Custodian of the Two Holly Mosques

King Salman bin Abdulaziz Al Saud
His Royal Highness
Prince Muhammad bin Naif bin Abdulaziz Al Saud
Crown Prince
Minister of Interior
Deputy Prime Minister

His Royal Highness
Prince Muhammad bin Salman bin Abdulaziz Al Saud
Deputy Crown Prince
Minister of Defense
Second Deputy Prime Minister
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On this occasion of publishing the annual report of CITC for the fiscal year 1437 - 1438 H, and on behalf the Board of Directors and all CITC staff, I happily express heartfelt thanks to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz and his crown prince and his deputy crown for their special attention and precise guidance the ICT sector in order to achieve development and prosperity for this blessed country and raise its status among nations.

At the beginning of this year, the Commission approved the “CITC 2020 Strategy,” an integrated national approach intended to motivate and enhance the ICT sector. The ambitious objectives of this strategy were intended to create new job opportunities in the field of ICT while providing and expanding the use of broadband services, which would ultimately improve the international ranking of the Kingdom all international indicators.

One of the most prominent achievements of the Commission this year has been the of the unified license, service providers to raise the competition level for serving users by increasing available options for services that best suit them and motivating service providers to enhance network efficiency and minimize costs. The desired result would be increased utilization and optimal use of services in all parts of the Kingdom.

In addition, the Commission has issued the Carrier Service Provider (CSP) fiber infrastructure in the Kingdom.

I thank the Governor of the Commission, my colleagues, members of the Board of Directors, CITC staff, all partners and those interested in this sector who have effectively used their knowledge and expertise to contribute to its development and enrichment.

Chairman of the Board
Minister of CIT
Dr. Mohammad I. Al-Suwail
ICT is no longer merely a medium used by nations. It has become an objective in itself, an integral part of the human hierarchy of needs. Because of its part in maintaining the security and welfare of nations, it has evolved into an essential for defending countries, protecting human rights, and enriching knowledge. Early on, the government of this country recognized the value of ICT and invested human and financial resources into raising the bar for ICT delivery. As a result of the firm intentions and consistent efforts of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz –may Allah save him- helped achieve this through the lens of Vision 2030 and a package of supporting initiatives included in the National Transformation Program 2020. The CIT sector was among the top priorities, especially broadband services, with the goal of 90% coverage in densely populated areas and a 66% coverage in low-density areas.

In order to cope with this extensive change, CITC has begun to align its strategic plan with the National Transformation Program and has also begun to implement an internal preparation for its administrative system through restructuring its sectors. Such restructuring should help to harmonize its tasks and develop its outputs so as to keep pace with development in this sector and achieve the objectives all government bodies pursue. By the end of 2016, about 151% of the population were using mobile telecom services, about 75% were accessing broadband services via mobile telecom networks, and about 74.9% were using the internet. At the same time, about 32.3% of households were using fixed telecom networks, and about 46.8% were accessing broadband via mobile telecom networks. In addition, the ICT sector reached about 6% of the GDP.

This report focuses on the many projects and programs that have helped to develop the ICT sector and utilize it in all fields. On behalf of all CITC members, I would like to take this opportunity to thank the Chairman of the Board of Directors, Minister of Communication and Information Technology, and members of the Board for the many projects and programs that have helped to develop and utilize the ICT sector. I would also like to thank all CITC staff for their efforts as well as all who have offered feedback and constructive criticism that contributed to the development of the projects of the Commission. Allah is the All-Knower of intentions and He leads to the straight path.

Governor of CITC
Dr. Abdulaziz S. Al-Ruwais
Executive Summary
Executive Summary

This report was prepared in accordance with Royal Decree number 53703 dated (19/12/1433H), which emphasized the obligation of all ministries and government bodies to conform to article 29 of the Council of Ministers Rules issued under Royal Decree A/13, dated (5/3/1414H), and also the requirements of article 16 of the organization of CITC. This report covers the achievements of CITC along with suggestions for overcoming challenges during the fiscal year 2016 (1437 - 1438H).

These achievements and challenges can be summed up as follows:

First: Licenses

By the end of 2016, CITC had issued 349 new licenses for various services including a new license for providing satellite broadband services. Provision was made for Unified Licensing of telecom companies that have an infrastructure and are listed on the Saudi Stock Market. CITC has also extended pre-existing licenses for CIT companies that are authorized to operate in the Kingdom, have an infrastructure and are listed on the Saudi Stock Market. A CITC application form is now available to apply for a license to provide digital authorization services. The first license was issued to Carrier Service Provider (CSP).

Second: User Protection

During 2016, CITC received 77,248 complaints from CIT users, and the Telecom Violations Committee issued 919 decision. In addition, more than one million lines were ported between licensed service providers, and 938,365 add filtering service requests were received and handled.
Third: Organization of the Telecommunication and Information Technology Sector

This year, CITC has approved a limit of 10 halalas symmetrically for wholesale local voice-call termination on mobile telecommunication networks and a limit of 4.50 halalas symmetrically for wholesale local voice-call termination on fixed telecom networks. In the interest of developing and stimulating the sector, a project to establish an appropriate way to license cloud computing services was initiated. During this year, CITC drafted an organizational framework for this service that will be issued during the first quarter of 2017.

CITC’s Interconnection Guidelines and Guidelines for Access to Physical Facilities was prepared and approved this year.

Fourth: Scarce Resources

In the field of scarce resources management, CITC manages frequencies and monitors the implementation of the National Frequency Spectrum Plan. CITC has started implementing the “vacating of frequencies providing telecommunication services” initiative, which is part of the National Transformation 2020 program. The percentage of progress with the initiative is 34%. As for numbering resources, CITC has handled, reviewed and allocated the applications of available numbering resources.

Fifth: Universal Service Fund

Prior to 2016, CITC completed, through USF, eight projects involving deployment of telecommunication services to remote areas that are not commercially viable for telecom companies licensed to provide public telecom services. Projects 9, 10, and 11, aimed at providing voice and internet services to a large number of remote localities in a number of provinces of the Kingdom, were completed this year. Eleven of the fourteen projects have been completed, and service is now available to about 17,736 localities distributed throughout the Kingdom.

As a part of “expanding the scope of work for the Universal Service Fund to support investment in broadband for remote areas” initiative, the first project for wireless broadband has been introduced. The objective of this initiative is to increase the coverage of wireless broadband networks to more than 10 megabyte per second in remote areas so as to cover 70% of households.

Projects 9, 10, and 11, for providing voice and internet services to a large number of remote localities, were completed this year.

Number of localities that have been offered services scattered across all areas and provinces of the Kingdom

17,736

11 projects finalised out of 14 projects

Introducing the first project involving wireless broadband for remote areas

The Target

More than 10 megabytes per second in remote areas so as to cover 70% of households
Organizational Framework
CITC is responsible for regulating the ICT sector in the Kingdom of Saudi Arabia. The Telecommunications Act, issued by Royal Decree No. M/12, dated 31/12/1422 H, and its Bylaws, issued in 1423 H, provide the legal framework for organizing this sector.

Providing sufficient advanced ICT services, with reasonable prices, and creating the right atmosphere to encourage fair competition

This Act involves a number of objectives such as:

- Providing advanced and adequate telecommunication services, with affordable prices.
- Creating an appropriate atmosphere to encourage fair competition.
- Using frequencies effectively.
- Localization of telecommunication technology and managing recent advancements.
- Clarity and transparency in procedures.
- Equality and neutrality.
- Protection of the public interest as well as the interest of users and investors.

CITC organizational framework, issued by the ordinance of the Council of Ministers No. 74, dated 5/3/1422 H, and amended by Ordinance of the Council of Ministers No. 133, dated 5/5/1422 H, specifies the tasks of CITC and its areas of specialization. According to these decrees, CITC is the regulator of this sector, and has a legal personality and is financially and administratively independent.
Transformation of the ICT sector
Kingdom Vision 2030 and the National Transformation Program 2020
Kingdom Vision 2030 includes three main themes that form a blueprint for creating an “An Ambitious Nation, A Vibrant Society and A Thriving Economy”. The Transformation Program 2020 presents the first phase of converting the objectives of the Vision into reality. In this regard, the Program offers initiatives linked to executive plans that should be implemented by the various government bodies.

To that end, CITC is responsible for working on six initiatives intended to motivate society to reach for and attain the aspirations of the Vision.

3. Transformation of the ICT sector: Kingdom Vision 2030 and the National Transformation Program 2020

CITC started to execute the assigned initiatives as the followings:

- Creating organizational frameworks to encourage public telecommunication service providers to invest in broadband infrastructure (percentage of achievement 16%)
- Creating an organizational framework for facilitating deployment of public services and rising to the operational challenges between operators and municipalities (percentage of achievement 17%)
- Developing indicators for measuring broadband service quality and deploying the public to motivate service providers to improve the quality of their services (percentage of achievement 15%)
- Expanding the scope of the work done by the Universal Service Fund to support investment in broadband for remote areas (percentage of achievement 16%)
- Vacating frequencies for providing telecommunication services through the completion of the National Frequency Spectrum Plan (percentage of achievement 34%)
- Developing standards for civil works for networks and buildings, and integrating them into building and development regulations while making use of existing infrastructure (percentage of achievement 49%)
The Commission's Strategy
The Commission’s Strategy

Considering developmental plans in the Kingdom and the ICT’s current situation, frameworks and existing organizational plans compared to international best practices, developments in ICT regional and international markets and recent advancements and variables in services and technologies, ICT has created “CITC Strategy 2020.” This strategic plan, created in 2015, is intended to fill gaps and achieve desired objectives between 2016 and 2020.

CITC strategy consists of four main themes: ICT infrastructure and scarce resources; ICT services system; improving ICT skills; and launching 7 initiatives, translated into 37 strategic projects, to ensure the efficient and effective completion of the project. In addition, main performance indicators have been identified to ensure appropriate monitoring of implementation efforts and facilitate observation of workflow in implementing these initiatives.

<table>
<thead>
<tr>
<th>Main themes</th>
<th>Strategic initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICT infrastructure and scarce resources</td>
<td>ICT infrastructure and scarce resources</td>
</tr>
<tr>
<td>Entrepreneurship, innovation localization and foreign investment</td>
<td>Review of legal and regulatory frameworks</td>
</tr>
<tr>
<td>Software, applications and digital content</td>
<td>Protection and security of the Internet</td>
</tr>
<tr>
<td>Software, applications and digital content</td>
<td>Providing frequency spectrum</td>
</tr>
<tr>
<td>Protection and security of the Internet</td>
<td>Improvement of service quality and price quality</td>
</tr>
<tr>
<td>Internal improvement factors</td>
<td>Broadband strategy</td>
</tr>
<tr>
<td>Internal improvement factors</td>
<td>Expansion of wireless network coverage</td>
</tr>
<tr>
<td>ICT human capital</td>
<td>Creating the National (Internet Exchange INIXP)</td>
</tr>
<tr>
<td>ICT services system</td>
<td>Total number of strategic projects</td>
</tr>
</tbody>
</table>

4 Main themes  7 Initiatives  37 Projects
Objectives and ICT strategic indicators

- Providing broadband services for all parts of the Kingdom through stimulating investment in infrastructure and developing organizational and technical framework
  - Percentage of fiber optic coverage for houses in high-density urban areas: 44% (2015 baseline) 80% (2020 targets)
  - Percentage of fiber optic coverage for houses in urban areas: 12% (2015 baseline) 55% (2020 targets)
  - Percentage of wireless broadband network coverage more than 10 megabytes per second in remote areas: 12% (2015 baseline) 70% (2020 targets)

- Providing critical resources especially spectrum frequency for ICT services*
  - Percentage of the available frequency spectrum for telecommunication services of the total allocated telecommunication services: 42% (2015 baseline) 80% (2020 targets)

- Increasing ICT local added value
  - Herfindahl-Hirschman index for firms' shares (HHI): 5,000 (2015 baseline) 3,800 (2020 targets)

- Billion 77
  - Enhancing and encouraging an effective and fair competition environment in ICT fields

- Billion 100
  - Targets have been updated to be aligned with the targets and initiatives of the National Transformation Program 2020
Current Situation of the Commission
Current Situation of the Commission

5.1 Organizational Structure

CITC has reconstructed its organizational structure as a first executive step aligned with government and sector attitudes and in accordance with the National Transformation Program and the strategic objectives of the commission. The executive committee of the Board of Directors has adopted the basic organizational structure below, and the detailed organizational structure will be issued at the beginning of 2017.
5.2 Board of Directors

The Board of Directors is the highest governing authority of CITC. It oversees its administration, conducts its affairs, and develops and implements its general policies. The Board consists of:

- H.E. Dr. Mohammad Ibrahim Al-Suwaiyel
  ICT Minister
  Chairman of the Board

- H.E. Dr. Abdulaziz Salem Al-Rwais
  Governor of CITC, Deputy Chairman of the Board

- Mr. Fahed Abdullah Al-Dakkan
  Ministry of Finance

- Mr. Sultan Mohammad Al-Malik
  ICT Ministry

- Mr. Majed Abdullah Al-Bawardi
  Ministry of Commerce and Investment

- Dr. Khalid Sulaiman Al-Rajhi
  Private Sector

- Dr. Saoud Turad Bin Jarman
  Private Sector

Appendix (A) shows the main decisions made this year 1437 H – 1438 H.

5.3 Institutional Structure

5.3.1 Manpower

CITC seeks to recruit competent and experienced staff to perform its tasks and achieve its objectives and to maintain a positive, stimulating and highly-productive work environment.
6. Main Activities and Achievements

6.1 ICT service licenses

6.1.1 Licenses (Individual and Class)

The total active licenses amounted to 349 by the end of 2016 and they are:

- Global mobile personal communication service GMPCS
- Providing telecom Fixed infrastructure services
- Providing telecom mobile infrastructure services
- Providing telecom services using very-small-aperture terminals for satellite (VSAT)
- Providing Services for Mobile (Virtual Network Operators) MVNOs
- Providing Data Services
- Providing, Managing and Monitoring ICT Networks Services
- Providing Short Message Service SMS
- Providing Internet Services (ISP)
- Providing Hosted solutions for ICT software and hardware
- Providing Call Center Services
- Providing internet service on airplanes in Saudi airspace
- Operating systems and networks Global Mobile Personal Communication Services GMPCS
2 Fixed Telecom Services

3 Mobile Telecom Services

2 Providing Mobile Virtual Network Operators

3 Data Services

46 Providing internet service

19 Providing Telecom Services using very-small-aperture terminals for satellite (VSAT)

3 Operating personal telecom mobile satellite systems and networks

1 Providing licensing services for Global Mobile Personal Communication Services (GMPCS)

1 Providing licensing service for Carrier Service Providers (CSP)

118 Automatic Vehicle Location Services (AVL)

94 Short Message Service

3 Audio Text Services 700

43 Call Center Services

5 Providing, managing and monitoring ICT Network Services

5 Providing hosting services for ICT software and hardware

1 Providing internet service on airplanes in Saudi airspace

Total Number of licenses issued by the end of each year

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<thead>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>230</td>
<td>292</td>
<td>309</td>
<td>325</td>
<td>315</td>
<td>349</td>
</tr>
</tbody>
</table>
6.1.2 Licenses for providing satellite broadband services

CITC has introduced a new license for providing satellite broadband services in the Kingdom. The scope of services that can be provided has been limited to the following: Data services, voice calls and satellite broadband added values.

6.1.3 Issuing the unified license

CITC has issued the Unified License for infrastructure telecom companies that are listed on the Saudi Stock Market. Such license allows infrastructure service providers to provide a wide range of fixed, mobile, data services and other licensed services and networks under one license umbrella.

6.1.4 Publishing an application

CITC has published an application for licensing digital authorization services in the Kingdom. This document is an electronic data system designed to work either independently or in association with another electronic data system, to create a digital signature, digitally verify the identity of users and approved electronic transactions and detect any modifications to digital transactions. Bids have been received, assessed, and sent to companies qualified for having this license.

6.1.5 Renewal of the licenses

Pursuant to the Royal Decree dated H, which allows for the renewal of licenses issued to ICT companies that have infrastructure, are licensed to work in the Kingdom and are listed on the Saudi Stock Market, for an additional 15 years from their current expiration date. Such renewal will be issued after these companies meet CITC requirements and promise to pay 5% of their annual net profits during the renewal period, in addition to the other financial allocations based on previous licenses. CITC has renewed licenses for Etihad Etisalat Co. (Mobily) and MTC Saudi Arabia (Zain).

6.1.6 Providing licensing for services of the Carrier Service Provider (CSP)

The first Carrier Service Provider (CSP) license has been issued to Dhawiyat Telecom Company, a service that allows public entities, such as electricity, water and railways that own telecom facilities (fiber optic cables and towers) in all parts of the Kingdom, to lease the surplus of such facilities to other infrastructure telecom companies licensed by CITC to provide fixed and mobile telecom services in the Kingdom.
CITC registers, through the Saudi Network Information Center (SaudiNIC) on the Internet, and manages and accredits a number of important additions to services provided to users. This is done through e-services gate, which enables users to carry out a number of different tasks and procedures by themselves in a fast and flexible way. During this year, the following activities are registered:

- Registration of around 4,806 Saudi domain names in the Kingdom, bringing the total number of registered domains to around 46,904. This figure represents the total cumulative number of registered domains in the Kingdom.
- Publication of an international document for describing letters and characters and their similarities, along with regulation of rules regarding Arabic domain names under the upper Arabic Saudi (السعودية) domain. This is a continuation of support for the Arabic language on the Internet and an effort to maintain Saudi Arabia as a leader in this field. SaudiNIC is the first center to publish a document in the new format.

### Licenses and accreditation of ICT devices

CITC created technical standards for ICT devices, delineated accreditation procedures for devices and issued electronic customs clearance permits. During this year, the following was achieved:

- **2,965** Accreditation applications
- **10,286** Device licenses
- **8,167** Permit applications
- **85** Studies of Confiscated ICT devices
6.2 User Protection

6.2.1 Addressing users complaints

CITC seeks to protect ICT service users and their rights and to receive their complaints. It also spares no effort in studying and analyzing complaints, especially the cause of repeated complaints. Having done this, CITC tries to find dramatic solutions that will prevent repeated complaints in the future. General details and statistics about users complaints:

![Complaints from ICT services users](#)

- **Prepaid mobile**: 17%
- **Landline**: 12%
- **Internet (fixed)**: 16%
- **Internet (mobile)**: 41%
- **Postpaid mobile**: 14%

### Number of complaints

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>20,976</td>
</tr>
<tr>
<td>2014</td>
<td>31,656</td>
</tr>
<tr>
<td>2015</td>
<td>51,094</td>
</tr>
<tr>
<td>2016</td>
<td>77,248</td>
</tr>
</tbody>
</table>

### Classification of complaints by type

<table>
<thead>
<tr>
<th>Complaint Type</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall satisfaction</td>
<td>86%</td>
</tr>
<tr>
<td>Complaint application access</td>
<td>53%</td>
</tr>
<tr>
<td>Complainant satisfaction assessment</td>
<td>88%</td>
</tr>
<tr>
<td>Results of complaints</td>
<td>39%</td>
</tr>
<tr>
<td>Timeliness of complaint treatment</td>
<td>41%</td>
</tr>
<tr>
<td>Overall satisfaction</td>
<td>65%</td>
</tr>
</tbody>
</table>
### 6.2.2 Resolution of Telecom Act violations

Clause 38/5 of the Telecommunications Act stipulates that activities that violate the law be considered by a committee nominated by a Board resolution.

#### Violations of telecom act committee

<table>
<thead>
<tr>
<th>Year</th>
<th>Total number of incoming violations</th>
<th>Total number of resolutions issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>374</td>
<td>1,055</td>
</tr>
<tr>
<td>2012</td>
<td>1,218</td>
<td>1,184</td>
</tr>
<tr>
<td>2013</td>
<td>997</td>
<td>1,984</td>
</tr>
<tr>
<td>2014</td>
<td>731</td>
<td>2,047</td>
</tr>
<tr>
<td>2015</td>
<td>841</td>
<td>997</td>
</tr>
<tr>
<td>2016</td>
<td>919</td>
<td>1,079</td>
</tr>
</tbody>
</table>

#### Resolutions issued by the Committee

- **75%** Cable cuts
- **8%** Non-implementation of the CITC resolution
- **1%** Others
- **11%** Using wireless devices
- **5%** Non-legitimate prepaid

#### Violation fines till the end of 2016 (SAR)

- **39,694,480** Due unpaid violations till the end of 2016
- **8,897,340** Violations paid till the end of 2016

- **8,897,340** Violations paid till the end of 2016
6.2.4 Internet filtering

- 2500 daily filtering requests were dealt with through the Electronic System for National Filtering service this year.
- CITC actively supports efforts to combat pornographic and child-abuse cybercrimes and technological crimes by blocking child-abuse materials and regularly reporting to security authorities and concerned international organizations. The total number of child-abuse links reported in 2016 has reached more than 1300.
- In the interest of protecting children and adolescents from dangers of the internet and emphasizing the role of family in minimizing exposure to harmful internet content, CITC is working on the first draft of parental control tools for internet users in the Kingdom. CITC is also working in parallel with service providers to reactivate Safe Search on the main search engines. Activation is expected during the first quarter of 2017.
- The advantages of these efforts are: Continued inaccessibility to open pornographic domains in search engines, a noticeable decrease in pornographic search results on the main social media websites and a decrease in the number of pornographic applications in various smart phones stores.
6.2.5 The National Center for Information Security

The Center aims to raise the level of awareness of dangers related to the use of electronic transactions as well as the level of confidence in information security and digital safety resulting from collaboration with members and partners of the Center, which has provided training and education on the subject. To this end, the Center has achieved the following during 2016:

- **40** Government bodies have been registered in the Guide for Information Security Policies and Procedure service.
- **2,112** Procedures for information security have been prepared and executed for different entities.
- **4,964** Warning reports have been sent to parties whose information is registered with the Early Warning Service and the Risk Management System.
- **623** Pages on the national website have been distorted. Early warning has been provided in order for technical support to restore it and terminate exploits used for distortion.
- **22** Violators of the Anti-Cyber Crime Law have been removed from social media websites.
- **40** Warning messages have been sent to all government sectors about the spread of special viruses that target ICT infrastructures in the Kingdom.

---

Statistics of the National Center for Information Security

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of centers registered with the Center</th>
<th>Number of sent reports or special warnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>149</td>
<td>169</td>
</tr>
<tr>
<td>2013</td>
<td>289</td>
<td>216</td>
</tr>
<tr>
<td>2014</td>
<td>890</td>
<td>223</td>
</tr>
<tr>
<td>2015</td>
<td>1,651</td>
<td>247</td>
</tr>
<tr>
<td>2016</td>
<td>4,964</td>
<td>325</td>
</tr>
</tbody>
</table>

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Annual Report 2016
Sites have been measured and tested for conformance in the different areas and cities of the Kingdom since the first project that was field measured and tested for conformance in 2007. None of the sites have been found in violation of the CITC approved regulations with regard to harmful radiation emitted from wireless base stations.
6.3 Regulating ICT sector

6.3.1 Regulating prices of national wholesale local voice call termination on fixed and mobile networks

Based on the results of comparative studies conducted by CITC and an examination of the best international practices in regard to organizing the prices of wholesale local voice call termination on fixed and mobile networks, CITC has approved the following:

- The price ceiling for wholesale local voice call termination on mobile telecom networks is 10 halalas, symmetrically.
- The price ceiling for wholesale local voice call termination on fixed telecom networks is 4.50 halalas, symmetrically.

These prices were applied by service providers starting on 7/7/1437 H (corresponding to 15/ Apr/2016).

6.3.2 Identifying price ceiling for international mobile service between GCC

The Ministerial Committee for Post, Telecommunication and Information Technology in each of the GCC countries has approved the mobile international roaming price ceiling for GCC countries, which is the result of the efforts of the Roaming GCC team; price ceilings for the following telecom services have been applied:

1. Local calls inside roaming countries.
2. International calls to any other GCC country.
3. Receiving calls during roaming in GCC countries.
4. SMS sent during roaming.
5. Data service during roaming in GCC countries.

On 1/ Apr/2016, price ceilings were set for wholesale calls for these services. On 1/ Apr/2016, retail price ceilings for the same services were applied. It is worth noting that this is the first out of five phases involving the lowering of price ceilings.

The second phase of reducing wholesale price ceilings for these services will be initiated, followed by applying reduction of retail price ceilings in 2017.
6.3.3 Promotional offers by ICT service providers

During 2016, about 324 promotional offers were launched by all service providers.

6.3.4 Cloud computing

The Cloud Computing Project aims to provide an organizational environment for all providers and users of cloud computing. During this year, CITC has prepared a draft of organizational frameworks, met with national and international concerned parties and delivered this draft to the public, eliciting their feedback. It is expected that regulations and guidelines will be issued in the first quarter of 2017.

6.3.5 Linking interconnection communication and rules of access to physical facilities

Rules of interconnection pave the way to linking telecom services between service providers such as a linking voice, SMS, or a data and internet connection, among other services. The objective of such connections is to enable subscribers of one service provider to connect with subscribers of another service provider.

The rules of access to physical facilities provide the basis for accessing services requiring the physical existence (ICT infrastructure) of parts of another service provider’s network, such as sharing telecommunication towers and shared drilling.

CITC has created and approved interconnection rules and rules of access to physical facilities to be implemented by ICT service providers in order to improve telecom services and subscribers’ experience with telecom services.

6.3.6 Procedures for approval of ICT tariffs

Aiming to organize the ICT sector and keep abreast of the latest technologies, CITC has studied the creation of a new mechanism for accreditation of ICT service tariffs based on the best international practices, international comparative studies and advancements in the ICT market in the Kingdom. The objective of such studies is to achieve better performance rates to respond to the current telecom market in the Kingdom and to provide the best regulating means and procedures for assessing tariffs on retail telecom services.

During this year, CITC Board of Directors has approved and implemented an organizational structure for approving tariffs that will ensure fair competition in the ICT market and protect users.
6.4 Scarce resources

6.4.1 Frequency management and monitoring implementation

The National Frequency Spectrum Plan (NFP) was approved by the Council of Ministers Resolution No. 61 dated (10/Mar/2016) 2/3/1429 H. The NFP defines user categories and the allocation of frequency bands for different services according the needs of frequency users in the Kingdom and in line with international guidelines for frequency uses. The NFP went into effect on 2/5/1429 H in accordance with phases defined in the Plan (two, three and five-year time phases) as of this date.

Clearance by end of this year:

Frequencies to be vacated within two years from date of implementation

<table>
<thead>
<tr>
<th>Assignment level</th>
<th>The Kingdom</th>
<th>Province-wide</th>
<th>City-wide</th>
<th>Specific location</th>
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<tbody>
<tr>
<td>Clearance by end of 2016</td>
<td>43.85%</td>
<td>29%</td>
<td>97.6%</td>
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<td>Clearance by end of 2015</td>
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<td>28.95%</td>
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Frequencies to be vacated within three years from date of implementation

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<tr>
<td>Clearance by end of 2016</td>
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<td>92%</td>
<td>27.82%</td>
<td>14.83%</td>
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<tr>
<td>Clearance by end of 2015</td>
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<td>27.82%</td>
<td>14.83%</td>
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</table>

Frequencies to be vacated within five years from date of implementation

<table>
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<tr>
<th>Assignment level</th>
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<th>Province-wide</th>
<th>City-wide</th>
<th>Specific location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearance by end of 2016</td>
<td>19.14%</td>
<td>23.63%</td>
<td>27.04%</td>
<td>19.36%</td>
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<tr>
<td>Clearance by end of 2015</td>
<td>13.85%</td>
<td>23.63%</td>
<td>27.04%</td>
<td>19.36%</td>
</tr>
</tbody>
</table>

6.4.2 National Numbering Plan and its Management

CITC monitors applications to identify, study and allocate available digital resources according the procedures included in the National Numbering Plan. It also monitors allocation applications to ensure optimal use of all allocated digital resources in terms of activating such resources on the ICT service providers networks. In 2016, the following was achieved:

- Million numbers to data mobile phone services
- Million numbers for calling from machine to machine (M2M)
- Thousand geographic calling numbers

Allocations

Unified short message codes for humanitarian and government organizations
Short access codes which are used by operators, government bodies and other organizations
Triple access code (911) for running the Unified Operation Center for Emergency, Public Security and Civil Defense
This project covered governorates in the Makkah administrative region (Alqunfudhah and Alaradiat) and governorates in the Aseer administrative region (Alnamas, Balqarn, and Bishah) in addition to all governorates in the Al-Baha district (Alaqiq, Albaha, Almandaq, Almukhwah, Alqura, Baljurashi, Qalawa, Bani Hasan, Far’at Ghamid Alzinad and Alhujra). The total number of localities covered by the scope of this project were 2,325 with a population of around 653,000.

Project number 1

Pilot: The main goal of this project is to provide voice and Internet service to all localities not already served in the Kholis and Alkamel governorates in Makkah district and the Almahd governorate in Madinah district, where the total number of localities is 483, with a population of around 105,000.

Project number 2

This project included eleven governorates representing the governorates of the Northern Borders administrative district, which include Arar, Rafhaa, Tarif, and Aluwayqiah, and all governorates of the Aljouf district, which include Alqirayat, Domat Aljandal, Sikaka and Tabrjal, in addition to the governorates of Al-Dair, AlRaith and Aldarb in the Jazan district, where the number of localities covered by the scope of this project were 563 with population of around 206,000.

Project number 3

This project covered the governorates of Almajma’ah and Ramah in the Riaydh administrative province in addition to the governorates of Alkhafji, Hafr Albatin and Qariyat Aloliya in the Eastern Region. The total number of localities covered by the scope of this project were 261 with a population of around 94,000.

Project number 4

This project covered governorates of Almajma’ah and Ramah in the Riaydh administrative province in addition to the governorates of Alkhafji, Hafr Albatin and Qariyat Aloliya in the Eastern Region. The total number of localities covered by the scope of this project were 261 with a population of around 94,000.

Project number 5

This project covered 446 localities containing around 145,000 people in one governorate in Tabouk Province (Tayma) and six governorates in Hail Province (Alshihman, Ba’qa, Hail, Alshihmali, and Moudaij).

Project number 6

This project covered 457 localities with a population of around 120,000 in all governorates in the Najran Province (Alkharkhir, Badr Aljanesb, Hubuna, Khbash, Najran, Sharurah, Thar and Yadmali).

Project number 7

This project covers 2,191 localities with a combined population around 705,000 from all governorates in the Qassim Province (Buraydah, Unaizah, Anrais, Almidhannah, Albuqairiyah, Habsa, Alqayzah, Anmahbanahiyah, Uyun Aljawi, Riyadh Alkhahera, Alshimaaiyah, Uqil Alqurayyah and Dheryah) and all governorates in the Riyadh Province (Albukayriyah, Aljara, Thadig, Alghait, Aluddawalmi, Alshihman, Alshamli, and Mouqeq).

Project number 8

This project covers 1,936 localities with around 325,000 people from the governorates of Makkah Province (Alkhurmah, Taif, Ranyah, Turbah, Almidhannah and Misail).

6.5 Universal Service Fund (USF) and deployment of ICT services

Continuing its efforts to achieve the objectives of the universal service and universal access policy and implement a strategic plan within the approved time frame, the USF prepared operating plans containing the main objectives, programs and projects for each operating year. The plans identify the structures, implementation methods and styles of the projects, clarifying the USF program outputs in general, defining the scope of work, and estimating project costs for programs and projects of USF that are going to be supported. In this context the USF ended the implementation of eight projects before the end of 2016, and three projects have been finalized (9, 10 and 11) during this year. By the end of 2016, 17,736 localities will have been served throughout all districts and governorates kingdomwide. The total number of completed projects is 11 out of 14.
Figure 1 shows the governorates that were served as part of the first eight projects, and they are:

- Al-Jouf
- Northern Borders
- Eastern Region
- Hail
- Makkah
- Madinah
- Najran
- Jazan
- Al-Baha
- Aseer
- Al-Jawf

Figure 2: Areas affected by the implementation of the fifth operational plan (projects 9, 10 and 11)

*Project number 9:* This project covers 1,933 localities containing around 345,000 people in the governorates of Madinah Province (Alhinakiyah, Madinah, Bader, Khayber, Yanbu, Wadi Alferae and Aleise) and three governorates in Hail Province (Alghazalah, Alhaet, and Alselaimee). The project was completed by the end of last year.

*Project number 10:* This project covers 6,535 localities with a population of 1,255,000 in the governorates of Aseer Province (Abha, Almajardah, Mahayil, Rijal Alma, Sarat Abidah, Albark, Barq, and Tannounmah) and the governorates of Jazan Province (Alidabi, Baysh, Jazan, Sabya, Abu Arish, Ahd Ahmusarihah, Alaridah, Alharth, Dharmad, Farasan, Samtah, Alrewat, Horoub and Fifa). The project was completed by the end of last year.

*Project number 11:* The project covers 606 localities with a population of 142,000 in the governorates of Tabouk Province (Alwajh, Umluj, Diba, Haqil, Tabouk and Albedea) and one governorate in Madinah (Alula). The project was completed by the end of last year.

Figure 2: Areas of completed projects
6.6 High-speed wireless broadband projects for remote areas

One of the initiatives of the Transformation Program 2020 is "expansion of the scope of USF investment in broadband for remote areas."
The target of this initiative is to increase the coverage of wireless broadband networks (more than 10 gigabytes per second) in remote areas in order to cover 70% of houses. During this year, the scope of work for wireless broadband project no. 1 has been completed. This project covers the governorates of Alqurayat, Dammam, Alkhafji, Al-Ahsa, Al-Kharj, and Al-Aflaj in the Eastern administrative district; the governorates of Al-Majma‘ah, Al-Olama, and Al-Najaf in the Riyadh administrative district; and the governorates of Al-Ahsa, Al-Khafji, and Al-Alam in the Aljouf administrative district. The total number of targeted localities is 129 with a total of 125,232 houses. Documents of the competition were prepared and put up; and it is expected that the project will be awarded and initiated during the first quarter of 2017.

Project No. 12:
This project covers 1,867 localities containing more than 250,000 people in the governorates of the Makkah Province (Aljamjoum, Alayth, Jedda, Makkaah, Rabigh, Bahrah and Adhum). Documents of the competition were prepared and put up; bids were received, analyzed and evaluated and recommendations were submitted to concerned authorities for final approval.

Project No. 13:
The project covers 421 localities with a population of more than 162,000 in the governorates of Baqiq, Alalahs, Dammam, Jabal, Alkhobar, Alnasr, Alqateef, Ras Tanourah, Aladeed in the Eastern Province. Documents of the competition were prepared and put up; bids were received, analyzed and evaluated and recommendations were submitted to concerned authorities for final approval.

Project No. 14:
The project covers 1,612 localities with a population of more than 387,000 in the governorates of Ahad Rofaida, Dhahran Aljanoub, Khamis Mushait, Thalheeth, and Tareeb in Aseer Province, and the governorates of Wadi Aldawaser, Alatif, Alisalayel, Alkhari, Hasel bani Tamin, Almuzahmiah, and Alharem in the Riyadh Province. Documents of the competition were prepared and put up; bids were received, analyzed and evaluated and recommendations were submitted to concerned authorities for final approval.
Achievements and International Participation
7. Achievements and International Participation

CITC works on developing and protecting the interests of the Kingdom at the international arena related to ICT, with the objective of increasing cooperation and exchanging information and experiences. In this context, CITC participates in a number of regional and international ICT-related organizations. Among the most prominent organizations are the ITU, specialized committees of the United Nations Economic and Social Council, the League of Arab States, the Cooperation Council for the Arab States of the Gulf and the Arab Network of Regulatory Commissions of Telecommunications and Information Technology. Moreover, the Kingdom holds several posts, either as president or vice president, of several meetings and at conferences of regional and international organizations. The Kingdom also has provided several contributions to these organizations, and tries hard to reach a consensus with all partners, in an effort to achieve shared objectives.

7.1 United Nations Broadband Commission for Sustainable Development.

The Governor is a member of the the United Nations Broadband Commission for Sustainable Development. The role of the Commission is to promulgate the importance of broadband on the international level and to promote it in all countries as a tool for advancing national and international development and improving delivery of ICT services to remote areas. Delivery of such services should be performed in an innovative way, and countries should be encouraged to adopt national policies for broadband and digital programs.

7.2 CITC participates in the Commission on Science and Technology for Development (CSTO).

The Kingdom has joined, for the second time, the Commission on Science and Technology for Development for the period 2017 - 2020. The United Nations Economic and Social Council (ECOSOC) recommended the Kingdom for this membership. CSTO prepares resolutions concerning science, technology and innovations for development purposes, and it assesses implementation and monitors outputs of the World Summit on the Information Society. The Kingdom has also actively participated in the proceedings of the nineteenth annual session of the Commission by contributing to the drafting and approval of these resolutions.
7.3 The Kingdom was granted authorization to run one of the DNS records.

On the fifth of June 2016, the Kingdom, represented by CITC, became the fifth official responsible for running DNS records, besides the other main officials in the world who are situated in countries such as the United States of America, Germany, China and South Africa. Given the enormous investments in the ICT infrastructure in the Kingdom and the importance of in-country servers to run its digital address records, the Kingdom has sought to be one of the countries responsible for running DNS records, which is the main component of the digital object architecture. Architecture of digital objects is considered an advanced platform for managing information in a safe and stable way on the electronic web, which guarantees digital infrastructure dominance instead of reliance on another country, which is the current situation. Some experts argue that this is a second version of the internet that is available nowadays. Architecture of Digital Objects is built on an open source program and has highly-secured capabilities since it is secured from the ground up (Secure-by-design), including the fact that it is based on the Public Key Infrastructure (PKI) system. It also conforms to current systems, including the domain names system, and has an open standard, which means that executors are not obligated to use specific resource. These factors result in decreased costs and facilitate the introduction of new technologies. Architecture of Digital Objects also enables the interoperability of different databases. It is expected that Architecture of Digital Objects will play a major role in enabling mega data and deploying the Internet of Things, smart cities, and other current technological trends.

7.4 The Kingdom contributes to the creation of a specialized study committee in the Internet of Things (IOT) and smart cities.

The Kingdom has taken the lead in negotiations and coordination with several countries to create a specialized study committee on the Internet of Things (IOT) and smart cities. This technological trend is expected to make a considerable change in all walks of life, especially in the financial and industrial fields. These efforts have led to the creation of a committee named “Internet of Things and Smart Cities”. The Kingdom serves as the committee’s vice president. The committee is highly esteemed by several countries as well as the private sector.

7.5 The Kingdom related to ICT a leading role in the World Telecommunication Standardization Assembly 2016.

The Kingdom served as the vice president of the World Telecommunication Standardization Assembly in 2016 and the president of the Arab team concerned with restructuring study committees in the standardization sector of the International Telecommunication Union. The Kingdom has made a number of contributions that were approved by the Assembly. Some of these include contributions regarding ICT policies; internet related regulations; enhancement of efforts on open sources in the standardization sector; and issues related to privacy, security and trust with ICT use.
8. Media Activities

8.1 Awareness-raising Campaign for protecting children from the dangers of the internet.

CITC has launched a national initiative for protecting children from the dangers of the internet in cooperation with the Ministry of Education. The objective of this initiative is to raise the awareness level of the dangers of the internet, especially since the recent emergence of several technological means that draw attention to fashion and encourage improper behavior in children. These campaigns focus on awareness-raising, educational, and interactive themes intended to ensure the physical and psychological safety, identity protection, and reputation of children. They include ways to avoid sexual harassment, improper content, extortion and bullying. These campaigns will also help children protect their personal information from misuse, fraud or swindling. They also protect children’s PCs from malware and encourage children to respect other people and to protect the reputation, intellectual property and copyrights of others. A number of media channels are cooperating with the awareness-raising campaign. They have created a special website using social media applications; produced a number of short animation videos in Arabic; held exhibitions in malls in the main cities of the Kingdom; and produced awareness-raising programs for schools, which include educational and recreational packages.

8.2 Statistics of some media activities

- Media materials published in traditional and electronic media: 1,025
- Media materials published on social media channels: 1,378
- Media materials as compared with published materials and their presence in media outlets: 40
- Number of interactive responses of users with CITC account (CITC_withU): 11,726
- Number of electronic message issues: 4
- Total number of published media materials: 14,498

These campaigns aim to:

- Provide children with the necessary skills for ensuring their optimal use of ICT
- Increase children’s awareness of the advantages of using the internet
- Warn children of the effects of misuse of the internet on their physical safety
- Develop teachers’ skills to enable them to help students use the internet safely and responsibly
- Make the public aware of the role of legislative and organizational bodies in protecting children from the technological and legal aspects of internet use
- Warn children of the effects of misuse of the internet on their physical safety
- Make the public aware of the role of legislative and organizational bodies in protecting children from the technological and legal aspects of internet use
Studies
9. Studies

9.1 ICT market study in the Kingdom

CITC annually conducts studies of the ICT market in the Kingdom that include survey studies of available services, and users’ behavior and customs in using these services and their level of satisfaction. These studies also include quantitative and qualitative analyses of the development and support of these services, the extent of use and deployment of these technologies and the level of satisfaction with the quality and prices of service providers. In conducting these surveys, CITC considers current market trends and future expectations, including results of previous studies conducted to establish the chronological development of ICT uses and services.
CITC is working on the final analytical reviews of 2016 along with recommendations in Arabic and English. Reports will be published in 2017.
Indicators of the ICT sector in the Kingdom
10. Indicators of the ICT sector in the Kingdom

10.1 Mobile telecom services

The number of mobile telecom service subscriptions had reached, by the end of 2016, about 47.9 million, the overwhelming majority of which are pre-paid subscriptions constituting a percentage that exceeds 82%. The percentage of mobile telecom service subscriptions compared with the population decreased to about 151% as a result of acting on some resolutions and implementing regulations such as linking SIMs with fingerprints and cancelling inactive SIMs. As a result of CITC approval of the virtual operator for mobile phone networks, service levels have improved and become more diverse. The telecom market has expanded, giving subscribers more options.

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10.2 Landline Telecom Services

The number of fixed active landlines had reached, by the end of 2016, about 3.65 million, which make up 11.5% of the population and 32.3% of residential units. The number of fixed voice telecom subscriptions has resulted in a decrease in the number of fixed voice telecom subscriptions.

Note: The percentage of deployment to population is calculated by dividing the total number of active landlines by the population; whereas the percentage of deployment to residential units is calculated by dividing the number of residential lines by the number of residential units.
10.3 Broadband services

10.3.1 Broadband services via fixed telecom networks

The number of subscriptions for broadband services via fixed telecom networks, which includes Digital Subscriber Line (DSL), fixed wireless connections, fiber optics and other wireless lines, had reached about 3.29 million by the end of 2016, representing about 46.8% deployment to residential units.

10.3.2 Broadband services via mobile telecom networks

The total number of subscriptions to broadband services via mobile telecom networks, in its broad definition, had decreased to about 23.9 million subscribers by the end of 2016 as a result of the linking of mobile phone numbers and data packages to personal fingerprints. These subscriptions include data service SIMs and integrated voice telecom packages (voice and internet). Accordingly, the percentage of the deployment of broadband services via mobile telecom networks is about 75.2% per capita. More decrease in the total number of subscriptions is expected due to the implementation of the fingerprint system.
10.4 Internet services

The percentage of deployment of the internet has soared from 47% in 2011 to about 74.9% by the end of 2016. The number of current internet users in the Kingdom is estimated to be 24 million. Due to increased use of social media channels, content channels (like YouTube and Snapchat) and internet-based games, demand for internet and broadband services has risen. Consequently, the amount of data use has risen significantly in recent years.

10.5 Revenue

Telecom companies achieved about 71.6 billion Saudi riyals in total direct revenue from operations in Saudi Arabia by the end of 2016, 1.1% less than 2015. Mobile communication service revenues represent 75% of total revenues, whereas, fixed communication service revenues represent around 25%.
10.6 Capacity of International Internet Connectivity

The total capacities of the International Internet Connectivity for 2016 has risen to 114% or about 3185 gigabytes/sec as compared to 1484 gigabytes/sec in 2015. The reason for this rise is the expected increase in demand for internet use. In addition, companies have added parallel capacities to the existing capacities as alternative options in case of internet cable cuts.

10.7 Contribution of telecom activities to the national economy

The growth in capital investments and the expansion and development of telecom networks led to a noticeable increase in the contribution of telecom activities to the GDP. This has attracted investments to this sector and resulted in escalating growth and a rise in its direct contribution to the GPD. In addition, it has had positive indirect effects by boosting the efficiency of other productive sectors of the economy. According to studies conducted by CITC, the average annual growth rate was about 2% during the past six years (2011 - 2016). Because of the prominent role the ICT sector plays in transforming the Kingdom into a thriving economy, the Kingdom has created strategies, implemented initiatives and supported programs that aim to increase access levels to ICT services, enhance revenue, add value to this sector and attract more investments and provide more job opportunities. All of this should result in a gradual transformation of the economy of the Kingdom.

10.7.1 Contribution of telecom activities to the GPD

CITC studies estimate the contribution of ICT to the GDP to have been 6% in 2016, on top of the rise in the added value of telecom activities during the past three years. If we neutralize the petroleum and mining sector as GPD components, the percentage of contribution of ICT to the non-oil GDP, according to studies conducted by CITC, is estimated to be around 10%.

10.7.2 Spending in ICT sector

CITC has conducted an analytical study to estimate the volume of spending on ICT services in the Kingdom. The study includes ICT services, hardware and software. The volume of spending on ICT in the Kingdom is about 130 billion riyals in 2016, with a growth rate of about 8.3% over 2015, as a result of the reliance of business in all parts of the Kingdom on digital transformation initiatives in order to minimize costs and enhance work efficiency. It is expected that the spending growth on ICT services will continue with greater momentum, because information security will become an essential component of digital transformation strategies in the Kingdom. Moreover, there has been a rise in the number of businesses that aspire to implement advanced and proactive information security solutions.

The total number of spending on ICT (billion Riyals)
Difficulties and Challenges
11. Difficulties and Challenges

CITC faces challenges that it seeks to address in order to find appropriate solutions for the future. These challenges include issues related to implementing the National Frequency Spectrum Plan, cost of telecom station towers, positioning of towers in appropriate places, getting needed permits for extending cables, and responding to ongoing developments related to digital literacy as well as raising the awareness of citizens in this regard.
11.1 Vacating frequencies that do not conform to the National Frequency Spectrum Plan, which is required in order to provide public telecom services in the Kingdom

Currently, there are allocated frequencies for some government bodies that are located in a certain frequency spectrum, according to the National Frequency Spectrum Plan, for providing public telecom services. Such frequencies should be vacated and assigned to CITC licensed companies providing public telecom services in order to improve service quality and develop networks to meet the needs of the telecom market in the Kingdom. Work is now underway to address this challenge through implementation of one of the initiatives of the National Transformation Program, namely “Vacating frequencies that provide public telecom services through completing the implementation of the National Frequency Spectrum Plan.” It is expected that this challenge will be overcome if the initiative is implemented during the specified timeframe in 2020.

Suggested recommendation:

Urging government bodies to quickly vacate frequencies that do not conform to the National Frequency Spectrum Plan, especially allocated frequencies in the distributed domains in the Plan that provide public ICT services.

11.2 Escalating rent prices of ICT locations of towers, networks and stations.

Some government bodies, such as municipalities and airports, have raised rents dramatically for service providers who locate facilities on their land. Because negotiations with concerned parties in these government bodies has been unsuccessful, CITC has corresponded with the King for guidance and suggestions regarding this challenge.

Suggested recommendation:

1. Rent prices for ICT towers and stations on land belonging to government bodies should be comparable with the prices charged in the rest of the highly populated cities of the Kingdom.
2. Telecom stations and cabins should be designated as public facilities and treated like water and electric facilities are treated during the land planning phase.
3. No charges should be imposed on boards and signs affixed to wireless station sites that contain guidelines or warnings as versus promotional or advertising content, for which CITC imposes fees.
4. Municipalities should not remove or close sites that provide ICT services unless they provide alternate options that meet service and coverage requirements.
11.3 Prohibiting the establishment of telecom towers and stations in residential areas

Current and future telecom technologies, especially fifth generation mobile telecom technologies, require that telecom towers be situated close to each other and be inside residential areas. However, the current regulations of the Ministry of Municipal and Rural Affairs do not allow the establishment of telecom towers and stations in residential areas. According to MMRA regulations, some towers and stations, such as those considered to be commercial structures, can be situated only on commercial streets. CITC has sent correspondence to the King to consider sending this issue to the Bureau of Experts at the Council of Ministers in order to examine the articles that MMRA and CITC have not agreed upon and which relate to updating municipal and technical regulations for licensing wireless telecom commercial devices.

Suggested Recommendation:
Allowing the establishment of telecom stations and towers, or any other telecom devices in residential areas, and including that in the regulations of the Ministry of Municipal and Rural Affairs.

11.4 Procedures for obtaining drilling permits for cable extensions and establishing telecom network facilities

Licensed telecom companies face obstacles from municipalities all over the Kingdom when trying to obtain drilling permits to establish their networks, expand their facilities or extend their cables.

Work is now underway to address this challenge by implementing one of the initiatives of the National Transformation Program, namely “Creating a partnership arrangement between operators and municipalities that will facilitate the work of operators.” It is expected that this challenge will be overcome if this initiative is implemented during the specified timeframe in 2020.

Suggested Recommendation:
To present a resolution detailing compound procedures for obtaining permits for drilling and establishing telecom facilities in Saudi Arabia.
Appendixes
Appendix (A)

Resolutions of the Board of Directors

The Board has held eight meetings this year, and has adopted a number of resolutions; the main resolutions were:

- Approval of the CITC annual report for the year 2015
- Approval of the budget for the National Committee for Information Society for the fiscal year 1438/1439 H (2017)
- Approval of the CITC budget for the fiscal year 1438/1439 H (2015)
- Approval of the budget of Universal Service Fund for the fiscal year 1438/1439 H (2017)
- Approval of the final account of the Universal Service Fund for the fiscal year 1436/1437 H (2015)
- Approval of the CITC strategic plan (2016 - 2020)

- Approval for organizing and lowering the prices of wholesale local voice-call termination, both fixed and mobile. The ceiling price for telecom mobile wholesale calls is 10 halalas, whereas the ceiling price for telecom fixed wholesale calls was 4.5 halalas symmetrically for 2016.

- Approval of the license for providing broadband satellite services

- Reformation of the executive committee of the Board of Directors and the executive committee for the Universal Service Fund

- Approval of the final account of the CITC and the National Committee for Information Society 1436/1437 H (2015)
- Approval of the budget of Universal Service Fund for the fiscal year 1436/1437 H (2015)
- Approval of the CITC annual report for the year 2015
Institutions were inspected to determine whether they had properly used their allocated frequencies and had observed allocation specifications.

Persons were tested and issued wireless amateur licenses.

Frequency allocations were canceled due to implementation of the National Frequency Spectrum Plan or because users no longer needed them.

Requests for amateur wireless licenses have been reviewed.

Calibration of 324 devices, repair of 135 frequency spectrum management system devices and performance of technical measurements for 819 wireless devices.

Requests for licensing use of wireless devices were reviewed.

Requests for coordination of the use of frequencies during visits of officials or international ships when entering the territorial waters of the Kingdom.

Requests to follow necessary procedures required to allocate frequencies between the Kingdom and GCC countries.

Requests for unlicensed uses, which have caused interference with licensed frequencies.

Requests for identification and reporting of sites to ensure that institutions are using these frequencies according to the technical specifications under which these frequencies were previously licensed by the CITC.

Reports about harmful interference between uses of frequencies in the Kingdom have been reviewed and removed.
Requests to approve devices and settle requests were reviewed.

Requests for licensing and obtaining permits for ICT devices were received from suppliers and were reviewed.

Requests for responses concerning confiscated ICT devices, technical consultations and settlement of such issues were reviewed.
### Annual Report 2016

**Appendix D:**

**Final Accounts**

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<tr>
<th>Category</th>
<th>Fiscal year 1436/1437 (As of 12/30/2015 audited and approved) (Thousand Riyals)</th>
<th>Fiscal year 1437/1438 (As of 12/30/2016 not audited) (Thousand Riyals)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisioning Fees</td>
<td>3,248,434</td>
<td>2,148,452</td>
</tr>
<tr>
<td>License Fees</td>
<td>321,666</td>
<td>371,612</td>
</tr>
<tr>
<td>Spectrum Usage Fees</td>
<td>20,936,819</td>
<td>492,902</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>70,895</td>
<td>68,301</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>24,577,814</td>
<td>3,081,267</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Costs</td>
<td>254,243</td>
<td>266,303</td>
</tr>
<tr>
<td>General and Admin</td>
<td>69,320</td>
<td>91,904</td>
</tr>
<tr>
<td>Expenditures</td>
<td>18,627</td>
<td>58,221</td>
</tr>
<tr>
<td>Consulting</td>
<td>2,681</td>
<td>5,935</td>
</tr>
<tr>
<td>IT Systems and Software</td>
<td>12,929</td>
<td>39,084</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>357,800</td>
<td>461,447</td>
</tr>
</tbody>
</table>

Fiscal year 1436/1437 As of 12/30/2015 audited and approved (Thousand Riyals)

Fiscal year 1437/1438 As of 12/30/2016 not audited (Thousand Riyals)
**Surplus**

<table>
<thead>
<tr>
<th>Fiscal year 1436/1437 As of 12/30/2015 audited and approved (thousand Riyals)</th>
<th>24,220,014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two billion, two hundred and twenty million, fourteen thousand Riyals</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiscal year 1437/1438 As of 12/30/2016 not audited (thousand Riyals)</th>
<th>2,619,820</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two billion, six hundred and nineteen million, eight hundred and twenty thousand Riyals</td>
<td></td>
</tr>
</tbody>
</table>

**Note:**
The CITC bills for and collects revenues in exchange for a financial return for providing this commercial service. This revenue is turned over to the Public Treasury.