بسم الله الحمد لله
The Custodian of the Two Holy Mosques
King Salman bin Abdulaziz
His Royal Highness
Prince Mohamad bin Naif bin Abdulaziz
Crown Prince & Deputy Prime Minister

His Royal Highness
Prince Mohamad bin Salman bin Abdulaziz
Second Deputy Prime Minister
Deputy Crown Prince
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Chairman’s Statement

No longer is any country able to ignore the rapid developments in the field of telecommunications and information technology and the adoption of new technologies and services as a key element that gives the country the ability to compete in a globalizing world. While the rate of change is sometimes demanding, the digital revolution has affected human life in a way that cannot be ignored. It has controlled the social, economic, cultural and other aspects.

The rapid technical development and the emergence of new technologies in the world of telecommunications and information technology have led to discovering new horizons and availability of new and promising opportunities. Such a digital revolution will pave the way for new forms of partnerships with businesses and non-governmental organizations, communities and individuals in various fields, to bring about a radical change in the way the provision of telecommunications and information technology services. In this sense, the ICT sector in KSA has been given great interest and support by the wise government under the leadership of the Custodian of the Two Holy Mosques and the Crown Prince and deputy Crown Prince – God save them - in order to make the most of the potential of this sector to serve the citizen in his daily life and to facilitate it, in addition to increasing the effectiveness of performance of various government facilities, the business sector, as well as its contribution to push forward the development, and raise the efficiency of the national economy; and creating an investment environment built on the foundations of clear transparency and non-discrimination, and to allow the private sector to invest in the activity of telecommunications and information technology, in order to contribute to the GDP, and the adoption of the appraisal of electronic transactions in various fields. As a result of such efforts, by the end of 2015, the penetration rate of mobile telecommunications services has reached approximately 167.5% at the level of the population, and the household teledensity of fixed telecommunications services reached approximately 34%, and the fixed broadband penetration rate reached approximately 50% of households, and the mobile broadband penetration rate reached about 156% of the population, and the Internet penetration rate reached about 43%, and the percentage of population. In addition, the contribution of the ICT sector in the GDP stood at around 6%.

Due to the passage of nearly fifteen years since the start of opening telecommunications and information technology services markets in the Kingdom; and rapid technical developments in this area during the last period, it became necessary to assess the current situation of the sector, identify the difficulties it faces, study the global and regional developments, and then set ambitious goals as part of a comprehensive strategy to develop the sector in order to address these challenges, and reach global and regional pioneering, and to achieve the visions and objectives of the state in the coming period. The draft of the general strategy has included four important pillars: infrastructure, information technology industry, the skills of communication and information technology, and digital transformation initiatives. These trends in its entirety aim to represent the agenda of the Kingdom towards the digital transformation at the national level. The Ministry and the Commission will continue implementing the sector development strategy and achieving the strategic vision set until 2020 represented in the transition to a digital society and economy, to increase productivity, provide communications and information technology services to all segments of society in all parts of the country, and build a strong industry in this sector to become one of the major sources of income.

I am pleased, on behalf of the Board of Directors, to present the annual report of the Communications and Information Technology Commission for the fiscal year 1436/1437H (2015); which reviews the entire achievements and activities of the Commission and during the past year, seizing the opportunity to thank the members of the Board of Directors, and HE the Government and all employees for their continuous efforts to achieve its objectives, calling on God - the Almighty - to keep our dear country under the leadership of the Custodian of the Two Holy Mosques - may God protect him - and help us all to do what is entrusted to us with honesty and sincerity.

Dr. Mohammad Al-Suwaiyel
Chairman of the Board
in the distinct importance of this sec-
sector in driving the wheel of progress, and
and its contribution to raising the effi-
ciency and performance of other sec-
cctors, and in the development and ac-
celeration of the pace of development.
Despite the large geographical area
of our beloved nation, the high popu-
lation density in the major cities, and
spread of villages and hamlets with
low density population, the King-
Kingdom has succeeded in overcoming
these challenges, and has achieved
great success in the deployment of
Telecommunications and information technology
services, and promotion of
their use all over the Kingdom, espe-
cially having pursued a privatization
program through the liberalization of
services markets and opening com-
petition to provide advanced commu-
nunication and information technology
services throughout the Kingdom in
a comprehensive manner, seeking to
provide high quality services at rea-
sonable prices. The great government
support had been instrumental in re-
solving the development gaps between
regions of the Kingdom. The support
entailed not only in modern communica-
tions and information technology pro-
jects through the Universal Service
Fund for the delivery of voice commu-
nications services, and Internet ser-
vices to all remote areas, in order to
cover all towns, villages and hamlets
in the Kingdom with communications
services. The service was actually
provided for around 15,115 localities
in the Kingdom.

In order to develop the ICT sector, the
Commission is currently preparing a
strategy for the Commission which
seeks to achieve the objectives and
visions of the Kingdom and its devel-
opment projects. This strategic plan
covers the period from 2014 till 2020.
The strategic plan is based on the sig-
nificant advances in the Kingdom since
the establishment of the Commission
as a regulator of the telecommunications
and information technology sec-
sector which opened the door for compe-
tition according to deliberate carefully
graded plans to achieve the goals of
each stage. The plan emphasizes the
commitment to build a vital commu-
nication and information technolo
-gy sector to support the vision of the
Kingdom in the transition to the infor-

dation society and knowledge-based
economy.
The draft of the strategic plan of the
Commission includes ambitious goals
that will enable the Kingdom to reach
global leadership and raise the com-
petitiveness regionally and globally.
The plan also includes major initia-
tives branching out to a large number
of activities and tasks that must be
implemented to achieve the objectives
set. One of the main initiatives is the
development and implementation of
a national plan for the deployment of
broadband services in the Kingdom,
which is considered the cornerstone
of providing all the modern services
and accommodating the flow of infor-
mation resulting from the use of such
services and their applications, in addi-
tion to the establishment of nation-

tional Internet exchanges, updating
the Telecommunications Act and the
By-laws to keep pace with technological
developments and modern services
that has emerged over the past
decades, increasing Frequency Spectrum
policies, working on increasing com-
petitiveness of communications and
information technology services mar-
kets in the Kingdom, creating equal
opportunities for all operators, adopting
vocational rehabilitation programs for
national workforce in order to in-
vest in the ICT sector, working to bridge

the digital divide, contributing in a
national Informatics security ecosys-
tem that is able to track cyber threats, es-
rches and risks threatening the ICT sys-
tems in the Kingdom and other digital
transformation initiatives that aim to
finally build a communication and
formation technology sector that is
capable of keeping pace with modern
technologies and meeting the needs of
Telecommunications and information technology
services, and promotion of
their use all over the Kingdom,

The service was actually
provided for around
15,115 localities in the
Kingdom.
Executive Summary
1. Executive Summary

Pursuant to Royal Decree No. 53703 dated 19/12/1433H, which emphasized the importance for all Ministries and other Governmental Agencies to act on article 29 of the Council of Ministers Rules that were issued under Royal Decree A/13 dated 03/03/1414H; and pursuant to the stipulations in Article 16 of the CITC Ordinance, this Report has been prepared and includes the most important achievements of the Commission during the fiscal year 1436/1437H (2015G). These are summarized below:

1. Licensing

CITC issued new licenses for a number of different services. The total number of licenses issued reached 315 by the end of 2015. In addition, the “Request for Application” (RFA) was prepared and published for Zain-hosted Licensing of Mobile Virtual Network Operator (MVNO) Services in the Kingdom of Saudi Arabia with a view to promoting competition in the mobile services market and enhancing choice for users. CITC studied the global trends towards unified licensing and its impact on the telecommunications market in KSA, and the ideal approach and appropriate timing to adopt it in the market.

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CITC has issued and approved the consumer/user protection document after studying and analyzing causes of repeated consumer complaints, and implementing solutions to achieve consumer protection and avoid repeated complaints.

During 2015: 51,094 consumer complaints were received, 731 decisions have been made by the committee for violations to the Telecommunications Act, 700,000 numbers has been ported between licensed service providers, and 732,504 requests were received to filter sites that has illegal content.

2. Consumer Protection

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Number of Licensees by Service

<table>
<thead>
<tr>
<th>Service</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Telecom Services</td>
<td>2</td>
</tr>
<tr>
<td>Mobile Telecom Services</td>
<td>3</td>
</tr>
<tr>
<td>Global Mobile Personal</td>
<td>1</td>
</tr>
<tr>
<td>Communication Services (GMPCS)</td>
<td>3</td>
</tr>
<tr>
<td>Mobile Virtual Network</td>
<td>2</td>
</tr>
<tr>
<td>Operator</td>
<td>3</td>
</tr>
<tr>
<td>Data Services</td>
<td>3</td>
</tr>
<tr>
<td>Internet Services</td>
<td>47</td>
</tr>
<tr>
<td>VSAT</td>
<td>18</td>
</tr>
<tr>
<td>Call Center Services</td>
<td>27</td>
</tr>
<tr>
<td>Audio Text (700) Services</td>
<td>99</td>
</tr>
<tr>
<td>Automatic Vehicle Location</td>
<td>99</td>
</tr>
<tr>
<td>(AVL) Services</td>
<td></td>
</tr>
<tr>
<td>Bulk SMS Services</td>
<td></td>
</tr>
<tr>
<td>Global Mobile Personal</td>
<td></td>
</tr>
<tr>
<td>Communication Services (GMPCS)</td>
<td></td>
</tr>
<tr>
<td>Telecom Hotel Services</td>
<td>5</td>
</tr>
<tr>
<td>Network Operations Centers (NOCs)</td>
<td>4</td>
</tr>
</tbody>
</table>
CITC launched a project examining the amendment of the Telecommunications Act in the light of developments in the sector, and to propose the neces-
sary amendments to it in order to cope with these developments. In ad-
dition, A study was conducted on the prices for telecommunications servic-
es in the Kingdom. These prices were compared to prices in other countries in the region and the world. Further-
more, CITC regulated the prices for wholesale termination of voice calls on mobile and fixed telecom networks by reducing the price of interconnec-
tion between mobile phone operators to 15 Halalas. This was performed af-
fter finalizing the benchmarking study and public consultation on it. CITC has initiated a project to identify a cloud computing governance mod-
el and develop a suitable regulatory framework for the local market. In addition, it started the soft launch to the ICT portal which aims to be a comprehensive directory for local ICT companies and organizations working in the ICT sector.

In the field of management of scarce resources, CITC continues its spec-
trum management activities and continuing the implementation of the National Frequency Plan (NFP). There was a decrease in the percentage of vacated frequencies since most are used by government agencies under prior NFP approvals. As for the spec-
trum management system, which includes up-to-date spectrum tech-
nologies in spectrum management, allocation, and coordination on a lo-
cal and international level, it was re-
leased again for tender in 2015. CITC also continued managing numbering resources requests, studying, and al-
locating them.

CITC has initiated a project to identify a cloud computing governance mod-
el and develop a suitable regulatory framework for the local market. Soft launch of the ICT portal which aims to be a comprehensive directory for local ICT companies and organizations working in the ICT sector.

CITC regulated the prices for wholesale termination of voice calls on mobile and fixed telecom networks by reducing the price of interconnection between mobile phone operators to 15 Halalas.

CITC conducted a number of studies in order to develop the sector and extend its services. These included: Study on ICT Market Definition, Designation and Dominance, study on ICT Market in KSA, and a study of the status of ICT in KSA. These studies aim to update the markets that are subject to dom-
ninance, designate the Service Provid-
ners that are dominant and determine the regulatory remedies required to prevent anticompetitive practices. CITC has sought through this study to understand and analyze the current state of the market of telecommuni-
cations services and information tech-
nology. CITC is seeking to encourage stakeholders; by highlighting the key challenges facing the development of the sector in the Kingdom, and to stim-
ulate the transition to the information society, and to encourage the adoption of communications and information Technology services, and applications in the business environment.

With regard to deployment of telecom-
munication services to remote loca-
tions that are not commercially viable; CITC, through the USF, has tendered 11 projects for the provision of voice and Internet services to a large num-
ber of communities in remote areas of several governorates. Service has now been provided to about 15,115 resi-
dential communities in remote areas, while work is currently underway to provide USF service to the remaining locations. Also, preparation and adop-
tion of the sixth annual operating plan for 2015 was completed. The plan cov-
ers a number of Regions and Governo-
rates of the Kingdom and comprises three projects covering the provision of voice and Internet services to about 3,900 additional remote localities.
2

Regulatory Framework
2. Regulatory Framework

CITC is responsible for regulating the ICT sector in the Kingdom. The Telecommunications Act, enacted in 2001, and the Bylaws, issued in 2002, provide the basis for the regulatory framework. The Act lists a number of objectives for CITC including to provide advanced and adequate telecommunications services at affordable prices, ensure creation of a favorable atmosphere to promote and encourage fair competition, ensure effective and interference-free usage of frequencies, ensure transfer and migration of telecommunications technology to keep pace with its development, ensure clarity and transparency of procedures, ensure the principles of equality and non-discrimination, and safeguard the public interest and the interests of users and investors. The CITC Ordinance was issued in 2001 and amended in 2003. It defines the mandate, functions, governance, and administrative and financial independence of CITC.

The Telecom Act specifies number of objectives. The main objectives include:

- To provide advanced and adequate telecommunications services.
- To ensure creation of favorable atmosphere to promote and encourage fair competition in all fields of telecommunications.
- To ensure effective and interference-free usage of frequencies.
- To ensure principles of equality and non-discrimination.
- To ensure transfer and migration of telecommunications technology to keep pace with its development.
- To ensure clarity and transparency of procedures.
- To safeguard the public interest and the user interest as well as maintain the confidentiality and security of telecommunications information.

CITC is responsible for regulating the ICT sector in the Kingdom.
In order to achieve the tasks and goals entrusted to it, the Commission started in 2015 to prepare its strategic plan for the years (2016 – 2020), which will be presented to the Board of Directors for approval during the first half of 1437H (the second quarter of 2016). It has been prepared, taking into account the current situation of the telecommunications and information technology sector, the current policies and regulations compared to international best practices, and developments in telecommunications and information technology regional and global markets, and the developments and changes in the services and technologies, in addition to conducting interviews and questionnaires with stakeholders and interested parties from governmental or private authorities. The Commission followed a methodology to develop its new strategy using the following phases:

1. **Gathering requirements and identify and analyze the current situation:**

   The team, formed to prepare the plan, started to identify and collate the requirements necessary to prepare the plan within five stages to evaluate the current status of the Commission and the telecommunications and information technology sector in the Kingdom and in global markets as shown in the figure below:

   - **Assessment of KSA’s current ICT sector status:**
   - **Assessment of KSA’s regulatory ICT framework:**
   - **Assessment of CITC’s internal and external stakeholders expectations:**
   - **Assessment of key ICT and demand & consumer trends:**
   - **Benchmarking of leading ICT countries and ICT sector development:**

   **Key highlights**:
   - Interviews with Board Members
   - More than 50 Interviews with Executive Management
   - Interviews with all executive committee of CITC
   - Interviewing 21 governmental, academic and research entities and service providers
   - Workshop with 38 professionals in IT
   - Questionnaire of more than 4000 users and subscribers
   - 10 benchmarking countries

**Requirements Collection Phases**

- **ICT Sector Performance**
  - Assessment of KSA’s current ICT sector status
- **Global Key Technology Trends**
  - Assessment of key ICT and demand & consumer trends
- **Internal/external Stakeholders Expectations**
  - Assessment of CITC’s internal and external stakeholders
- **Review of National Plans, ICT policies and regulations**
  - Assessment of KSA’s regulatory ICT framework
- **International Benchmark Assessment**
  - Benchmark of leading ICT countries and ICT sector development
2. Preparation of the strategy and setting goals and indicators

After finishing the stage on the Evaluation of the current situation, all outputs were gathered, and a list of the most prominent challenges was set in three main areas: infrastructure, ICT service & content ecosystem, and the ICT skills. Accordingly, the draft of the Strategic Plan of the commission containing a number of aspirations and ambitions that address the challenges that have been classified for each area set within the vision of the commission and its mission, and was translated into (15) strategic objectives and annual targets till the year 2020 as follows:

1. Percentage of access to FTTH/B networks with a speed of 100-1000 Megabit/Second to homes in urban regions

2. Increasing the availability of frequencies for wireless communications networks services in line with the recommendations of ITU

3. Percentage of covering remote regions with wireless network with a minimum speed of 10 Megabit/Second

4. To increase the ICT domestic of telecommunication and information technology

5. Enhance equal and effective competition and encouraging it in the fields of telecommunication and information technology (NH)

3. Most Prominent Strategic Initiatives

To achieve these strategic objectives and to reach the desired targets in the year 2020 several strategic initiatives are being worked on, including:

- National Internet Exchange Point (NIXP)
- Regulation of Hosting and Cloud Computing
- Broadband Strategy
- Regulatory Framework for Unified Licenses
- Licensing Broadband Satellite Services

- Set up and operate local internet exchange points so that internet traffic will be shared between internet service providers and content delivery networks (CDNs)
- Define the optimal mechanism for regulating hosting and cloud computing services in the Kingdom which may include issuance of a license for this purpose
- Spreading broadband wire and wireless networks in the Kingdom
- Studying provision of various telecommunication and information technology services under a unified license
- Studying the international trends in the field of satellites, especially those which provide broadband services that recently began to be available in some countries
4. Current Situation

4.1 Organizational Structure

4.2 The CITC Board of Directors

The Board of Directors is the highest governing body of CITC and oversees its administration, the conduct of its affairs, and the development and implementation of its general policies. CITC Board members are:

- Dr. Mohammed I. Al Suwaiyel
- H.E. Dr. Abdulaziz Salem Al Rwais
- Mr. Majed A. Al Bawardi
- Dr. Saeed T. German
- Mr. Fahad A. Al-Dakkan
- Mr. Sultan M. Al Malik
- Dr. Abdulaziz A. Al Gwaiz
- Dr. Abdul Aziz M. Al Suwailem
- His Excellency the Minister of Communications and Information Technology
- CITC Governor
- Deputy Chairman

The major Board decisions are listed in Appendix A of this Report.
4.3 Organizational Capability

4.3.1 Manpower

CITC strives to attract the qualified and professional workforce it needs to execute its mission and attain the goals for which it was established. It maintains a stimulating and highly productive work environment.

Types of Training Courses Provided

Abroad 64%

domestic 36%

Qualifications

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>PhD</td>
<td>3%</td>
</tr>
<tr>
<td>Masters</td>
<td>22%</td>
</tr>
<tr>
<td>High Diploma</td>
<td>2%</td>
</tr>
<tr>
<td>Bachelor</td>
<td>44%</td>
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<tr>
<td>Diploma</td>
<td>16%</td>
</tr>
<tr>
<td>High School</td>
<td>11%</td>
</tr>
<tr>
<td>Below High School</td>
<td>2%</td>
</tr>
</tbody>
</table>

Experience & Specializations

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Financial Employees</td>
<td>6%</td>
</tr>
<tr>
<td>Technicians</td>
<td>13%</td>
</tr>
<tr>
<td>Management &amp; Supervisory</td>
<td>17%</td>
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<tr>
<td>Administrators</td>
<td>26%</td>
</tr>
<tr>
<td>Consultants</td>
<td>4%</td>
</tr>
<tr>
<td>Engineers &amp; Computer Specialists</td>
<td>26%</td>
</tr>
<tr>
<td>Legal Specialists</td>
<td>8%</td>
</tr>
</tbody>
</table>
4.3.2 International Participation

CITC works on the development and protection of the Kingdom’s interests in the areas of telecommunications and information technology. It communicates with the organizations of telecommunications and information technology sector in the Arab countries and other nations in order to increase cooperation and exchange information and experience. In this context, the Commission is involved in a number of related regional and international organizations in communications and information technology sector. Among the most prominent of these organizations is the International Telecommunication Union, specialized committees in the United Nations Economic and Social Council, the Arab League, the Cooperation Council for the Arab States of the Gulf, and the Arab Regulators Network of telecommunications and information technologies. The Kingdom holds several positions as president or vice president in many conferences and meetings of regional and international organizations and their workteams. The Kingdom also provides numerous contributions to those organizations. It places special emphasis on reaching consensus with all partners in order to achieve common goals.

4.3.3 E-Readiness

To implement the Council of Ministers resolution No. 252 dated 16/07/1431H (29/06/2010G) on support and promotion of the mechanism of transition to the application of e-government and in order to be a leader in the electronic transformation at the local and global levels, the Commission scored 92.9% in the sixth measurement of the transition to e-government transactions according to standards and criteria of electronic transactions program (Yasser).

The Commission ranked first in a comparison against a number of other national authorities which provide electronic services, which includes nine authorities.
5
Main Activities and Achievements
5 Licensing of ICT Services

5.1 Licensing of ICT Services

5.1.1 Licensing (Individual & Class)

The total number of active licenses by the end of 2015 reached 315 licenses. The Commission issues two types of licenses according to its regulations, namely:

- Individual Licenses
- Class Licenses

Any other service or network the Commission decides requires a class license.

### Total Number of Licenses by Year

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</tr>
</thead>
<tbody>
<tr>
<td>Fixed Telecom Services</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Mobile Telecom Services</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
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<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
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<tr>
<td>Mobile Virtual Network Operator</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Data Services</td>
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<td>3</td>
<td>3</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Internet Services</td>
<td>23</td>
<td>47</td>
<td>53</td>
<td>56</td>
<td>40</td>
<td>41</td>
<td>50</td>
<td>47</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VSAT (very-small-aperture terminal for satellite Services)</td>
<td>5</td>
<td>7</td>
<td>14</td>
<td>18</td>
<td>19</td>
<td>19</td>
<td>19</td>
<td>18</td>
<td></td>
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</tr>
<tr>
<td>Global Mobile Personal Communication Services (GMPCS)</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
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<tr>
<td>Internet Service on Aircraft</td>
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<td>-</td>
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<tr>
<td>Mobile Service on Aircraft</td>
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<td>1</td>
<td>2</td>
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<tr>
<td>Automatic Vehicle Location (AVL) Services</td>
<td>6</td>
<td>24</td>
<td>26</td>
<td>44</td>
<td>64</td>
<td>74</td>
<td>89</td>
<td>99</td>
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<td></td>
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<tr>
<td>Bulk SMS Services</td>
<td>6</td>
<td>92</td>
<td>135</td>
<td>137</td>
<td>127</td>
<td>131</td>
<td>116</td>
<td>99</td>
<td></td>
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<tr>
<td>Audio Text (700) Services</td>
<td>-</td>
<td>24</td>
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<td>14</td>
<td>6</td>
<td>5</td>
<td>6</td>
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<tr>
<td>Call Center Services</td>
<td>-</td>
<td>7</td>
<td>10</td>
<td>11</td>
<td>15</td>
<td>20</td>
<td>24</td>
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<td></td>
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<tr>
<td>Electronic Wallet Services</td>
<td>-</td>
<td>2</td>
<td>5</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Prepaid Card Recharging Services</td>
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<td>4</td>
<td>4</td>
<td>5</td>
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<td>-</td>
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</tr>
<tr>
<td>Network Operations Centers (NOCs)</td>
<td>-</td>
<td>3</td>
<td>3</td>
<td>4</td>
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<tr>
<td>Automatic Calling to Subscribers</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Telecom Hotel Services</td>
<td>-</td>
<td></td>
<td>3</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>5</td>
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<tr>
<td>Interactive Voice Message Broadcasting Services</td>
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<td>1</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>48</td>
<td>222</td>
<td>289</td>
<td>313</td>
<td>292</td>
<td>309</td>
<td>326</td>
<td>315</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
During 2015, CITC prepared and published the "Request for Application" (RFA) for Zain-hosted Licensing of Mobile Virtual Network Operator (MVNO) Services in the Kingdom of Saudi Arabia. Once applications have been received then they will be evaluated. If satisfactory, the third MVNO license will be awarded.

The objectives of this project are to study global trends in currently available broadband satellite services, assess the need to license such services in Saudi Arabia, review appropriate licensing options, assess the economic impact on the ICT sector and determine an appropriate time frame for introducing these services in the Kingdom. In this context, and building on the accomplished work in the previous years, the following was accomplished in 2015:

- Publishing a public consultation documents after the approval from CITC’s board of directors.
- Receiving the comments on the public consultation documents, performing analysis to the comments, and writing a report about it.

The approval of the board of directors has been secured, and CITC is currently awaiting Ministry of Finance approval on the fees.

5.1.4 Study of regulatory options for unified licenses

Unified licensing allows a variety of communications and information technology services to be provided under a single license. The Commission studied the global trend towards unified licensing and evaluated it in the context of licensing policy in the kingdom. This enabled the Commission to analyze various unified licensing systems, and their impact on the telecommunication market in the kingdom, and determine the best approach and timing appropriate to adopt a unified licensing policy in this market. This requires a transitional regulatory phase for existing licensees before the entry of new investments and alliances. The graphic below summarizes the comparative study with regard to trends of unified license.

CITC studied the global trend towards unified licensing and evaluated it in the context of licensing policy in the kingdom.

---

**Licenses According to Service**

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Telecom Services</td>
<td>2</td>
</tr>
<tr>
<td>Mobile Telecom Services</td>
<td>3</td>
</tr>
<tr>
<td>Global Mobile Personal Communication Services</td>
<td>1</td>
</tr>
<tr>
<td>Mobile Virtual Network Operator</td>
<td>47</td>
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<tr>
<td>Data Services</td>
<td>3</td>
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<tr>
<td>Internet Services</td>
<td></td>
</tr>
<tr>
<td>VSAT</td>
<td>18</td>
</tr>
</tbody>
</table>

5.1.2 Licensing Mobile Virtual Network Operator (MVNO) Services

During 2015, CITC prepared and published the "Request for Application" (RFA) for Zain-hosted Licensing of Mobile Virtual Network Operator (MVNO) Services in the Kingdom of Saudi Arabia. Once applications have been received then they will be evaluated. If satisfactory, the third MVNO license will be awarded.

5.1.3 Licensing Broadband Satellite Services

The objectives of this project are to study global trends in currently available broadband satellite services, assess the need to license such services in Saudi Arabia, review appropriate licensing options, assess the economic impact on the ICT sector and determine an appropriate time frame for introducing these services in the Kingdom. In this context, and building on the accomplished work in the previous years, the following was accomplished in 2015:
5.1.5
Saudi Network Information Center (SaudiNIC)

CITC through SaudiNIC continued its role of registering and administering Saudi (.sa) Internet domain names. SaudiNIC has also approved a number of important additions to the services provided to users through the electronic services portal giving greater flexibility and speed. The following was accomplished during 2015:

- Executing Phase (I) of the integration between domain name registration and commercial registration provided by Ministry of Commerce and Industry.
- Registered 4,551 new domain names in 2105, bringing the total number of registered domains to 42,098.

5.1.6
ICT Equipment Type Approval

CITC reviews the technical standards for telecommunications and information technology equipment and updates them continuously and periodically. It also works to update the hardware approval procedures and periodically issue customs clearance permissions electronically via communication and information technology devices licensing system; to ensure the speed and effectiveness of achievement. The Commission examines the clearance permissions for telecommunications and information technology equipment received from individuals, companies, and licensed operators. It works to ensure compliance with the technical specifications and regulations applicable in CITC, and then issue the necessary approvals for clearance. During 1436/1437H (2015) the following has been achieved:

- Processed over 18,439 applications for type approval and customs release of imported ICT equipment.
- Provided technical support and consultations on over 286 seizures of ICT equipment.
- Reviewed over 5,826 applications for ICT equipment type approval.
5.2 Consumer Protection

5.2.1 User Complaints

The Commission is interested in monitoring providers of telecommunications services in the Kingdom and addressing the causes of user’s complaints in an effort to protect them and maintain their rights. 51.09% complaints were received from users of telecommunications and information technology services during the year 1436/1437H (2015). Below, there are details and general statistics on complaints of users:

51,094 complaints were received from users of telecommunications and information technology services.

### Distribution of received complaints according to Type of Service

- Landline: 13%
- Internet (Mobile): 19%
- Internet (Landline): 15%
- Prepaid Mobile: 16%
- Postpaid: 37%

### Evaluation of Complainants Satisfaction about Complaints Processing

In addition to its continuous effort to resolve complaints by subscribers, the Commission studies these complaints and analyses them - especially the most frequent ones - to reduce the rate; and then seeks fundamental solutions to reduce their recurrence.

- Complaint Submission Method Clarity: 85%
- Complaint Application Access: 87%
- Complaint Application Form Simplicity: 86%
- Complaint Follow-up Methods: 51%
- Time of Complaint Treatment: 43%
- Complaint Treatment Result: 43%
5.2.2 Publishing a Document on Consumer/User Protection

Communications and Information Technology The Commission announced on 12/09/1436H (23/09/2015G) that it would start to apply the Communications and Information Technology Services Protection Document approved by the Board of Directors as part of its efforts in the protection of communications and information technology services users after studying the reasons for the repeated complaints and analyzing them, and developing solutions to them in order to address them, and to avoid recurrence and to achieve the protection of users.

The document includes in 11 articles in which providers of services in communications and information technology services were obliged to commit to a set of procedures and controls that are intended first and foremost to protect the applicant/user in:
5.2.4 Mobile Number Portability

In the area of management of mobile number portability, CITC ensures continuity of MNP services by monitoring service processes and number portability clearinghouse (NPC) database operation, verifying proper implementation of MNP procedures by the operators, resolving user complaints, resolving service provider disputes, and looking for means to improve the system where possible. This resulted in more than 700,000 number portability transfers between service providers in 2015.

5.2.5 Internet Filtering

Cabinet Decree No. 51 dated 6/2/1435 vested the task for moral and information content regulation for all communications channels, including traditional and electronic, to the General Commission for Audiovisual Media. Pending transfer of this task, which is being coordinated with them, CITC continued its mandate to accomplish the following in 2015:

- Launching unified customer care phone number for the national filtering service: 0114619485
- CITC coordinates with number of well-known Internet content providers to remove pornographic contents from their websites. The number of links forwarded to them: 54312
- Addition of a new category for child abuse to the filtering list, for sites that bypass filtering. These totalled 510 links and were reported to security authorities.

5.2.6 National Center for Information Security

The center aims to raise the level of awareness and knowledge of the dangers of information security and digital safety and to raise the level of confidence in electronic transactions in collaboration with its members and partners in the Kingdom through training, education and dissemination of useful security information. The Center achieved the following during 2015:

- 1594 Visits more than 30 government agencies to conduct a full presentation about CERT and how to subscribe in the services. Also we distributed more than 200,000 copies of the CERT information security awareness brochure.
- 200,000 CRTC published through CERT-SA, the Information Security Policies and Processes manual for government agencies. 35 government agencies were registered in the manuals website, and 1994 policy and process were downloaded.
- 1664 Sent 1664 warnings to parties whose information is registered with the early warning service and the risk management system.
5.2.7 Field Measurements of the Levels of Electromagnetic Radiation

The objective of this project is to monitor conformance of service providers with the regulations on electromagnetic radiation from wireless base stations. This project was part of the cooperation program with leading academic and research institutions in the Kingdom. In this regard, the following was accomplished during 2015:

First and Second Groups within the Ninth Phase of the project which represents measurement of (74) sites in Medina, Hail, AL Jouf, Tabouk and Northern Borders

Second Group within the Sixth Phase (226) sites in Riyadh region and Qassim region in KSA; Currently the Third Group which represents measurement of (174) sites in both Riyadh & Qassim regions is being measured.

Third Group within the Seventh Phase of the project which represents measurement of (142) sites in Mecca region. Currently the Fourth Group which represents measurement of (193) sites in Mecca and Al-Baha regions is being measured.

5.3 Regulating the ICT Sector

5.3.1 Updating the Telecommunications Act

This update aims to study the Telecommunications Act issued by the Council of Ministers Resolution No. 74 issued on 05/03/1422H and the amendments made to it in light of subsequent developments that have taken place in the communications and in information technology market. The update aims to ensure the introduction of the latest practices in the field of telecommunications and information technology; it aims also to ensure the expansion of the scope of its provisions to include the legalization and regulation of all aspects of information technology taking into account the current status of the market both in Saudi Arabia and abroad, the sharp convergence between telecommunications and information technology services specially in media services and content requires new methods to develop services through electronic applications, systems and advanced licenses, in addition to strengthening the independence of CITC and giving it broader powers to protect the rights of subscribers.

5.3.2 Regulate Wholesale Prices of National Voice Call Termination on Fixed and Mobile Networks

Complementing what has been achieved previously from preparing public consultation document to obtain the views of stakeholders and of the public on the prices of wholesale voice call termination on mobile and fixed networks, receiving and analyzing the views, and concluding to the recommendations in light of the international benchmarking and of the public inputs. During 2015, the results of the study were presented and approved by the CITC Board to reduce the price of interconnection between mobile phone operators to 15 Halalas.

5.3.3 Study on Telecom Services rates in the Kingdom

CITC periodically reviews the prices of telecom services in the Kingdom to ensure that they are in line with typical regional and international pricing. During 2015, the Commission conducted a comparative study using a scientific methodology specific to assessment of prices of mobile telecommunications services, taking into account the developments in the telecommunications markets, and the trends set by companies and service providers in marketing their products and services. The following table shows calculation of the share of basket costs within GNI per capita for KSA vs. benchmark countries within GNI per capita for relative comparison (% of monthly GNI per capita).
5.3.4 Promotional offers by ICT service providers

During 2015, about 248 offers were launched by service providers.

5.3.5 Cloud computing and its services.

CITC has initiated a project to identify a cloud computing governance model, to develop a suitable regulatory framework for the local market. The project scope included investigating and evaluating international and local licenses, regulations, controls, standards, codes of practice and trends related to the regulation of cloud computing services. In order to identify the options and the preferred approaches. The project aims also to develop any recommended cloud computing service provider regulatory framework including licenses, licensing processes, standards, and amendments to existing CITC statutes. The first phase of this project was completed.

5.3.6 Developing an ICT Portal for Saudi Arabia

CITC has been developing an ICT portal which aims to develop an online portal for the ICT Sector that offers a range of services for job seekers working in the ICT field. Also contains important tools for assistance in employment, skills and self-capacity development. The ICT Portal also includes a comprehensive directory for local ICT companies and organizations working in the ICT sector. Also providing some details about these companies and the products and services they offer. In this regard, the following was accomplished during 2015:

- Re-launching the ICT Directory at the following link: ictdirectory.citc.gov.sa
- Portal content management and operational monitoring.

Work is currently underway to launch and promote the ICT Jobs Portal, and performing portal marketing for a number of agencies to take advantage of the portal and vice versa.

5.4 Management of Scarce Resources

5.4.1 Spectrum Management and the National Frequency Plan

The National Frequency Plan (NFP) was approved by the Council of Ministers in Resolution No. 61, dated 02/03/1429H. The NFP defines the allocation of frequency bands for different radio services and user categories to meet the needs of radio spectrum users in the Kingdom in line with international guidelines. The NFP went into effect on 02/05/1429H with an implementation schedule divided into two, three and five-year time frames. The following are the percentages of the frequencies that have been vacated as of the end of 2015.
Carried out 6439 frequency allocations to government agencies, service providers, international organizations, and individuals in the Kingdom for use in the provision of private telecommunications services, and to enable licensed service providers to offer services to the public. Some of the frequencies were registered with the ITU in order to protect them from interference from other countries.

Reviewed 141 applications for amateur radio licenses
Conducted 64 exams for amateur radio users
Studied 27 requests for licensing of wireless devices

Issued and renewed 809 licenses for maritime wireless systems
56 for amateur radio operators
60 for amateur radio stations
1569 for aeronautical navigation services.

CITC continued to undertake other activities in the area of spectrum management. Some of which are the following:

Canceled 4093 frequency assignments, either to implement the National Frequency Plan or because the assignments were no longer needed by their users.

6439

35

4093

Radio Licenses Issued
809
56
60
1569

27
141
64

620
145
346

Conducted technical measurements on 620 wireless devices.
Repaired 145 instruments used in spectrum management.
Calibrated 346 instruments.
Conducted technical inspection of 67,395 wireless devices and 275,440 spare parts.

Coordinated 55 requests for frequencies for use during the visits of foreign dignitaries, or by foreign vessels during their passage through the Kingdom’s territorial waters.

Reviewed and took appropriate action on 13 applications for frequency coordination between the Kingdom and other GCC countries.

Carried out field surveys of 40 locations to ensure that users of frequencies conform to the technical specifications for the licensed frequencies in order to prevent harmful interference and 270 wireless stations have been tested.

Monitored 30,935 frequencies in accordance with the data base of users to verify proper usage of the frequencies.

Monitored 5,638 unauthorized emissions and addressed them with the concerned authorities to make the necessary hardware adjustments, and took appropriate actions.

Investigated 1,752 interference reports within the Kingdom and took steps to resolve and eliminate them.

Carried out 35,092 frequency monitoring measurements to detect unauthorized signals causing interference.

Carried out 11,618 measurements on allocated frequencies to verify compliance with the conditions of their allocations.

Monitored 56,385 cross-border emissions causing interference in the Kingdom and coordinated with neighboring countries to address them.
5.4.2
Spectrum Management System

The existing spectrum management system is almost 22 years old and has become outdated and does not meet the requirements for administration of the spectrum and modern technologies. CITC has therefore undertaken steps to develop a new system using state-of-the-art technology and international best practices for the assignment and management of spectrum, coordination at local, regional and international levels, conducting technical monitoring of the spectrum, control of frequency interference and unauthorized transmissions, a field inspection and monitoring system, a type approval laboratory, and spectrum monitoring stations. Accordingly, CITC prepared the technical specifications for the project which were released for general tender. Since none of the companies submitting bids met the requirements of the project, it was released again for tender in 2015. CITC is gathering the bids in preparation for awarding the project and starting implementation.

CITC has undertaken initial steps to develop a new system using state-of-the-art technology and international best practices for management and assignment of frequencies, coordination at local, regional and international levels, conducting technical monitoring of the spectrum, control of frequency interference and unauthorized transmissions, a field inspection and monitoring system, a type approval laboratory, and spectrum monitoring stations.
5.4.3 National Numbering Plan and its Management

CITC allocated and reserved available numbering resources equitably among Service Providers and among government agencies. This also ensures optimal use and activation of allocated numbering resources and, in coordination with other CITC sectors, prepare and collect annual fees from the Service Providers.

With respect to ongoing management of the National Numbering Plan, applications for numbers and codes submitted by service providers and other agencies were studied and actioned. CITC also coordinated with the International Telecommunication Union concerning wireless network codes. The following are highlights of what was accomplished in 2015:

- **44 million** Study number licenses requests for more than 44 million of numbers including Mobile Numbers, Public Mobile Data Numbers, Machine to Machine (M2M) Numbers, International Free Phone Numbers, National Point Codes, Unified SMS Codes and Geographic Numbers.
- **4 million** Issuing licenses for 4 million Machine to Machine Numbers.
- **91 thousand** Issuing licenses for 91 thousand geographic numbers for serving many populated areas and other organizations.
- **22 unified short codes** Issuing licenses for more than 22 unified short codes which serves many Humanitarian and government organizations.
- **8 short codes** Issuing licenses for 8 short codes which are used by operators, government organization. Short codes are numbers which are easier to remember.
- **3 million** Issuing licenses for 3 million Public Mobile Data Numbers which are used to facilitate and ease the broadband penetration.
- **Calculation and collection of fees for allocation of numbering resources.**

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- **91 thousand** Issuing licenses for 91 thousand geographic numbers for serving many populated areas and other organizations.
- **22 unified short codes** Issuing licenses for more than 22 unified short codes which serves many Humanitarian and government organizations.
- **8 short codes** Issuing licenses for 8 short codes which are used by operators, government organization. Short codes are numbers which are easier to remember.
- **3 million** Issuing licenses for 3 million Public Mobile Data Numbers which are used to facilitate and ease the broadband penetration.
- **Calculation and collection of fees for allocation of numbering resources.**
Continuing its efforts to achieve the objectives of the universal service/universal access policy and implement the strategic plan within the approved time frame, the USF prepared operating plans containing the main programs and projects for each operating year. The plans identify the structures and implementation methods of the projects, clarify the USF program inputs in general, define the scopes of work, and estimate project costs. In this context the USF has ended the implementation of six projects before the end of 2015, and the work is underway to implement the rest of the projects within the approved time frame, as shown in Figure 1. By end of 2015, 15,115 localities have been served throughout all districts and governorates kingdom wide. The following two charts show the numbers of population clusters and the numbers of population targeted by the fund projects.

![No. of Targeted Population Clusters](chart1.png)

<table>
<thead>
<tr>
<th>Project</th>
<th>No. of Population Clusters in Each Project</th>
<th>Total Number of Population Clusters</th>
<th>No. of Targeted Population Clusters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project 1</td>
<td>483</td>
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</tr>
<tr>
<td>Project 2</td>
<td>563</td>
<td>206</td>
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<td>Project 3</td>
<td>2,325</td>
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<td>Project 4</td>
<td>261</td>
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<td>Project 5</td>
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<tr>
<td>Project 6</td>
<td>439</td>
<td>120</td>
<td></td>
</tr>
</tbody>
</table>

Figure (1) shows the provinces that were served among the six Completed USF Projects as follows:

**Project 1 (Pilot Project):**
The main goal of this project is to provide voice and Internet service to all localities that have population less than 5000 people in Kh liberal and Al-Kamel governorates in Makkah Al-Mukaramah district and Al-Madhe governorate in Al-Madina Al-Monawarah district where the total number of localities are 483 with population of around 105,000 people.

**Project 2:**
This project included eleven governorates from Northern Borders administrative district which are (Arar, Rafhaa, Tarif, Al-Uwayquiah), and all governorates of Al-Jouf district (Al-Qirayat, Domat Al-Jandal, Sakaka and Tabirgij), in addition to governorates (Al-Dair, Al-Raith, Al-Qarb) in Jazan district where the number of localities that covered by the scope of this project were 563 localities with population of around 206,000 people.

**Project 3:**
This project covered Al-Qunfudhah and Al-Aradiat governorates in Al-Mukaramah administrative region, and governorates (Al-Namas, Balqarn, Bishah) in Asir administrative region, in addition to governorates in Al-Baha governorate in Al-Aqiq, Al-Baha, Al-Mandaq, Al-Mukhwah, Al-Gurashi, Balgharashi, Galawa, Beni Hasan, Far'at, Ghamid Al-Zinad and Al-Hujra). The total number of localities that covered by the scope of this project were 563 localities with population of around 206,000 people.

**Project 4:**
This project covered governorates (Al-Majma'ah and Ramah) in Riyadh administrative region, in addition to governorates (Al-Khafji, Hifh, Al-Batin, Qaryat Al-Oliyiah) in Eastern Region administrative district. The total number of localities that covered by the scope of this project were 261 with population of around 94,000 people.

**Project 5:**
This project covered 438 localities and around 165,000 in one governorate in Tabouk Province (Tayma) and in six governorates in Hail Province (Alshamli, Asshinan, Baqa, Hail, Mouq and Sumairij).

**Project 6:**
This project covered 439 localities and around 120,000 people in all governorates of Najran Province (AlKafar, Badi Aljain, Hubuna, Khabash, Najran, Sharurah, Thar, Tadmah).
Among the most prominent activities and achievements of 2015 are the following:

5.5.1 Fourth Operational Plan
The USF prepared and obtained approval of the Fourth Operating Plan, as shown in (Figure 2) for the year 2013. The scope included two projects.

A. Project 7:
This project covers 1,868 localities and around 705,000 people in all 13 governorates in Qassim Province (Alasiyah, Albadai, Albukayriyah, Almidhnab, Annabhaniyah, Arras, Ashimasiyah, Buraydah, Dheraya, Riyadh Alkhabra, Unaizah, Uyun Aljina and Uqlat Alqour) and 12 governorates in Riyadh Province (Addiriyah, Adduwadimi, Afif, Alghat, Alquwayiyah, Arriyadh, Azzulfi, Huraymila, Marat, Shaqra and Thadifi). The project was signed in January 2014 and 94% of this project was completed.

B. Project 8:
This project covers 1,318 localities and around 325,000 people in six governorates in Makkah Province (Alkhurmah, Almouyah, Altaif, Misan, Ranyah, and Turbah) The project was signed in January 2014 and 94% of this project was completed.

5.5.2 Fifth Operational Plan
The USF prepared and obtained approval of the Fifth Operating Plan, as shown in (Figure 3) for the year 2014. The scope included three projects.

A. Project 9:
This project covers 1,901 communities and around 345,000 people in seven governorates in Madinah Province (Aleise, Alhinakiyah, Almadinah Almunawwarah, Bader, Khayber, Wadi Alfirbuy and Yanbu) and three governorates in Hail Province (Alhaet, Alghazalah and Alselimee). The project was awarded in December 2014 and 72% of this project was completed.

B. Project 10:
This project covers 7,055 communities and around 1,255,000 people in eight governorates in Aseer Province (Alsha, Albarak, Almajardah, Baraq, Mukhayl, Rihal Alima, Sarat Abdiah, and Tannounmah) and 14 governorates in Jazan Province (Abu Arish, Ahd Ahmusaritah, Alardah, Alhrth, Alisabi, Alkhalwai, Basyh, Damad, Paras-an, Fita, Jazan, horoub, Sabiya, and Samtahl). The project was awarded in December 2014 and 63% of this project was completed.
5.5.3
Sixth Operational Plan

The USF prepared and obtained approval of the Sixth Operational Plan, as shown in (Figure 5) for the year 2015. The scope includes three projects.

A. Project 12:
The project will cover 1,867 communities and around 259,000 people in seven governorates in Makkah Almukaramah Province (Adhum, Aljamjoum, Aliaiyth, Bahrah, Jedda, Makkah Almukaramah, and Rabigh). This project already prepared and put up documents of competition, bids have been and received, analyzed and evaluated, and recommendations were submitted to concerned authorities for final approval.

B. Project 13:
The project will cover 421 communities and around 162,000 people in nine governorates Eastern Province (Baqiq, Alhsa, Almammah, Aljabail, Alkhibar, Almarchiyth, Alqaseef, Ras Tanourah, Aladaed). This project already prepared and put up documents of competition, and bids have been and received, analyzed and evaluated, recommendations were submitted to concerned authorities for final approval.

C. Project 14:
The project will cover 1,612 communities and around 387,000 people in five governorates in Aseer Province (Ahad Rofaida, Dhahran Aljanoub, Khamis Mushait, Tahileeth, Dhareeb) and seven governorates in Riyadh Province (Wadi Aldawaser, Alafaj, Almuayale, Hawlet bin Tamim, Muzahmiyah, Haareeb). This project already prepared and put up documents of competition, bids have been and received, analyzed and evaluated, and recommendations were submitted to concerned authorities for final approval.

The total number of targeted localities for Project 12, 13 and 14

3,900

799,000

people benefitted from this program during 2015
6. Studies
A number of studies were conducted during 2015 including those described in the following sections.

6.1 Update of the Market Definition, Designation and Dominance Report for the ICT Sector

The objective of this study is to update the Market Definition, Designation and Dominance report for the ICT sector in light of the sector developments. The intent is to update the markets that are subject to dominance, designate the Service Providers that are dominant and determine the regulatory remedies required to prevent anti-competitive practices. In this regard, the following was accomplished during 2015:

- Completion of inception report and project plan.
- Conducting a detailed international benchmark study.
- Completion of discussion paper report.

The following activities will be conducted in 2016:

- Preparation of a draft market definition, designation and dominance (MDDD) report.
- Preparation of public consultation documents.
- Preparation of Public consultation analysis report.
- Preparation of final MDDD report and CITC decisions.

6.2 Study of the Telecommunication and Information Technology Market in the Kingdom

The main objective of this study is to present and analyze the data of the survey of communications and information technology services market carried out by the Commission in 2015, which is an extension of the survey completed in 2014. The Commission has sought through these studies to understand and analyze the current state of the market of telecommunications and information technology services in the kingdom and it aims also to provide analytical reports (quantity and quality) about the general situation of the telecommunications and information technology sector in the kingdom. It will primarily focus on Communications and Information Technology Market in the kingdom, the investments, subscriber’s uses of technology, the widespread use of computers and the Internet, subscriber’s behavior and its level of satisfaction with the services and obstacles to Internet use.

The study focused on studying the services available in the telecommunications and information technology market, and users’ behavior and habits in dealing with these services, and the level of their satisfaction with the services in addition to setting a scenario for the orientations of users in the use of computers and the Internet and their technologies; and studying the obstacles that prevent the use of such technologies. Below, there are some excerpts from the report:

Work is currently underway on the final review of the analytical reports for the year 1436/1437H (2015) with the recommendations in Arabic and English to be published during the 2016 year.
6.3 Status of ICT in the Kingdom

This study aims to discuss the current situation and future plans, and the challenges facing the ICT sector in the Kingdom, to motivate stakeholders by highlighting the key challenges facing the development of the sector in the Kingdom, stimulating the transition to the information society, and encouraging the adoption of communications and information Technology services, and their applications in the business environment. The results came in four studies as follows:

6.3.1 Report on Investment in the Telecommunications and Information Technology Sector, 2015:

Saudi Arabia ranked 19th on the list of the largest economies in the world. Currently, the Kingdom is seeking to diversify its economic resources, which depends mainly on oil. The report presents key insights on investment in the telecommunications and information technology sector, including incentives and opportunities. In addition, the report provides estimates of three internationally widespread standards: the standardization of the impact of telecommunications and information technology sector on the economy, the volume of spending of the telecommunications and information technology sector, and the total value added to the telecommunications and information technology sector. Below are some excerpts from the report:

Priorities of Technological Initiatives of Saudi Companies

- Information Security Solutions for Mobile Devices
- Big Information Centers - Building, Merging & Updating
- Tools of Smart Business & Tools of Report Preparations
- Enterprise Resource Planning
- Unified Platforms for Telecommunications and Skating
- Social Applications
- Media Communications Applications and its Management Technologies
- Customers Relations Management Applications
- Services of External Management for Devices and Informative Centers
- Cloud Computing Technologies
- Mobile Communications Applications and its Management Technologies
- Software
- IT Services
- Telecom Devices

Percentage of Investments in ICT Sector in 2014

- Telecom Devices: 27%
- IT Devices: 26%
- Packaged Software: 47%

Percentages of Expenditure in ICT Sector in 2014

- Software: 4%
- IT Services: 8%
- Telecom Devices: 23%
- Telecom Service: 65%
Developing industries contribute to the creation of new jobs but require advanced technical skills, putting pressure on local labor markets. Most countries including the Kingdom suffer from a lack of staff specialized in communications and information technology. This shortage leads to reliance on foreign workers which in turn leads to high cost of communications and information technology for both service providers and users.

The report contained important statistical information about the numbers of specialists in the telecommunications and information technology sector and their distribution among various economic sectors, and a comparison between supply and demand for these cadres to highlight the most important disciplines required in the Saudi market through the next three years, and ways to develop them. It also includes a review of analyzes and results for more than 400 interviews for enterprises of different segments to measure the availability of specialized skills in the labor market in the Kingdom. It presented the necessary recommendations on this subject. Below are some excerpts from the report:

<table>
<thead>
<tr>
<th>Year</th>
<th>Supply</th>
<th>Gap</th>
<th>Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>37700</td>
<td>17900</td>
<td>15900</td>
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<tr>
<td>2015</td>
<td>27300</td>
<td>14900</td>
<td>13800</td>
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<tr>
<td>2016</td>
<td>8400</td>
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<tr>
<td>2017</td>
<td>8400</td>
<td>13800</td>
<td>13800</td>
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</tbody>
</table>

The Data Centers Services, Managed Services, and Cloud Computing Services are among the fastest types of IT services as to growth in the market. CITC has conducted in 2011 and 2015 two studies aiming to analyze trends of services market. This report provides an analysis of market trends. It shows the most important research results and set some recommendations aimed at promoting the development of this vital market. Below, are some excerpts from the report:

It aims to highlight the Kingdom’s efforts in the development of telecommunications and information technology sector in this aspect. It also assesses the current status of the development of the local mobile telecommunications services, the extent of facilities reliance on mobile telecommunications services, and identifies some of the challenges faced in the kingdom. The main findings of this report can be summarized as follows:

• Use and Widespread Prevalence

A large growth in broadband subscriptions for mobile phones during the past five years. This sector remains positive due to the spread of mobile phones on a large scale, the formalizing (issue on last line twigs space between lines).

Complete copies of the above mentioned reports exist on CITC website.

6.3.3 Information Centers Service Report 2015

The Data Centers Services, Managed Services and Cloud Computing Services (Cloud Services) are among the fastest types of IT services as to growth in the market. CITC has conducted in 2011 and 2015 two studies aiming to analyze trends of services market. This report provides an analysis of market trends. It shows the most important research results and set some recommendations aimed at promoting the development of this vital market. Below, are some excerpts from the report:

6.3.4 ICT Mobility 2015

It aims to highlight the Kingdom’s efforts in the development of telecommunications and information technology sector in this aspect. It also assesses the current status of the development of the local mobile telecommunications services, the extent of facilities reliance on mobile telecommunications services, and identifies some of the challenges faced in the kingdom. The main findings of this report can be summarized as follows:

• Use and Widespread Prevalence

A large growth in broadband subscriptions for mobile phones during the past five years. This sector remains positive due to the spread of mobile phones on a large scale, the formalizing (issue on last line twigs space between lines).

Complete copies of the above mentioned reports exist on CITC website.

6.3.2 Report on ICT Workforce 2015

Developing industries contribute to the creation of new jobs but require advanced technical skills, putting pressure on local labor markets. Most countries including the Kingdom suffer from a lack of staff specialized in communications and information technology. This shortage leads to reliance on foreign workers which in turn leads to high cost of communications and information technology for both service providers and users.

The report contained important statistical information about the numbers of specialists in the telecommunications and information technology sector and their distribution among various economic sectors, and a comparison between supply and demand for these cadres to highlight the most important disciplines required in the Saudi market through the next three years, and ways to develop them. It also includes a review of analyzes and results for more than 400 interviews for enterprises of different segments to measure the availability of specialized skills in the labor market in the Kingdom. It presented the necessary recommendations on this subject. Below are some excerpts from the report:

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</tbody>
</table>
Growth and Indicators of the ICT Sector in the Kingdom
7.1 Mobile Telecommunications Market

The total number of mobile subscriptions reached around 53 million by the end of 2015, with penetration rate of 167.5%. Prepaid subscriptions constitute the majority (over 84%) of all mobile subscriptions. The CITC issuance of MVNOs licenses helped to improve services and customer care as well as the variety of provided services.

Mobile Service Market Growth: Total Subscriptions

<table>
<thead>
<tr>
<th>Year</th>
<th>Subscriptions (Millions)</th>
<th>Mobile penetration (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>53</td>
<td>167.5%</td>
</tr>
<tr>
<td>2014</td>
<td>51</td>
<td>171.4%</td>
</tr>
<tr>
<td>2013</td>
<td>53</td>
<td>181.6%</td>
</tr>
<tr>
<td>2012</td>
<td>52</td>
<td>188%</td>
</tr>
<tr>
<td>2011</td>
<td>53</td>
<td>186%</td>
</tr>
<tr>
<td>2010</td>
<td>52</td>
<td>171.4%</td>
</tr>
</tbody>
</table>

Note: Population teledensity is calculated by dividing total fixed telephone lines by the population, while household teledensity is calculated by dividing residential lines by the number of households.

7.2 Fixed Telephony Market

Fixed telephone lines reached 3.8 million by the end of 2015, of which around 2 million or 52% were residential lines. This represents a household teledensity of around 34%, while the population teledensity is about 12%. The number of subscriptions has continued to decrease due to competition from mobile services, with prices and variety of offerings which allow substitution of fixed services by some consumers.

Fixed telephone lines reached 3.8 million by the end of 2015, which around 2 million or 52% were residential lines. This represents a household teledensity of around 34%, while the population teledensity is about 12%.

Note: Population teledensity is calculated by dividing total fixed telephone lines by the population, while household teledensity is calculated by dividing residential lines by the number of households.
7.3 Broadband Market

3.56
million subscriptions

Fixed broadband subscriptions have grown to around 3.56 million subscriptions at the end 2015. The Fixed broadband penetration rate stands at about 49.67% of households.

7.3.1 Fixed Broadband Services Market

Fixed broadband subscriptions including DSL, fixed wireless (WiMax), FTTx and other fixed lines have grown to around 3.56 million subscriptions at the end 2015. The Fixed broadband penetration rate stands at about 49.67% of households.

7.3.2 Mobile Broadband Services Market

The total number of mobile broadband subscriptions continues to increase, and reached around 33.4 million by the end 2015, representing a population penetration rate of 106%. The mobile broadband market also continues to gain momentum in the Kingdom. The key reasons for this growth include strong competition, the healthy expansion in the use of smartphones, and the offering of various data packages by mobile operators suitable for different user segments. These have led to a dramatic rise in the number of users in recent years, and an increase in the data traffic over these devices, supported by the wide coverage of the 3G and 4G networks.
7.4 Internet Services

The number of Internet users in the Kingdom continues to rise rapidly, reaching about 21.6 million at the end of 2015, with a population penetration of 68.5%. Increased demand for Internet services and broadband was observed due to high use of social networking applications, video on demand and gaming. Customers are seeking higher speeds and larger packages resulting in heavy data traffic on both mobile and fixed networks. It is expected that the demand for Internet services will continue to increase significantly over the next few years as a result of the availability of high speed fiber-optic networks (FTTx), increased Internet content, and the continued spread of broadband services.

Internet users population penetration rise from 41% in 2010 to 68.5%

7.5 Telecom Services Sector Revenues

Telecom services revenues from operations in Saudi Arabia reached about SAR 72.4 billion in 2015. This represents an increase of about 5.8% over 2014. Mobile revenues represent 75% of total telecom sector revenues, with fixed and data services accounting for the remaining 25%.

The number of Internet users in the Kingdom reached about 21.6 million at the end of 2015.
7.6 International Internet Bandwidth
The total capacity for international Internet connectivity in 2015 was about 1484 Gbits/s compared to 318 Gbits/s in 2010.

7.7 Domain Names Registered in the Kingdom
The cumulative number of domain names registered in the Kingdom reached 42,098 by the end of 2015 compared to 2,817 in 2000 and it can be seen that the number of domain names is continuing to grow.

7.8 ICT Contribution to the National Economy
The ICT sector plays an important role in the national economy, and can be measured to some extent through its effect on several indicators, including: contribution to the gross domestic product (GDP) of the economy, investment in Communications and Information Technology, and the volume of spending on ICT services.

Because of the fundamental foundational role of the ICT sector in driving the transition to a knowledge-based economy, the kingdom has sought to support this sector by formulating strategies, implementing initiatives and programs. These aimed to increase the level of access to ICT, enhance income levels in the sector, adding value and attract more investment, and create more job opportunities.

The average annual growth reached of 9% during the past five years (2011-2015).
10% the contribution of the ICT sector represents around 10% of total GDP (non oil)

6% the contribution of the ICT sector represents around 6% of total GDP

### 7.8.1 Contribution to the National GDP

According to CITC estimates, the contribution of the ICT sector represents around 6% of total GDP. If, however, the oil and mining sector components of the GDP are excluded, it is estimated that the ICT contribution to the national GDP is as great as 10% for year-end 2015.

### 7.8.2 Spending on ICT Services:

Based on its recent studies, CITC estimates that spending on ICT services increased to SAR 120 billion in 2015, with a growth rate of about 7% compared to 2014. The telecommunications sector accounts for the lion’s share of spending, around 64%, while the proportion of spending on IT services is about 36%. This scale of expenditure is due to the investment in infrastructure for the Next Generation Networks, in 4G mobile networks, and from the adoption of electronic services (e-government, e-health, e-education, e-commerce, etc.) as well as increased spending on information security. It is expected that the telecommunications and information technology market will continue to grow on a regular basis.

The telecommunications sector accounts for the lion’s share of spending around 64%, while the proportion of spending on IT services is about 36%.

The spending on ICT services increased to SAR 120 billion in 2015, with a growth rate of about 7% compared to 2014.
Appendix A: Decisions of the Board of Directors

The Board held five meetings in 2015. The major decisions taken during the year include:

1. Approval of the budget of the National Committee for the Information Society (NCIS) for the 2016 fiscal year.
2. Approval of the CITC and NCIS financial statements for the 2014 fiscal year.
3. Approval of the USF budget for the 2016 fiscal year.
4. Approval of the USF financial statements for the 2014 fiscal year.
5. Approval of the CITC budget for the 2016 fiscal year.
6. Approval of the modifications on item no. 38 of the Telecommunications Act.
7. Approval of the amendment to the Amateur Radio Licensing Service Bylaws.
8. Approval to Regulate Wholesale Prices of National Voice Call Termination on Fixed and Mobile Networks and reduce the prices to be capped to 15 Halalas for mobile and 7 Halalas for fixed services.
9. Approval of Consumer Protection document, and to be effective in 90 days from the approval day.
10. Approval of the CITC and NCIS financial statements for the 2014 fiscal year.
11. Approval of assigning the number (911) to The Central Security Operations Unit.
12. Approval of assigning the number (981) to The Two Holy Mosques Operations Unit.
13. Approval of assigning the number (938) to The General Administration For Drug Control.
14. Approval of assigning the number (938) to The Center of Emergency of the Ministry of Transport.
15. Approval of assigning the number (1955) to The General Administration For Drug Control.
Approval of the addition to the current organization structure by the creation of the General Department of Information Security, the Department of ICT Services Quality, and the Department of Total Quality Management.

Appointments to the Telecom Act Violations Committee.

Creation of the Auditing Committee, and to be linked directly to the board of directors.

The approval to award projects no. 12, 13, and 14 in the sixth operational plan of the Universal Service Fund (USF).

Reviewing the reports of the obstacles that prevent CITC from collecting its revenues.

Reviewing the reports of the Kingdom participations in the ITU exhibition which was held in Budapest, Hungary.
Appendix B: CITC Websites

Main CITC website
- www.citc.gov.sa

Saudi Network Information Center
- www.nic.net.sa

National Center for Information Security (CERT-SA)
- www.cert.gov.sa

Saudi Internet service portal
- www.internet.gov.sa

National Committee for Information Society
- www.ncis.org.sa
Appendix C: Code of Ethics and Professional Conduct

1. Refrain from any action that might lead to preferential treatment of persons or entities involved with CITC or might negatively impact the reputation of CITC.

2. Avoid establishing personal working relationships with people, establishments or companies whose self-interest is linked to CITC decisions, and refrain from offering advice or revealing information which is not publicly available and which might provide unfair advantage to any party.

3. Not reveal confidential information obtained during the exercise of their duties, whether verbally, in writing or electronically.

4. Not get involved in any business or undertake any independent work activities of a similar nature to that of CITC. To be involved in any other business activity which is not of a similar nature to that of CITC, prior approval must be obtained from the Governor.

5. Not, either directly or indirectly, exploit or utilize information, which is obtained during the course of employment at CITC and which is not publicly available, for personal gain or for the benefit or harm of others.

6. Refrain from any activity that can lead to conflict of interest, real or perceived, between their own personal interests on the one hand and their professional responsibilities on the other. In the case where such conflict exists or may exist, or if they are subjected to conflicting external pressures, or if in doubt of the proper course of action, refer the issue, in confidence, directly and in writing to their immediate supervisor.

7. Not directly or indirectly exploit their position at CITC for personal advantage or profit or for the benefit of a relative or friend.

8. Not accept or request any gifts, compensation, invitations or other benefits of any kind from parties who have a direct or indirect business relationship with CITC.

9. Respect the rights of all stakeholders who interact with CITC and deal with them courteously, fairly and impartially.

10. Refrain from any actions, dealings or work activities which are considered improper or are seen as inconsistent with moral and honorable conduct.

11. Not get involved in any business or undertake any independent work activities of a similar nature to that of CITC. To be involved in any other business activity which is not of a similar nature to that of CITC, prior approval must be obtained from the Governor.

12. Not reveal confidential information obtained during the exercise of their duties, whether verbally, in writing or electronically.

13. Avoid establishing personal working relationships with people, establishments or companies whose self-interest is linked to CITC decisions, and refrain from offering advice or revealing information which is not publicly available and which might provide unfair advantage to any party.

14. Not, either directly or indirectly, exploit or utilize information, which is obtained during the course of employment at CITC and which is not publicly available, for personal gain or for the benefit or harm of others.

15. Refrain from any activity that can lead to conflict of interest, real or perceived, between their own personal interests on the one hand and their professional responsibilities on the other. In the case where such conflict exists or may exist, or if they are subjected to conflicting external pressures, or if in doubt of the proper course of action, refer the issue, in confidence, directly and in writing to their immediate supervisor.
# Appendix D: CITC Financial Accounts

## Revenues

<table>
<thead>
<tr>
<th></th>
<th>30 Dec 2014 (audited) SAR (000)</th>
<th>30 Dec 2015 (not audited) SAR (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Services Provisioning Fees</td>
<td>4,538,748</td>
<td>3,248,434</td>
</tr>
<tr>
<td>License Fees</td>
<td>355,873</td>
<td>321,666</td>
</tr>
<tr>
<td>Spectrum Usage Fees</td>
<td>3,553,940</td>
<td>1,479,412</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>378,603</td>
<td>70,557</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>8,827,164</strong></td>
<td><strong>5,120,069</strong></td>
</tr>
</tbody>
</table>

## Expenditures

<table>
<thead>
<tr>
<th></th>
<th>30 Dec 2014 (audited) SAR (000)</th>
<th>30 Dec 2015 (not audited) SAR (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Costs</td>
<td>220,344</td>
<td>254,438</td>
</tr>
<tr>
<td>General and Admin Expenditures</td>
<td>86,401</td>
<td>69,320</td>
</tr>
<tr>
<td>Consulting</td>
<td>26,965</td>
<td>18,627</td>
</tr>
<tr>
<td>IT Systems and Software</td>
<td>3,221</td>
<td>2,681</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>14,328</td>
<td>12,929</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>351,259</strong></td>
<td><strong>357,995</strong></td>
</tr>
</tbody>
</table>
Appendix D: CITC Financial Accounts

**NET REVENUES**

30 Dec 2014 (audited) SAR (000) 8,475,905
Eight billion, four hundred and seventy five million, nine hundred and five thousand

30 Dec 2015 (not audited) SAR (000) 4,762,074
Four billion, seven hundred and sixty two million, seventy four thousand

*Note:* CITC bills for and collects revenues, and turns them over to the Public Treasury.