

SAUDI ARABIA'S GIGA-PROJECTS UNDER VISION 2030

Saudi Arabia's Giga-projects under Vision 2030 are reshaping the Kingdom's economic and legal landscape. Backed by sweeping reforms, these projects involve unique regulatory zones, public-private partnerships, and robust foreign investment protections. The legal framework spans contracts, dispute resolution, ESG compliance, and labor laws, demanding strategic navigation by all stakeholders.



Introduction

Under the ambitious umbrella of Vision 2030, Saudi Arabia is undergoing a historic transformation aimed at diversifying its economy, reducing its dependence on oil revenues, and positioning the Kingdom as a global investment powerhouse. Central to this vision are giga-projects massive multi-sectoral developments like NEOM, The Line, Qiddiya, Diriyah Gate, AMAALA, and the Red Sea Project.

These projects are reshaping the Kingdom's urban, environmental, tourism, and technological infrastructure. However, the scale and complexity of giga-projects require a robust legal framework to manage regulatory compliance, investment protection, construction and operational risks, and dispute resolution.

As legal advisors to investors, developers, and public-private partnerships in Saudi Arabia, ALGhazzawi & Partners explores the legal opportunities and challenges that accompany Saudi Arabia's giga-project boom.



Legal Framework Supporting Giga-Projects

The legal system in Saudi Arabia has been modernized in recent years to support the rollout of Vision 2030.

Key legal developments include

1 New Companies Law

One of the most transformative laws in recent years, the Law:

- allows simplified incorporation procedures for foreign and local investors.
- introduces flexible company structures (e.g., Simplified Joint Stock Companies, management structures).
- reduces restrictions on profit distribution and shareholding structures.
- promotes transparency and corporate governance.

2 Investment Law & MISA Foreign Ownership Regulations

The Ministry of Investment (MISA) has developed a clear and investor-friendly framework:

- Ensures 100% foreign ownership in most sectors of the economy.
- Guarantees fair treatment for foreign investors, including protection from expropriation and fair compensation in case of expropriation.
- Provides dispute resolution pathways and full repatriation of capital and profits without any restrictions.
- Integrates licensing with strategic mega-initiatives like NEOM and Red Sea Global.



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Ministry of Investment

3 Public-Private Partnership (PPP) & Privatization Laws

To empower giga-projects, the Kingdom adopted:

- **Saudi Arabia PPP Law (2021):** Defines roles and responsibilities of private entities engaging in infrastructure or service delivery for the public sector.
- Allows for various models such as Build-Operate-Transfer (BOT) and Joint Development Agreements (JDAs).
- Facilitates risk-sharing and revenue generation across sectors like transport, healthcare, and renewable energy.

4 Real Estate and Land Use Regulation

Many giga-projects are real estate and tourism-driven. Legal reforms include:

- **New Real Estate Registration Law (2023):** Enhances property registration and reduces ownership disputes.
- **Zoning & Planning Laws:** Governed by entities like the Royal Commission for Riyadh City or NEOM Authority, which have unique regulatory powers.
- Foreign investors can now access real estate ownership in specific zones under defined conditions.

5 Environmental and Sustainability Regulations

Environmental law is central to Vision 2030 and giga-project planning:

- Mandatory Environmental Impact Assessments (EIAs) before development.
- Compliance with green building standards (e.g., Saudi Building Code).
- Oversight by MEWA, RCU, and special project authorities (e.g., Red Sea Global's sustainability guidelines).

6 Labor Market & Saudization

To balance talent importation with local employment goals:

- Amendments to the Labor Law further strengthens rights for all employees , including in large-scale construction projects.
- Nitaqat Program sets Saudization quotas.
- Companies involved in giga-projects must plan HR and recruitment strategies accordingly, often incorporating compliance support.

7 Dispute Resolution and Arbitration

Legal clarity is supported by robust judicial reforms:

- Establishment of Specialized Commercial Courts.
- Enabling litigants to resolve their disputes through Taradhi circuits.
- Timelines for swift conclusion of lawsuits.
- Adoption of the Saudi Center for Commercial Arbitration (SCCA) rules.
- Full enforcement of foreign arbitral awards under the New York Convention.



Saudi Giga-Projects Legal Framework

Giga-projects often involve complex layers of contracts, joint ventures, regulatory approvals, and land-use agreements.

Legal advisors must address

1 Special Economic Zones & Independent Regulatory Jurisdictions

Some giga-projects operate under unique legal and regulatory regimes, particularly:

- NEOM, which has its own independent legal framework, including visa, tax, labor, and commercial regulations.
- The Red Sea Project and AMAALA are governed by specialized authorities that issue permits and control zoning, land use, and sustainability standards.
- This enables more flexibility and innovation but requires legal advisors to be deeply familiar with project-specific regulations.

2 Joint Ventures & Strategic Partnerships

Giga-projects often involve Joint Venture (JV) agreements between:

- Government-backed entities (e.g., PIF, RCUs).
- International developers, contractors, and operators.

Key legal considerations include:

- Equity distribution and capital contributions.
- Governance structures (e.g., board representation, voting rights).
- Exit strategies and lock-in periods.
- Dispute resolution mechanisms (arbitration vs. litigation).

Drafting robust JV agreements is critical to safeguarding interests and avoid future conflicts.

3 Contractual Framework: EPC, FIDIC & Turnkey Agreements

Most giga-projects use international construction standards such as:

- FIDIC-based contracts (e.g., Red Book, Silver Book) for Engineering, Procurement, and Construction (EPC) work.
- Design-Build-Operate (DBO) models.
- Turnkey arrangements for large-scale infrastructure and hospitality projects.

These contracts must address:

- Force majeure (especially for long timelines).
- Change orders and variations.
- Liquidated damages for delays to be equitable.
- Payment terms and performance guarantees.
- Insurance and indemnity clauses.

Legal teams ensure all contract clauses are customized to Saudi law and project-specific risks.

4 Regulatory & Licensing Requirements

Before initiating a giga-project, stakeholders must obtain:

- Development permits and land approvals from specialized bodies (e.g., NEOM Authority, Red Sea Global).
- Tourism, hospitality, and commercial licenses from the Ministry of Tourism, MISA, and Municipal authorities.
- Labor and visa quotas from the Ministry of Human Resources.

Each stage of development planning, construction, and operation requires legal coordination with different government departments.

5 Project Finance & Islamic Financing Structures

Financing is a core pillar of giga-project structuring. Legal counsel may facilitate:

- Sharia-compliant finance models (e.g., Ijara, Murabaha, Sukuk).
- Blended financing using both public funds (via PIF or SIDF) and private capital.
- Negotiation of lender protections and security arrangements.
- Risk allocation in syndicated or multi-tranche funding.

Legal due diligence is essential to ensure project finance agreements are enforceable under Saudi law and Sharia principles.

6 Intellectual Property, Technology & Data Compliance

As many giga-projects include smart city components, legal teams must address:

- IP ownership and licensing in smart infrastructure and AI systems.
- Compliance with the Personal Data Protection Law (PDPL) in digital services.
- Cybersecurity standards for platforms and cloud services.



Foreign Investment: Legal Incentives & Compliance in Giga-Projects

Saudi Arabia is actively seeking foreign investors to power its giga-projects.

Key legal developments include

1 100% Foreign Ownership and Market Access

In a major reform, the Saudi government now allows 100% foreign ownership in most sectors, eliminating the previous requirement for a local partner. Key features include:

- **MISA Registration (Ministry of Investment Saudi Arabia):**
 - Offers a fast-track license for foreign investors.
 - Integrates with other entities (e.g., Ministry of Commerce, ZATCA) for company setup.
- **Sector-Specific Access:**
 - Open sectors include tourism, construction, infrastructure, IT, and renewable energy.
 - Strategic sectors may still have restrictions or require special approvals.

Legal Tips:

While ownership is permitted, certain projects within giga-project zones (e.g., NEOM) may follow customized frameworks, requiring additional regulatory coordination.

2 Incentives for Foreign Investors

Saudi Arabia offers a broad range of incentives to encourage foreign participation in giga-projects, including:

- Customs exemptions on machinery and raw materials used in manufacturing.
- Land leasing at competitive rates in special development zones.
- Tax incentives and exemptions in Special Economic Zones (SEZs).
- No restrictions on capital repatriation, provided tax and regulatory compliance is maintained.
- Access to government-backed funds, **such as:**
 - Public Investment Fund (PIF).
 - Saudi Industrial Development Fund (SIDF).
 - Tourism Development Fund (TDF).

3 Compliance with Labor Laws and Saudization

One of the critical obligations for foreign investors is compliance with the Labor Law and national employment quotas under the Nitaqat Saudization program:

- Companies must meet minimum percentages of Saudi nationals in their workforce.
- Giga-projects often require coordination with the Ministry of Human Resources and Social Development (MHRSD) for labor permits and visa approvals.
- Employee rights, work hours, wages, and end-of-service benefits must be contractually compliant with Saudi law.

4 Taxation, Zakat, and Withholding Obligations

Foreign investors are subject to a transparent but unique tax framework:

- Corporate Income Tax (20%) on foreign-owned companies.
- Zakat (2.5%) for Saudi or GCC-owned entities.
- Withholding Tax (5%–20%) on payments to foreign parties for services, dividends, royalties, etc.
- Transfer Pricing Compliance under ZATCA's updated guidelines, including documentation and disclosure requirements.

Legal Guidance:

Investors should conduct tax due diligence at the licensing and JV structuring stages to avoid liabilities and penalties.

5 Intellectual Property (IP) Protection

Many giga-projects involve cutting-edge innovation, design, and technology. Saudi Arabia has strengthened its IP framework by:

- Aligning with WIPO treaties for trademark, patent, copyright, and industrial design protection.
- Establishing the Saudi Authority for Intellectual Property (SAIP) for streamlined filings and enforcement.
- Protecting IP rights in software, architecture, smart infrastructure, and branding used in giga-projects.

6 Anti-Corruption and Regulatory Integrity

Saudi Arabia enforces a zero-tolerance policy on bribery and corruption. Foreign investors must comply with:

- The Saudi Anti-Bribery Law.
- International standards such as the U.S. Foreign Corrupt Practices Act (FCPA) or UK Bribery Act (if applicable).
- Mandatory internal controls, due diligence, and audit trails when working with public entities or JV partners.

7 Dispute Resolution & Investor Protection Mechanisms

Saudi Arabia ensures a protective legal environment for foreign investors through:

- Membership in the New York Convention (١٩٥٨) for enforcement of international arbitral awards.
- Bilateral investment treaties (BITs) providing dispute resolution and expropriation protection.
- Availability of neutral arbitration forums, such as the Saudi Center for Commercial Arbitration (SCCA) and ICC Riyadh.



Dispute Resolution in Giga-Project Contracts

Given the scale and diversity of stakeholders, effective dispute resolution mechanisms are key:

1 Contractual Dispute Resolution Clauses

Every contract related to giga-projects, be it EPC agreements, consultancy contracts, JV agreements, or PPP arrangements should include:

- **Governing Law Clause:** Often Saudi law, but in some cross-border cases, parties may agree on foreign laws for neutrality.
- **Jurisdiction Clause:** Determines whether disputes will be resolved through Saudi courts or international arbitration.
- **Dispute Resolution Mechanism:** May include negotiation, mediation, adjudication, arbitration, or court litigation, in that order.

Best Practice:

A tiered dispute resolution clause (negotiation → mediation → arbitration/litigation) helps preserve business relationships and avoid escalation.

2 Commercial Courts in Saudi Arabia

Saudi Arabia has established Commercial Courts to handle complex commercial disputes, including those involving:

- Construction contracts.
- Shareholder disagreements.
- Payment and performance claims.

These courts provide:

- Electronic filing and case management systems.
- Shorter timelines for rulings.
- Judges specialized in commercial law.

This improves efficiency and builds investor confidence.

3 Saudi Center for Commercial Arbitration (SCCA)

The Saudi Center for Commercial Arbitration (SCCA) has become the leading arbitration institution in the Kingdom, offering:

- Modern arbitration rules aligned with international standards (UNCITRAL-based).
- Bilingual proceedings (Arabic/English).
- Fast-track procedures for time-sensitive disputes.
- Mediation and ADR services for amicable settlement.
- Judges at the SCCA court drawn from different geographies.

SCCA arbitration is commonly chosen in giga-project contracts, especially those involving joint ventures or international contractors.

4 Enforcement of Foreign Arbitral Awards

Saudi Arabia is a signatory to the New York Convention (1958), enabling enforcement of foreign arbitral awards within the Kingdom. The enforcement process has been simplified by:

- The Enforcement Law (2012), which reduced bureaucratic delays.
- Specialized Enforcement Courts that deal exclusively with enforcing local and international judgments and arbitral awards.

Legal teams should ensure the arbitration clause is clearly drafted and compliant with the requirements of the Saudi Enforcement Court, particularly regarding:

- Venue of arbitration.
- Language of arbitration.
- Appointing authority.
- Public order considerations under Sharia.

5 Alternative Dispute Resolution (ADR) Options

To prevent costly and lengthy litigation, parties may also include:

- **Dispute Adjudication Boards (DABs):** Especially useful in long-term EPC and infrastructure contracts to resolve disputes during construction.
- **Mediation Clauses:** Encouraged by the Saudi Mediation Center, helping parties reach a voluntary, binding agreement without formal proceedings.

These approaches can preserve relationships and allow projects to progress without major disruptions.

6 Common Dispute Triggers in Giga-Projects

Legal advisors must proactively address high-risk areas, including:

- Delays in project delivery and liquidated damages.
- Scope changes and variation claims.
- Payment disputes and milestone disagreements.
- Force majeure and pandemic-related delays.
- Regulatory non-compliance or permit-related issues.

Robust contract drafting and early legal intervention can prevent escalation.



ESG & Sustainability-Related Legal Issues in Saudi Arabia's Giga-Projects

Giga-projects are built on sustainability and innovation.

Legal advisors must consider

1 Environmental Regulations & Compliance

Giga-projects must adhere to strict environmental and sustainability standards, both nationally and project-specifically:

- **Environmental Impact Assessments (EIAs):** Mandatory for most large-scale developments under MEWA and Royal Commission for Riyadh City.
- **Sustainable Urban Development Codes:** For example, NEOM and Red Sea Global have their own eco-friendly guidelines and building codes.
- **Carbon Emissions and Renewable Energy Requirements:** Especially important in energy-intensive sectors and construction.
- **Marine and Land Conservation Laws:** Projects near coasts or natural reserves (e.g., Red Sea, AMAALA) must comply with biodiversity and habitat protection laws.

Legal Tips:

Legal teams must ensure EIA reports are filed, permits obtained, and continuous reporting obligations are fulfilled to avoid shutdowns or penalties.

2 Social Responsibility and Labor Law Compliance

Social impact is a core part of the ESG framework. Key legal obligations include:

- **Labor Rights under the Saudi Labor Law:**
 - Fair wages, work hours, rest periods, and end-of-service benefits.
 - Enforcement of health and safety regulations, especially for construction workers.
- **Saudization & Workforce Inclusion:** Mandated under the Nitaqat Program, especially in publicly funded giga-projects.
- **Worker Accommodation Standards:** Required for large projects, ensuring humane living conditions and compliance with Ministry of Municipal and Rural Affairs and Housing (MOMRAH) guidelines.

Projects must also comply with international labor standards, especially when working with international partners or under foreign financing agreements.

3 Governance, Transparency & Anti-Corruption Measures

Governance is critical to ESG. The legal framework in Saudi Arabia supports ethical business practices through:

- **Anti-Bribery and Corruption Laws:** Enforced by Nazaha (Control and Anti-Corruption Authority), especially for companies involved in government contracts.
- **Disclosure and Reporting Obligations:** Investors may need to submit ESG disclosures under PIF-backed frameworks or financing terms.
- **Board Governance Rules:** Companies operating in giga-project zones may be required to follow enhanced governance standards under the New Companies Law or by project-specific authorities.

4 Sustainable Finance & Green Bonds

Financing giga-projects increasingly requires ESG-aligned financial tools:

- **Green Sukuk and Green Bonds:** Used to fund renewable energy, water management, and sustainable infrastructure.
- **Saudi Green Initiative (SGI):** Influences how capital is allocated and monitored in alignment with climate and environmental targets.
- **ESG Ratings & Audits:** May be required for access to global capital markets or joint ventures with ESG-focused funds. *Legal advisors help draft and review financing terms to ensure alignment with ESG requirements and sustainable investing standards.*

5 Data Privacy, Tech Ethics & Smart Cities

Many giga-projects especially NEOM and The Line are highly tech-driven. ESG in this context also involves:

- **Personal Data Protection Law (PDPL):** Compliance with Saudi Arabia's data privacy regime is essential for smart cities and tech-based infrastructure.
- **AI Ethics & Digital Governance:** Although still evolving, legal frameworks are increasingly focusing on responsible AI, algorithm transparency, and cyber-resilience.
- **Sustainable Digital Infrastructure:** Projects must integrate digital systems (IoT, sensors, smart grids) in ways that respect human rights and environmental impact.

Conclusion

Saudi Arabia's giga-projects are at the heart of Vision 2030, driving economic diversification, innovation, and sustainable development. These ambitious initiatives are supported by a robust and evolving legal framework covering investment, contracts, dispute resolution, ESG compliance, and regulatory approvals.

As the legal landscape continues to modernize, investors and developers must navigate complex requirements while aligning with national goals. With strategic legal guidance, stakeholders can minimize risk and maximize opportunity.

At ALGhazzawi & Partners, we are committed to supporting clients involved in giga-projects with tailored legal solutions that ensure compliance, protect interests, and contribute to the success of Saudi Arabia's transformative vision.