025 under the Indigenization & Economic Empowerment Act [Chapter 14:33].
  - It is the primary regulatory instrument governing if & under what conditions foreign nationals may participate in reserved sectors in Zimbabwe.
  - SI 215 of 2025 is not necessarily a blanket ban on foreign investment. It is confined to 17 sectors listed in the Schedule. It replaces previously ambiguous & inconsistent frameworks. Thus, offering more regulatory certainty.

## POLICY CONTEXT & LEGISLATIVE BASIS

### FULL TITLE

- Indigenization & Economic Empowerment (Foreign Participation in Reserved Sectors) Regulations, 2025

### ENABLING LEGISLATION

- Indigenization & Economic Empowerment Act [Chapter 14:33], as amended by Finance Act No.2 of 2024 & Finance Act No. 7 of 2025

### GAZETTED

- 11 December 2025 (Extraordinary Government Gazette)

### ADMINISTERING AUTHORITY

- Ministry of Industry & Commerce: National Indigenization & Economic Empowerment Unit (NIEEU)

### APPLICATION SCOPE

- It applies to all foreign nationals (i.e. non-citizens of Zimbabwe) seeking to participate in a reserved sector (new entrants & existing operators)

### SECTORS SCOPE

- It covers 17 sectors across 3 categories namely, fully reserved, reserved with international brand exemption & conditionally open with thresholds

## RESERVED SECTORS OVERVIEW

SECTOR	STATUS
Transportation (Passenger Buses, Taxis & Car Hire Services)	<b>RESERVED*</b>
Retail & Wholesale Trade	<b>CONDITIONAL</b> Minimum Employees: 200 Minimum Investment: US\$20M
Barber Shops, Hair Dressing & Beauty Salons	<b>FULLY RESERVED</b>
Employment Agencies	<b>FULLY RESERVED</b>
Estate Agencies	<b>RESERVED*</b>
Valet Services	<b>FULLY RESERVED</b>
Grain Milling	<b>CONDITIONAL</b> Minimum Employees: 50 Minimum Investment: US\$25M
Bakeries	<b>FULLY RESERVED</b>
Tobacco Grading & Packaging	<b>FULLY RESERVED</b>
Advertising Agencies	<b>FULLY RESERVED</b>
Provision of Local Arts & Craft (Marketing & Distribution)	<b>FULLY RESERVED</b>
Artisanal Mining	<b>FULLY RESERVED</b>
Haulage & Logistics	<b>CONDITIONAL</b> Minimum Employees: 100 Minimum Investment: US\$10M
Borehole Drilling	<b>FULLY RESERVED</b>
Clearing & Customs	<b>RESERVED*</b>
Shipping & Forwarding	<b>CONDITIONAL</b> Minimum Employees: 20 Minimum Investment: US\$1M
Pharmaceutical Retailing	<b>FULLY RESERVED</b>

● Sectors with status **RESERVED\*** are exclusively for Zimbabweans except where the SI provides an exemption for 'international brands'.

## CRITERIA FOR CONDITIONAL FOREIGN PARTICIPATION

Foreign nationals may seek to participate in conditionally reserved sectors. They must obtain a permit from the Minister through the National Indigenization & Economic Empowerment Unit (NIEEU). Permit eligibility requires proven demonstration of the following:

### Minimum Qualifying Requirements For A Participation Permit

- ✓ Registered or incorporated in Zimbabwe (a foreign national may hold minority or majority stake)
- ✓ Compliance with minimum capital investment thresholds as prescribed per sector
  - ✓ Creation of a prescribed number of fulltime jobs for Zimbabwean citizens
- ✓ Business plan covering employment creation, skills transfer, technology transfer, sustainable value chain development & any other socially and economically desirable objectives
- ✓ Tax registration & compliance with the Zimbabwe Revenue Authority (ZIMRA)
  - ✓ Active local bank account in compliance with the Bank Use Promotion Act
- ✓ Valid Zimbabwe Investment & Development Agency (ZIDA) investment certificate

## EQUITY RESTRUCTURING & DIVESTMENT REQUIREMENTS

For foreign entities operating in conditionally reserved sectors, the SI mandates progressive equity divestment to local nationals over 3 years. The end state ceiling is 75% local ownership. This means foreign nationals may retain a maximum 25% stake upon full compliance.

Year	Equity Divestment	Important To Note
1	Minimum 25% equity divested to locals	Regularization plans required
2	Further 25% divested (cumulative 50%) to locals	Ongoing annual reporting to NIEEU required
3	Final 25% divested (maximum 25% foreign equity retained)	Full compliance (75% local, 25% foreign)
<p>● All equity or beneficial ownership changes involving foreign nationals must be disclosed to the NIEEU. Along with a concurrent or subsequent permit application required for any such transfer.</p>		

## BENEFICIAL OWNERSHIP PROVISIONS

### Key Provisions Are As Follows:

- Any change in ownership in a reserved sector business to a foreign national must be notified to the NIEEU within 7 days of the effective date of the change
- The NIEEU may require any registered business owner to make a sworn declaration of beneficial ownership, disclosing all beneficial owners (as a condition of continued operation)
- If the NIEEU suspects a transfer of control to a foreign national, it may compel production of ownership documentation & sworn declarations
- A person who refuses to make a declaration, or makes a false declaration, commits an offence
- If the true beneficial owner fails to initiate permit steps within the stipulated period by the NIEEU, the business loses its right to participate in the reserved sector

**NB:** Nominee arrangements & fronting structures are directly targeted by these provisions. Any foreign-controlled business operating under a Zimbabwean nominee is at an acute legal risk.

## PENALTIES FOR NON-COMPLIANCE

Violation	Consequence
Operating in a reserved sector without a permit	Level 8 fine & or 3 to 5 years imprisonment
Facilitating unlawful foreign participation	Criminal liability; same fines & imprisonment apply to enablers
Persistent or serious contravention	Permanent exclusion from all reserved sectors & disqualification from government contracting
Failure to meet annual divestment milestones	License suspension or revocation & regulatory sanctions

## REGULARIZATION OF EXISTING OPERATIONS

Foreign nationals & foreign-owned entities already operating in reserved sectors were required to submit regularization plans to the NIEEU by 10 January 2026, later extended to 31 January 2026. A further 3-month (January to March) compliance window was announced by the Minister. That window was during which all applicants would receive formal responses from the NIEEU.

### Minimum required documentation was as follows:

- ✓ Memorandum & Articles of Association
- ✓ Valid ZIDA investment certificate
- ✓ Proof of banking in Zimbabwe
- ✓ Tax compliance certificate from ZIMRA
- ✓ Business aligned to the prescribed economic objectives under Section 3A(10)(a)-(d)
- ✓ Proposed equity restructuring schedule & divestment milestones

## WHAT THIS MEANS FOR FOREIGN INVESTORS

For international capital seeking to enter Zimbabwe, SI 215 of 2025 gives rise to the following implications:

### REGULATORY CLARITY

- Threshold conditions for foreign participations are now formally codified. This reduces discretionary risk & enables precise due diligence on entry conditions.
- This offers a net positive for bankability. This is so because institutional investors & DFIs prefer predictable frameworks rather than ambiguous frameworks.

### SECTOR EXCLUSIONS

- 10 Sectors are now entirely off-limits for foreign capital. This includes artisanal mining, pharmaceutical retail, estate agencies & bakeries.
- Investors targeting these sectors need to re-examine deal structures or pivot to strategic local partnership frameworks.

### SPV & PARTNERSHIP STRUCTURING

- The 75%-25% local-foreign split over 3 years requires ownership structuring to be addressed at deal inception.
- For conditionally reserved sector foreign investment, we recommend embedding of the divestment schedule in the shareholders' agreement from day one.

### COMPLIANCE AS A BANKABILITY FACTOR

- DFIs & institutional investors increasingly assess regulatory compliance as part of ESG screening.
- Incomplete regularization or opaque ownership structures will impair a project's ability to raise capital from institutional sources.



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