



الهيئة العامة للاستثمار
Saudi Arabian General Investment Authority
(SAGIA)

Lease of Forestlands

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Resolution No 1/428 dated 19/2/1421

I the minister of agriculture and water resources, by the powers vested in me, and pursuant to the resolution of the council of ministers no. 215 dated 27/11/1419H with regard to allowing the ministry to lease certain areas in forestlands, arable and the national parks of touristy nature and importance, and according to paragraph 8 of article 9 of the act, issued by our resolution no. 1/ 2067 dated 17/ 10/ 1420H, which governs the lease of same,

I decide the following:

1. The addition of a paragraph holding the number: 1 to article 6 of the fore mentioned act to be cited as:
 - 1- Duration of contract shall be fifteen years renewable by a mutual agreement of the two parties.
2. The addition of a paragraph holding the number 11 to article 7 to be cited as:
 - 11- The investor undertakes obtaining residence permits (Iqamas) and operation licenses for his foreign workers on site and renewing them on time. He undertakes not to employ persons not under his sponsorship and not to allow workers under his sponsorship neither to be employed by others nor self-employed in professions other than those they were recruited for. The investor shall not allow his foreign employees to inter-city travel without bearing their Iqamas and travel permits bearing his stamp and endorsed by the passports department. In case of breaching these provisions, the project shall be halted until the investor rectifies the situation and in case of repeated breach, the project shall be permanently shutdown and license revoked and awarded to a different investor.
3. This resolution shall be conveyed to the concerned authorities to be effected as of the date hereof.

Minister of Agriculture and Water Resources
Dr. Abdullah bin Abdulaziz bin Muammer

Lease of Forestlands, Arable and National Parks Act

Article 1:

The terms are defined, wherever they occur, as follows:

Ministry: The ministry of agriculture and water resources.

Minister: the minister of agriculture and water resources.

Site: A land leased for tourism and entertainment purposes including forestland, arable and national parks.

Project: A tourism and entertainment investment set up on a site.

Investment: Utilization of capital in tourism and entertainment oriented projects.

Investor: The natural person who is entitled to invest in the field of tourism according to this act.

Contract Form: The unified contract form for lease of forestland, arable and national parks for tourism and entertainment purposes.

Evaluation Committee: A committee formed by the ministry of agriculture to estimate the total cost of installations set up by the first investor on a leased land.

National Park: A large sample of the natural environment - including fauna and flora - within a certain major geographical location with a unique set of characteristics, requirements and objectives.

Arable: Uninhabited and cultivatable land suitable for tourism and entertainment projects.

Forestland: A land upon which are trees, shrubs or forest grass with a density not less than 10% regardless of whether wild or man-grown.

Article 2: Determining of sites and prerequisites of sites to be leased.

1. The ministry shall determine the locations of the sites to be leased and draw a detailed map for each.
2. Sites shall be under the jurisdiction of the ministry and not belonging private owners.
3. Forest area covered by trees shall not be less than 10% of the of the total site space. Free space might be utilized for the construction of facilities provided as much space as possible be designated for growing decorative plantation.
4. Projects set up in such areas shall be strictly tourism and entertainment oriented.

5. Sites of spaces more than 100,000 sq. m. shall be leased through public tenders while sites less than 100,000 sq. m. shall be leased directly by the concerned committee. In all cases, the ministry shall determine the lease rate per sq. m.
6. In case of adjacent sites, license should not be granted to identical or similar projects unless approved by the ministry.

Article 3: Rules to be considered upon leasing a site through public tenders

1. All authorized investors have the right to bid in public tenders and they shall have equal chances in all aspects of the tender.
2. The announcement of a tender shall be published once in the official gazette and four other newspapers.
3. The announcement of a tender shall include the closing date and the place where offers of bids, enclosed in sealed envelopes, can be submitted. The period from the announcement date and the processing date shall not be less than 120 days.

Article 4: Tender Criteria

1. A bidder shall submit a feasibility study including plans and designs for the proposed site. Designs should comply with Islamic teachings and Saudi traditions and the study should cite the required water supply and resources for the project.
2. A detailed work plan covering all stages as well as current and futuristic requirements.
3. Determining the time frame and target date of operation.
4. Documents proving investor to be capable of executing the project.
5. A bank bond equaling 5% of the total cost of the project to be released upon the commencement of the project.
6. Foreign investors whether natural or juristic should obtain a license from the concerned authorities prior to bidding.

Article 5: Procedures of Site Leasing

1. Successful bidders shall be notified by a registered letter the address cited in their bid offer in order to sign a contract and the receipt of site within 30 days from date of notification. In case of a delay, the investor shall be sent another 60-day notification.

Should the bidder fail to respond within time, the ministry shall cancel awarding them the tender and consider the next bidder.

2. Sites of areas less than 100,000 square meters shall be leased upon a request of an investor and the approval of the fore mentioned technical committee.
3. The technical committee shall be formed of the following figures:
President:

- Deputy minister of agriculture and water resources/
Agriculture Affairs.

Members:

- A representative of the pastures and forests department.
- A representative of the national parks department.
- A representative of the land investment department.
- A representative of the water resources development department.
- A legal advisor.
- A secretary of the pastures and forests department.

The committee shall receive investment applications, review them and respond according to the provisions of this act. In case of several applications for the same site, the best application shall be accepted.

Article 6: Lease Conditions

1. Contract duration shall be fifteen years renewable by a mutual agreement of the two parties.
2. Contract shall be effective from the date of signing and the investor shall be responsible for the entire site.
3. The lessee shall not assign the lease contract or part of it to others without the consent of the ministry.
4. The ministry shall terminate the lease contract for public interest after stating reasons for such action.
5. If the ministry decides not to renew a lease contract, a three- month notice shall be served to the lessee by registered mail.
6. If a lessee does not intend to renew a lease contract, he shall serve a three- month notice to the ministry by registered mail.
7. If a lessee decides to renew the lease contract he shall notify the ministry one year prior to the contract expiry date and if renewal is approved, the ministry might re-estimate the lease rate and amend

- other terms subject to the consent of the lessee. A new contract shall be formatted then.
8. The lessee shall not execute work or take on duties not cited in the contract or the plans and designs of the project without the written consent of the ministry.
 9. If the investor fails to fulfill any of the obligations set out by this act and the lease contract, the ministry shall notify them by registered mail to rectify the situation within 2 weeks. If they fail to respond in time, the ministry shall serve him a final 15-day notice. Failure to respond to the final notice shall result in termination of contract and investor shall indemnify the ministry for damages thereto.
 10. If the lessee does not rectify the situation within the period cited in the final notice, the contract shall be terminated by the competent authority and the lessee shall hand over the site immediately to the ministry.
 11. Without prejudice to the ministry's right to take legal action against a lessee in case the latter refuses to hand over a site, the ministry shall have the right to reclaim the site by force through concerned authorities and claim retribution for damages thereto.
 12. If either the ministry or lessee does not intend to renew the lease contract, the lessee shall be obligated to make necessary repairs to all the installations on site under the supervision of the ministry prior to handing them over. In case of forceful hand over, the ministry might compel the lessee by all proper means to make necessary repairs.
 13. Upon the termination of a contract, the evaluation committee shall estimate the expenses incurred by the lessee through investment on a site to be refunded by the new lessee. The first lessee might appeal underestimation to the minister, whose decision in this respect shall be final.

Article 7: Prerequisites of Investment

1. A lessee must obtain necessary permits before commencing construction works.

2. A lessee must consider using paints and material harmonious to scheme of the ambient.

3. A lessee shall comply with the following:

- Providing necessities such as water, electricity, phone service, healthcare facilities, sewerage, garbage disposal, routes leading to the site etc.
- Providing Saudi security personnel to maintain security and order.
- Posting a sign bearing the project's name, license number and the name of ministry.
- Providing first-aid equipment as approved by the health authorities.
- Implementation of safety and security precautions related to traffic and civil defense in all designs and constructions and obtaining written certifications from the concerned authorities.
- Fees for entering site must be agreed upon with the ministry.
- Providing a full staff of managers and technicians to operate and maintain the site who should be medically examined prior to appointment. The lessee must also give due consideration to Saudization programs.
- A lessee must operate the project at full capacity immediately upon completion. Partial operation shall be accepted only if the project is being completed in phases.
- A full-time Saudi manager shall be appointed and delegated all powers to manage the site.
- The lessee must keep the site clean and provide cleaning and garbage disposal equipments and dispose of waste as instructed by the authorities.

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11- The investor undertakes obtaining residence permits (Iqamas) and operation licenses for his foreign workers on site and renewing them on time. He undertakes not to employ persons not under his sponsorship and not to allow workers under his sponsorship neither to be employed by others nor self-employed in professions other than those they were recruited for. The investor shall not allow his foreign employees to inter-city travel without bearing their Iqamas and travel permits bearing his stamp and endorsed by the passports department. In case of breaching these provisions, the project shall be halted until the investor rectifies the

situation and in case of repeated breach, the project shall be permanently shutdown and license revoked and awarded to a different investor.

Article 8: Investor Obligation

1. A lessee may establish a nursery on site to be utilized for forestation and transplantation according to the terms and conditions set by the ministry for commercial nurseries.
2. A lessee must preserve the trees and plants on site as well as tend to the appearance of the site and attempt to improve it without harming its natural characteristics. He must also provide the necessary services in a manner that would not damage the natural environment of the site.
3. A lessee undertakes not to grow new species of any type on the site without the approval of the ministry, to avoid the spread of possible plant-diseases and pests. He also undertakes to report immediately to the concerned authorities upon the discovery of an epidemic disease.
4. A lessee shall grant the right of passage through the site if deemed necessary.
5. It is not allowed to set up dams or any other installations that might disrupt or harm the natural flow of water or cause soil to be swept on the site or nearby sites.
6. Lessees of natural parks undertake to develop them without changing or harming their natural characteristics.
7. A lessee shall be liable to repair damages occurring on the site or nearby sites as a result of construction works. Otherwise, he shall be subject to the penalties stated in the relevant laws.
8. A lessee shall take full advantage of the natural components of a park in order to make it as attractive as possible.
9. A lessee shall maintain the integrity of the park through having a minimal number of structures required to operate the park efficiently.
10. A lessee shall provide public access to the park and facilities without changing or damaging the natural characteristics of it.

Article 9: General Rules

1. National parks shall be technically supervised by a Saudi specialists or agricultural engineers with sufficient knowledge and experience.
2. The ministry shall have the right to such activities as those related to the preservation and increasing of the fauna and flora in national parks and the lessee shall enable the ministry to carryout its work.
3. The ministry or representative shall supervise the execution of the project. In case of failure to complete the project within the fore set timeframe, the investor shall be given a 4-month extension. The minister may withdraw the project from the investor if he fails to complete it within the extension time.
4. If investor fails to complete the project during the fore set time frame, the minister may award the project to a different investor, who shall pay to the first investor all incurred expenses according to the estimation of a committee to be formed for this purpose.
5. The concerned authorities within the ministry may make routine inspections leased sites to ensure compliance to the terms of lease contracts.
6. The provisions of this act shall apply to all matters not regulated by lease contract.
7. The minister may delegate some of the powers stated hereof and belonging to him.
8. The minister may cancel or amend the provisions of this act.
9. This act shall be effective from the date of issuance.