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Government ICT Spending Report in Saudi Arabia 2023 AD

13 May 2024

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Contents

Glossary
of Terms

01

1.1 Glossary of Terms | International Indicators

Abbreviations	Abbreviations Definition
EDGI Link	The E-Government Development Index (EGDI) is a United Nations index that measures the development of e-government services in countries around the world. It ranks countries based on three components: online service delivery, telecommunications infrastructure, and human capital. The EGDI is an important tool for assessing the progress of countries in the digital age and improving the delivery of public services through technology.[1]
GEMS Link	The Government Electronic and Mobile Services (GEMS) Maturity Index measures the level of maturity of electronic and mobile government services provided by countries in the ESCWA region. It assesses countries' readiness to provide electronic and mobile government services, and the level of citizens' adoption of these services.[2]
GTMI Link	The GovTech Maturity Index (GTMI) is a World Bank tool that measures the level of technological maturity of public sector organizations. The GTMI assesses government agencies based on their readiness to adopt and implement new technologies to improve the delivery of public services. [3]

1.2 Glossary of Terms | KSA Government Sectors[4]

Sector	Sector Mandate
Education	Schools, colleges, and university cities; managing external scholarship programs of the Custodian of the Two Holy Mosques; support of research, development, and innovation; university hospitals, and supporting knowledge sources.
Economic Resources	Environmental, water, and agricultural infrastructure, desalinated water, sewage, energy sources, mineral resources, tourism and investment environment development, industry development, exports, small and medium enterprises support, state properties, local content enhancement, and financial and economic planning.
Health & Social Development	Health development, including health and ambulatory care, legislation, and research. Social Development, including security and protection services in addition to cultural, media, sport, and entertainment services; and the management of the Quality-of-Life Program.
Infrastructure & Transportation	Roads, ports, airports, housing, communications and information technology, data and artificial intelligence, postal services, space, and industrial cities such as Jubail, Yanbu, Ras Alkair, and Jazan.
Municipal Services	Infrastructure of cities; developing Saudi cities; holding entertainment activities, festivals, and occasions' and increasing the quality of life within cities.
Security and Regional	Emirates of provinces regions, internal security, border guards, combating crime and drugs, state security and combating terrorism and extremism, civil defense, traffic safety, reformatories and prisons administration, passport administration, protection of vital facilities, e-services for citizens provided by the Civil Affairs, and cybersecurity.
Security and Regional	Emirates of provinces regions, internal security, border guards, combating crime and drugs, state security and combating terrorism and extremism, civil defense, traffic safety, reformatories and prisons administration, passport administration, protection of vital facilities, e-services for citizens provided by the Civil Affairs, and cybersecurity.
Public Administration	Administrative and legislative bodies, the Ministry of Foreign Affairs, courts, Islamic affairs, human rights, and care of the Two Holy Mosques.
Military	National Defense, Royal Guard, developing military capabilities, military cities and bases, military hospitals, and medical services, military colleges and universities, nationalization of military industries, and military research.
General Items	Central spending includes government contributions to pension funds and social insurance, debt, balancing account allocation, contributions to international organizations, government programs and facilities, subsidies, and contingency provisions.

1.3 Glossary of Terms | KSA Digital Government Taxonomy Categories [5]

Category	Category Description
Professional Services	Provision of professional services, except for Cloud Services, and all strategic outsourcing, advisory, consulting, and implementation services such as the outsourced managed services for a range of ICT processes and functions.
Software	Software that is ready for direct use, software developed according to the requests and modifications of end users, and software and systems used on an institutional scale; for example, enterprise resource management systems and customer relationship management systems that are hosted within organizations. All managed services, cloud solutions, and emerging technologies are excluded.
Hardware	The supply of off-the-shelf and specialized end-user hardware and data storage and processing hardware. This includes installation and maintenance services. "End-user" means a natural person or entity who uses the ICT products or services on a day-to-day basis. The emerging technology hardware and network and telecommunications hardware are excluded.
Network & Communications	The supply of internet and communication networks, costs relating to fixed and mobile telecoms networks and equipment, and on-demand internet services in a wide and local area.
Emerging Technologies	Emerging technologies means innovative technology services that represent progress and development in the information and communications technology field. Spending on emerging and advanced technologies that are expected to mature and be adopted in the future.
Cloud Computing	The supply or management and support for cloud computing infrastructure for both services and custom-made cloud software. Cloud services provides a shared configurable cloud computing environment with the ability to customize each environment according to the requirements of each individual customer. This does not include components of the cloud computing environment, such as network devices and services.

Introduction

02

Preface

Government ICT Spend Light of Saudi Vision 2030

Digital transformation is one of the main enablers to achieve Saudi Vision 2030, as it is an integrated and practical strategy aimed at enabling and accelerating digital transformation efficiently and effectively. Several programs have been launched to support it, including the National Transformation Program, lists " Develop the digital economy", "Develop the e-Government", and " Grow SME contribution to the economy" among its strategic objectives. This transformative program was developed through several initiatives to support and enable government entities to provide all government services digitally, in an easily accessible manner, and to improve quality of life. It currently provides nearly 6,000 government services digitally, representing over 97% of the total digital government services, with an investment exceeding SAR 120 Bn over the past five years, which in turn contributed to achieving advanced positions in regional and international indicators. [6] – [8]

Eng. Ahmed Alsuwaiyan
Governor of Digital Government Authority

The Kingdom of Saudi Arabia has a clear commitment towards achieving the goals of Saudi Vision 2030 to transform into a proactive digital government capable of providing highly efficient digital services and integrating the digital government services across all government agencies through strategic ICT investments. The Kingdom has allocated an estimated SAR 120,000,000,000 from 2019 to 2023 for this sector, thus leading countries globally in terms of the proportion of government ICT spending. This significant investment has effectively contributed to enhancing the maturity of digital government services, enabling the Kingdom to achieve advanced positions in international and regional indicators of digital government. This report provides a comprehensive and transparent overview of government spending figures on ICT services, making it an important source for interested parties, investors, and policymakers looking to understand government spending trends in this vital and strategic sector to assess the situation and anticipate and evaluate possible future investment opportunities.

Overview

DGA collaborated with the Ministry of Finance, the National Center for Government Resources Systems, Monsha'at, and the Expenditure & Projects Efficiency Authority to receive government ICT spending data for study, analysis, and conclusion.

Inputs → Analysis → Outcomes

Inputs

This report leverages government ICT spending data of the Ministry of Finance (fiscal years 2019-2023) as main inputs, in cooperation with the NCGR and EXPRO. Small and Medium Enterprise data provided by Monsha'at is further used.

EXPRO NCGR المركز الوطني لنظم الموارد الحكومية
هيئة الإنفاق والمشروعات الحكومية
Expenditure & Projects Efficiency Authority

منشآت
monsha'at

Analysis

The Digital Government Authority analyzed the government ICT spending data related to the digital government services. A number of conclusions were drawn.

هيئة الحكومة الرقمية
Digital Government Authority

Outcomes

This report is DGA's first report in providing insights into the Government ICT Spend related to the digital government services. DGA aims to publish a yearly report.

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The value of this report and the areas it will cover

Leveraging actual governmental spending data related to the digital government services

DGA developed this report based on the actual governmental spending data related to the digital government services as the source of this report.

Trends of Public sector ICT spend related to the digital government services

The report provides insight into government ICT spending trends related to the digital government services over the last five fiscal years (2019 to 2023), highlighting the Saudi Arabia's investment in digital government services.

ICT spending per government sector & category

The report breaks down government ICT spend related to the digital government services by government sector & category and provides an overview of each.

SME Participation in government ICT Spending related to the digital government services

Analyzing the participation of Small & Medium Enterprises in government ICT spending related to the digital government services during the past three fiscal years (2021 to 2023).

Government ICT Spend Overview in Saudi Arabia

Saudi Arabia ranks the highest in the world for government spend of total IT spending.

Government Spend as % of Total IT Spend 2023 [9]

36.4%

36.4%	29.7%	22.8%	21.4%	20.5%	20.3%	20.2%	20.0%	19.8%	19.7%
Saudi Arabia	South Africa	Malaysia	Greece	Switzerland	Argentina	HongKong	Germany	Portugal	Brazil

36.4%
of Total IT spend

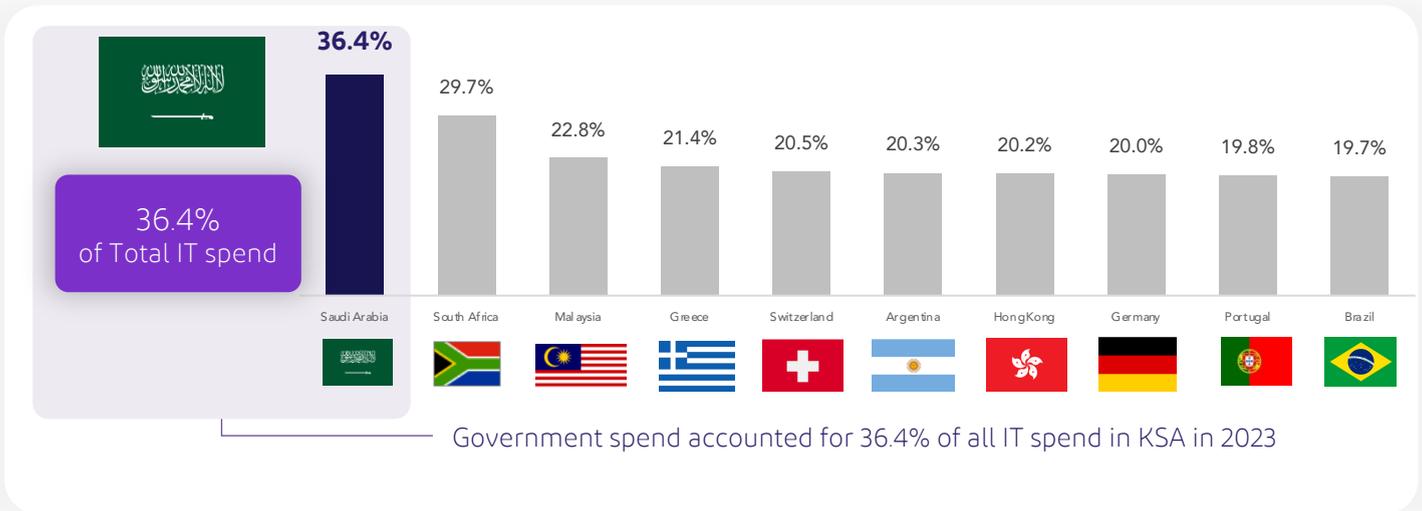Government spend accounted for 36.4% of all IT spend in KSA in 2023

Chart is created by DGA based on Gartner® research. Source: Gartner, Inc., Forecast: Enterprise IT Spending by Vertical Industry Market, Worldwide, 2022-2028, 1Q24 Update, March 27, 2024. GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved.
Calculations are performed by DGA.

International Indicators

Saudi Arabia has made great progress, rising and even leading in EGDI, GEMS, and GovTech rankings.

EDGI
E-Government Development Index

Saudi Arabia ranked 1st in the Middle East and North Africa in the (EGDI) index in 2022. It also ranked 31st worldwide in 2022 compared to 43rd in 2020. [1],[10]

GEMS
Government Electronic and Mobile Services Maturity Index

Saudi Arabia ranked 1st in Western Asia in ESCWA's Government Electronic and Mobile Services Maturity Index (GEMS). [2],[11]

GTMI
GovTech Maturity Index

Saudi Arabia achieved 3rd place globally among 198 countries according to the Data of GovTech Maturity Index. [3]

2020 Rank	2022 Rank
43	31

2020 Rank	2022 Rank
4	1

2020 Rank	2022 Rank
72.51%	97.13%

ICT Spending is one of the supporting factors for innovative and flexible solutions that we aspire to provide to all citizens and residents of Saudi Arabia, ensuring the effectiveness of the immense human wealth that populates the country and achieving a high quality of life.

Eng. Faisal bin Ahmed Bakhshwin

Deputy Minister for Digital Transformation at the Ministry of Human Resource and Social Development

الموارد البشرية
والتنمية الاجتماعية

Digital transformation is one of the pillars of our work at the Ministry. ICT Spending has enabled us to provide mature and high-quality services with added value through innovative models for citizens. We continue to strive to improve these services and meet the needs of urban residents by providing services that enrich and facilitate their daily lives through our attention and interest in citizens' feedback and incorporating it into the design of services that are suitable for them, achieve the quality of life, and enhance innovation in service development using emerging technologies that reduce service implementation time and increase operational efficiency for the sector.

Musaed Alotaibi

Deputy Minister for Digital Transformation and Smart Cities at the Ministry of Municipal and Rural Affairs and Housing

وزارة الشؤون البلدية
والقروية والإسكان
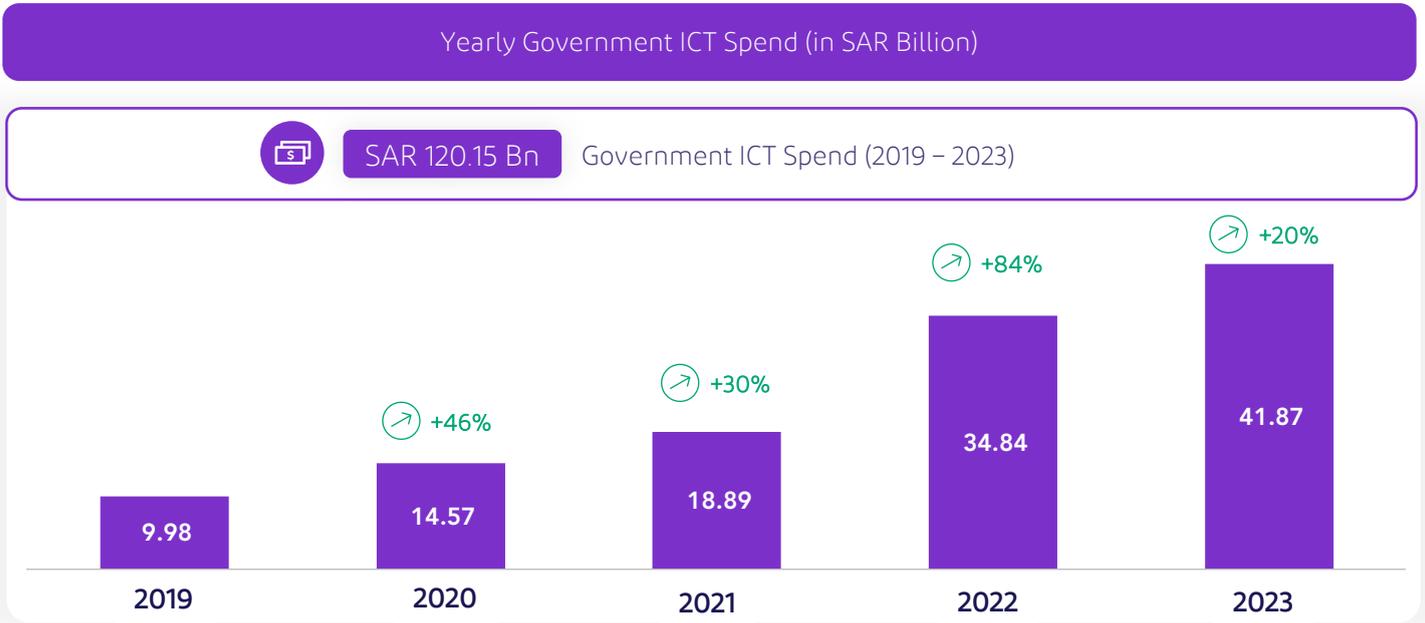Ministry of Municipal Rural Affairs & Housing

Government ICT Spend Analysis Results

03

Summary of Government ICT Spend

KSA Government ICT Spend from 2019 to 2023 is estimated to be SAR 120.15 Bn. It has an overall upward trend, reflecting the growth in the field and investment in transformational projects in this vital and strategic sector.

Yearly Government ICT Spend (in SAR Billion)

SAR 120.15 Bn Government ICT Spend (2019 – 2023)

Year	Spend	Growth
2019	9.98	
2020	14.57	+46%
2021	18.89	+30%
2022	34.84	+84%
2023	41.87	+20%

Government ICT Spending by Government Sector (2019 - 2023)

The total cumulative spending over five years was broken down by governmental sector, and the Health & Social Development sector accounted for the highest portion of Government ICT spend during this period.

%17	%17	%15	%15
20.14 Bn SAR **Health & Social Development**	19.92 Bn SAR **Military**	18.22 Bn SAR **Infrastructure & Transportation**	18.11 Bn SAR **Security & Regional Administration**

%13	%9	%8	%6
16.09 Bn SAR **Education**	11.08 Bn SAR **Economic Resources**	9.10n B SAR **Municipal Services**	7.49 Bn SAR **Public Administration**

* Government ICT spending figures represent estimated spending allocations based on machine learning classifications.

** The General Items Sector has been removed from this analysis better illustrate the trend in spending. In the year 2020 there were non-recurring payments of SAR 13.69 Bn made by this sector primarily against telecommunications services for past dues of various entities across sectors.
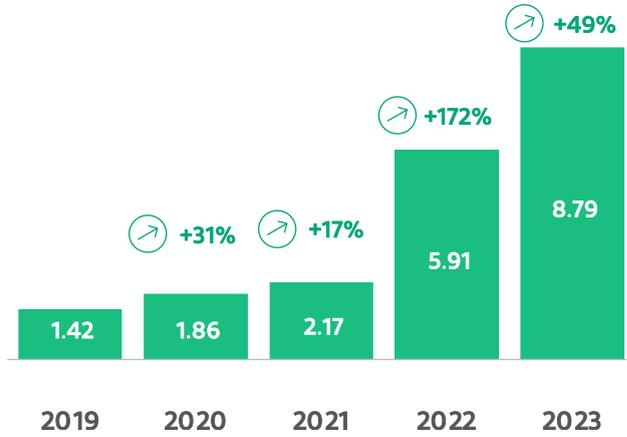
Government ICT Spending by Government Sector (1/3)

Health & Social Development

17%

20.14 Bn SAR

Health and social development sector spending persisted as the Kingdom made investments in several key areas. These included expanding virtual health clinics and enhancing their services, opening social and day-care clubs to cater to the elderly, establishing a unified social responsibility platform to automate the linking of projects and initiatives between sectors (public, private and nonprofit). [4],[12],[13],[14]

2019	2020	2021	2022	2023
1.42	1.86	2.17	5.91	8.79
	+31%	+17%	+172%	+49%

Military

17%

19.92 Bn SAR

Saudi Arabia is boosting Government ICT spending in the military sector to localize industries and meet Vision 2030 goals. This investment aims to strengthen military capabilities, improve digital readiness, and drive economic growth. These actions are part of a larger strategy to develop digital infrastructure, increase military efficiency, and enhance international defense competitiveness. [4],[12],[13],[14]

2019	2020	2021	2022	2023
0.92	0.98	2.02	6.57	9.43
	+6%	+107%	+225%	+43%
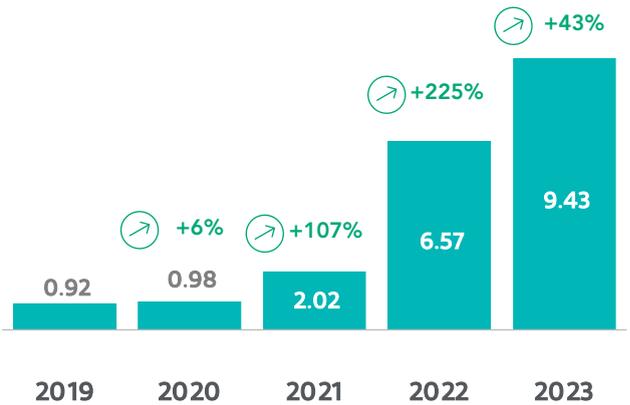
Infrastructure & Transportation

15%

18.22 Bn SAR

The expansion of data centers & cloud services and the extension of optical fiber coverage to homes across all regions Saudi Arabia, and the enhancement of mobile broadband coverage (4G), collectively drove a 21% surge in expenditure for 2023 compared to 2022. [4],[12],[13],[14]

2019	2020	2021	2022	2023
2.26	3.20	4.23	3.85	4.67
	+42%	+32%	-9%	+21%
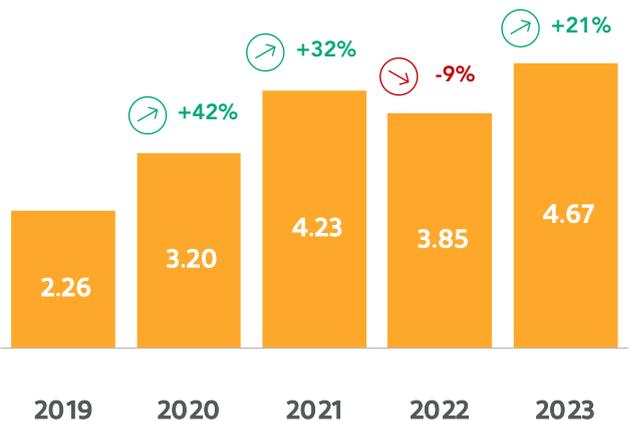
Government ICT Spending by Government Sector (2/3)

Security & Regional Administration

15%
18.11 Bn SAR

Technical investment in Saudi Arabia's security infrastructure, along with improvements in cybersecurity infrastructure and competencies, has contributed to government ICT spending and ranking 2nd in the Cybersecurity Index in the World Competitiveness Yearbook report for 2023. [4],[12],[13],[14]

Year	Value	Change
2019	1.73	
2020	2.57	+48%
2021	3.48	+36%
2022	5.91	+70%
2023	4.41	-25%
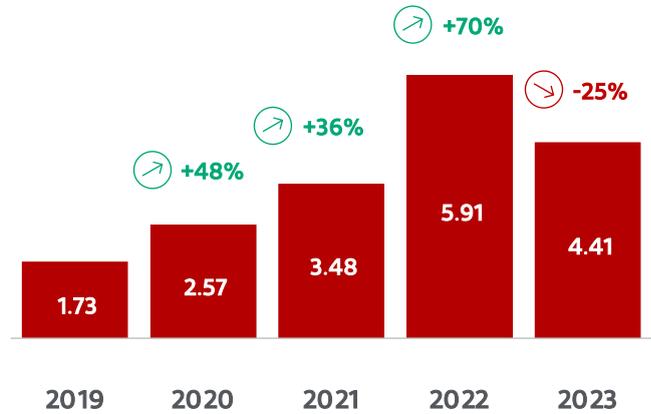
Education

13%
16.09 Bn SAR

Investment in schools and educational complexes, combined with enhanced digital and remote learning capabilities, is growing. This will help provide solutions for national and industrial challenges, particularly in areas related to or enabled by ICT and digital products and services. [4],[12],[13],[14]

Year	Value	Change
2019	1.57	
2020	2.15	+37%
2021	2.11	-2%
2022	4.49	+113%
2023	5.77	+29
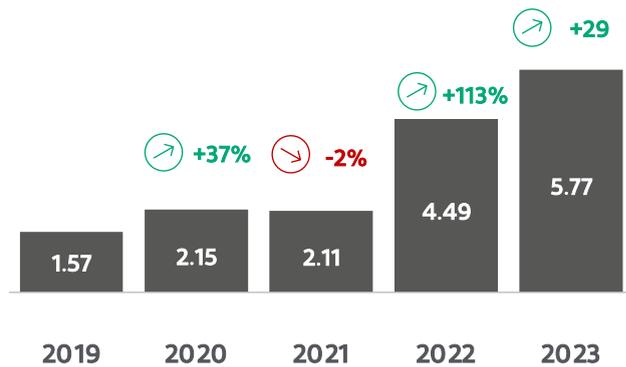
Economic Resources

9%
11.08 Bn SAR

The growth of government ICT spending in the economic resources sector was driven by various initiatives, including a unified classification system for government procurements and a Tamweel portal for Small and Medium Enterprises. [4],[12],[13],[14]

Year	Value	Change
2019	0.95	
2020	1.71	+81%
2021	2.06	+20%
2022	2.42	+18%
2023	3.93	+62%

Government ICT Spending by Government Sector (3/3)

Municipal Services

8%

9.10 Bn SAR

Government ICT spending in municipal services covers infrastructure enhancements, environmental sustainability, and advancements in media and communication. In 2023, AI techniques were used to identify visual defacement using cameras and satellite imagery. [4],[12],[13],[14]

| Year	Value	Change
2019	0.70	
2020	1.03	+48%
2021	1.41	+36%
2022	3.06	+118%
2023	2.90	-5%

Public Administration

6%

7.49 Bn SAR

Agencies have increased their level of integration to provide digitally enabled e-services, such as the unified national visa platform. In addition, a Real Estate Market platform was launched, allowing trade and registration of properties. Artificial intelligence, an Emerging technology, was used in issuing judicial rulings [4],[12],[13],[14]

Year	Value	Change
2019	0.45	
2020	1.06	+139%
2021	1.41	+33%
2022	2.61	+85%
2023	1.96	-25%
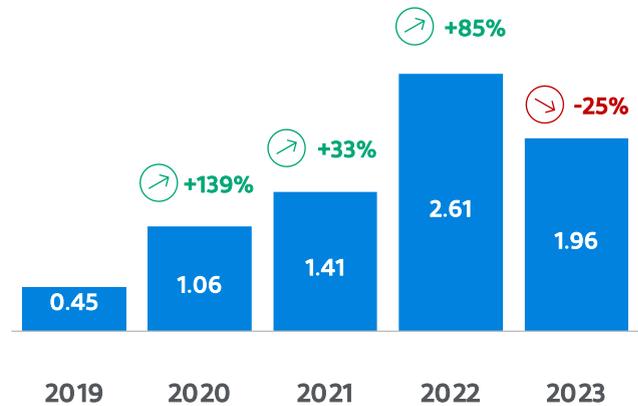
Government ICT Spend by Category

Overview

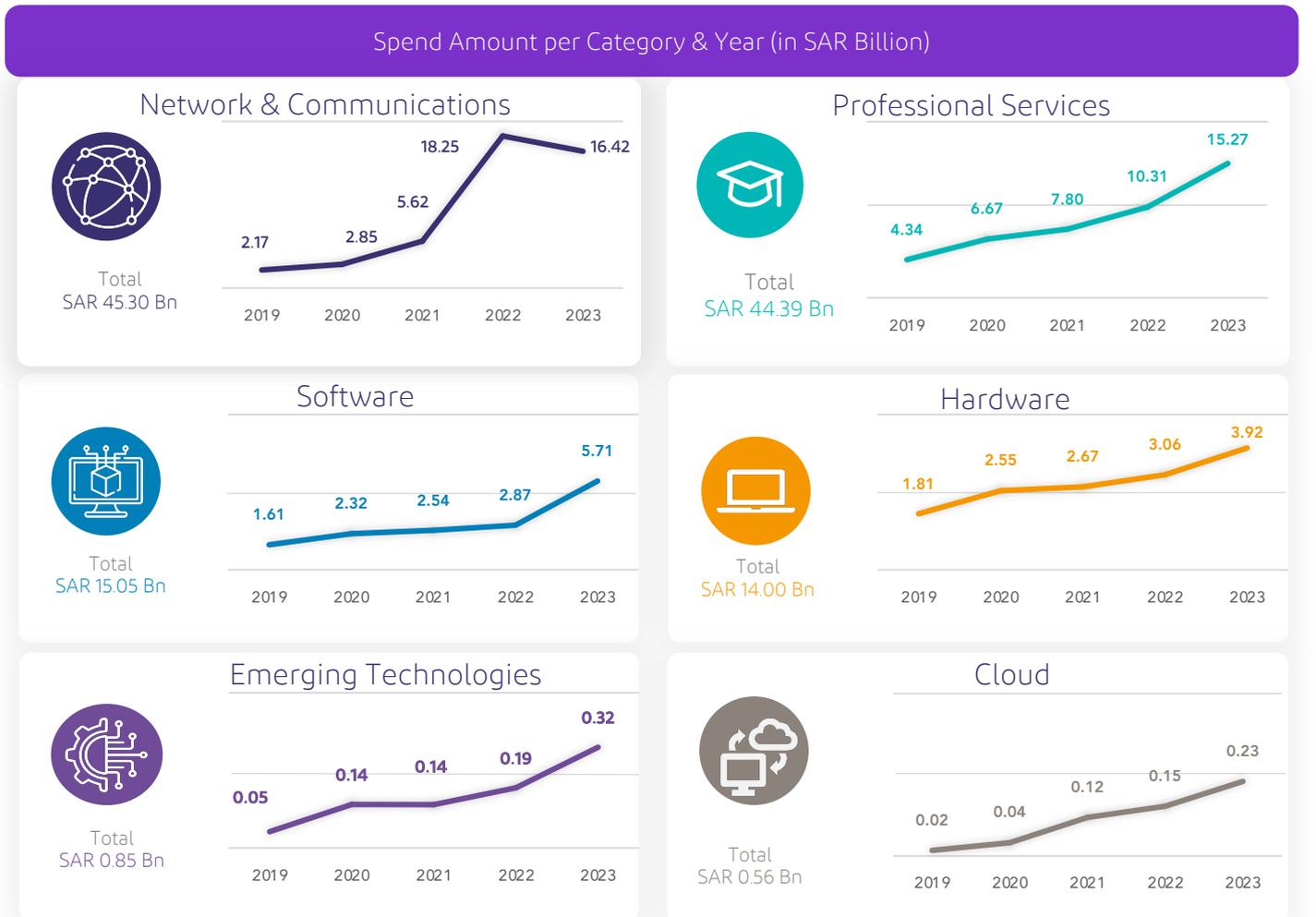Government ICT Spend data was further broken down into categories according to DGA's classification to allow for deeper analysis and enable decision making

Share of Spend per Category 2019 - 2023

Total Spend (SAR Bn)	120.15	9.98	14.57	18.89	34.84	41.87	
Hardware	11.7%	9.4%	8.8%	14.1%	17.5%	18.1%	Hardware
Software	12.5%	13.6%	8.2%	13.4%	15.9%	16.1%	Software
Professional Services	36.9%	36.5%	29.6%	41.3%	45.8%	43.4%	Professional Services
Networks & Communications	37.7%	39.2%	52.4%	29.8%	19.5%	21.7%	Networks & Communications
	Overall	2019	2020	2021	2022	2023	

Cloud Computing, 0.5%

Emerging Technologies, 0.7&

The yearly share of category spend from total spend for each of the cloud and emerging technologies categories does not exceed 1% from 2019 – 2023.

Spend Amount per Category & Year (in SAR Billion)

Network & Communications
Total SAR 45.30 Bn

2019	2020	2021	2022	2023
2.17	2.85	5.62	18.25	16.42

Professional Services
Total SAR 44.39 Bn

2019	2020	2021	2022	2023
4.34	6.67	7.80	10.31	15.27

Software
Total SAR 15.05 Bn

2019	2020	2021	2022	2023
1.61	2.32	2.54	2.87	5.71

Hardware
Total SAR 14.00 Bn

2019	2020	2021	2022	2023
1.81	2.55	2.67	3.06	3.92

Emerging Technologies
Total SAR 0.85 Bn

2019	2020	2021	2022	2023
0.05	0.14	0.14	0.19	0.32

Cloud
Total SAR 0.56 Bn

2019	2020	2021	2022	2023
0.02	0.04	0.12	0.15	0.23

* Spending per category figures represent estimated spending allocations based on machine learning classifications. Please note that these classifications are estimates and may vary from actual spending.

ICT Spending has a tangible impact on facilitating individuals' lives and improving their quality of life by contributing to the transfer of government transactions from traditional methods to digital activities and processes. Therefore, this significant contribution plays a role in Saudi Arabia's confident and proven progress toward its ambitious vision.

Abdullah Al-Issa

Deputy Minister for E-Health at the Ministry of Health

The National Center for Government Resources Systems (NCGR) aims to digitally transform the government in a number of business streams, such as public budgeting, government procurement, finance, human resources, payments, and revenue collection. Spending on digital transformation has a very high return on investment since it generates very rich financial data that increases operational efficiency, enhances the level of transparency, and contributes to the ability to make decisions across the government. Building data capabilities and business intelligence enables government agencies to maximize the benefits from their financial data which leads to spending efficiency and financial planning for mid and long-term.

Dr. Omar Alsaleh

Executive Vice President of the Data and Business Intelligence Sector at the National Center for Government Resources Systems
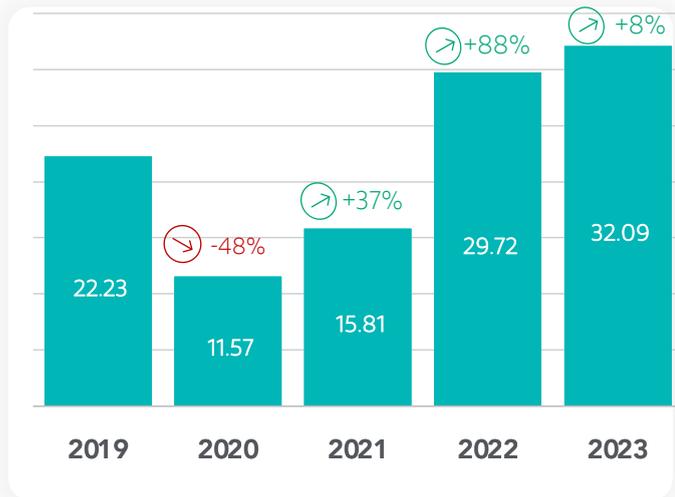
Summary of Government ICT Contracts

Value of Government ICT Contracts 2019 - 2023
SAR 111.42 Bn

Contract Value from 2019 – 2023 (in SAR Bn)

No. of Government ICT contracts 2019 - 2023
41,732 Contracts

Number of Contracts from 2019 – 2023

Year	Contract Value (SAR Bn)	Change
2019	22.23	
2020	11.57	-48%
2021	15.81	+37%
2022	29.72	+88%
2023	32.09	+8%

Year	Number of Contracts	Change
2019	9,653	
2020	6,752	-30%
2021	6,981	+3%
2022	10,156	+45%
2023	8,190	-19%

Results for 2023 reveal a decrease in contract count and an increase in contract value. This trend suggests a shift towards larger, more strategic procurements, reflecting a maturing government procurement approach.

Government ICT Contracts by Sector (2019 - 2023)

Total cumulative contracts over five years are divided by governmental sector. The Security & Regional Administration accounted for the highest portion of government ICT Contracts during this period.

Sector	Value	Percentage
Security & Regional Administration	24.12 Bn SAR	%22
Infrastructure & Transportation	20.84 Bn SAR	%19
Economic Resources	15.29 Bn SAR	%14
Health & Social Development	12.59 Bn SAR	%11
Education	12.12 Bn SAR	%11
Municipal Services	10.48 Bn SAR	%9
Military	10.08 Bn SAR	%9
Public Administration	5.90 B SAR	%5

*Contract figures do not fully reflect the annual Government ICT spending due to multi-year contracts and non-contractual expenses.

ICT Procurement Via National Framework Agreements

Overview of Purchase Orders for Government ICT NFAs

DGA has contributed to the development of ICT-related National Framework Agreements (NFAs) alongside the Expenditures & Project Efficiency Authority (EXPRO). This strategic partnership has been instrumental in reducing costs, enhancing operational efficiency and timelines, and ensuring a streamlined procurement process.

Number & Value of NFA Procurements by Year

1 NFA	1 NFA	4 NFAs

Legend: ■ Total Number of Purchase Orders — Total Purchase Order Value
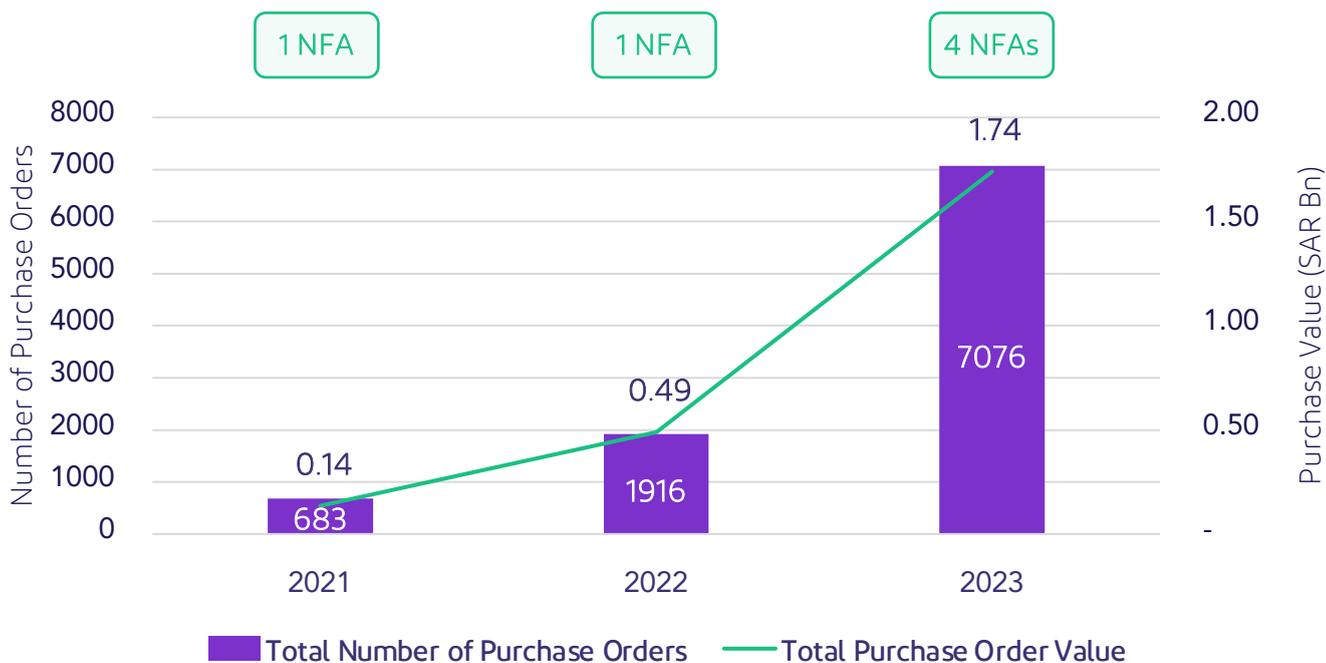
In 2022, DGA helped the development and launch of the third iteration of ICT Devices NFA, replacing the first two versions. This was followed by the launch of NFAs for Printers, Scanners & Inks, Cloud Infrastructure-as-a-Service (IaaS), and Digital Circuits in 2023. The total value of purchase orders on ICT-related NFAs from 2021 – 2023 is SAR 2.,37 Mn.

Number & Value of NFA Procurements in 2023

NFA Name	ICT Devices	Printers & Scanners	Infrastructure-as-a-service	Digital Circuits
Activation Date	November 2022	March 2023	April 2023	August 2023
Number of POs	(3631) POs	(3026) POs	(58) POs	(339) POs
Value of POs	(1,261) Mn SAR	(299) Mn SAR	(85) Mn SAR	(89) Mn SAR

Increased adoption of NFAs by the government for ICT procurement is one of the contributing factors to the trend of the increasing maturity of government ICT Procurement and allows government agencies to benefit from reduced purchasing time and cost savings.

At the Ministry of Defense, we are eager to develop digital services and enable innovation in digital transformation by employing the most prominent modern technologies to enhance capabilities and efficiency, enabling us to improve the user experience and provide high-quality services. ICT Spending is an important factor that enables us to continuously develop these services to achieve digital transformation, which is one of the goals of Saudi Vision 2030.

Major General Eng. Sundah Alsehali

Ministry of Defense

وزارة الدفــــاع
MINISTRY OF DEFENSE

ICT spending contributes to a tremendous leap in improving the quality of life for citizens and facilitating business practices. This has been reflected in Saudi Arabia's commitment to the requirements of the digital economy and its prestigious global position. Its economy is the largest in the Middle East and among the top twenty economies in the world.

Eng. Mohammad AlHarbi

Assistant Deputy Minister for Digital. & Innovation at the Ministry of Communications and Information Technology
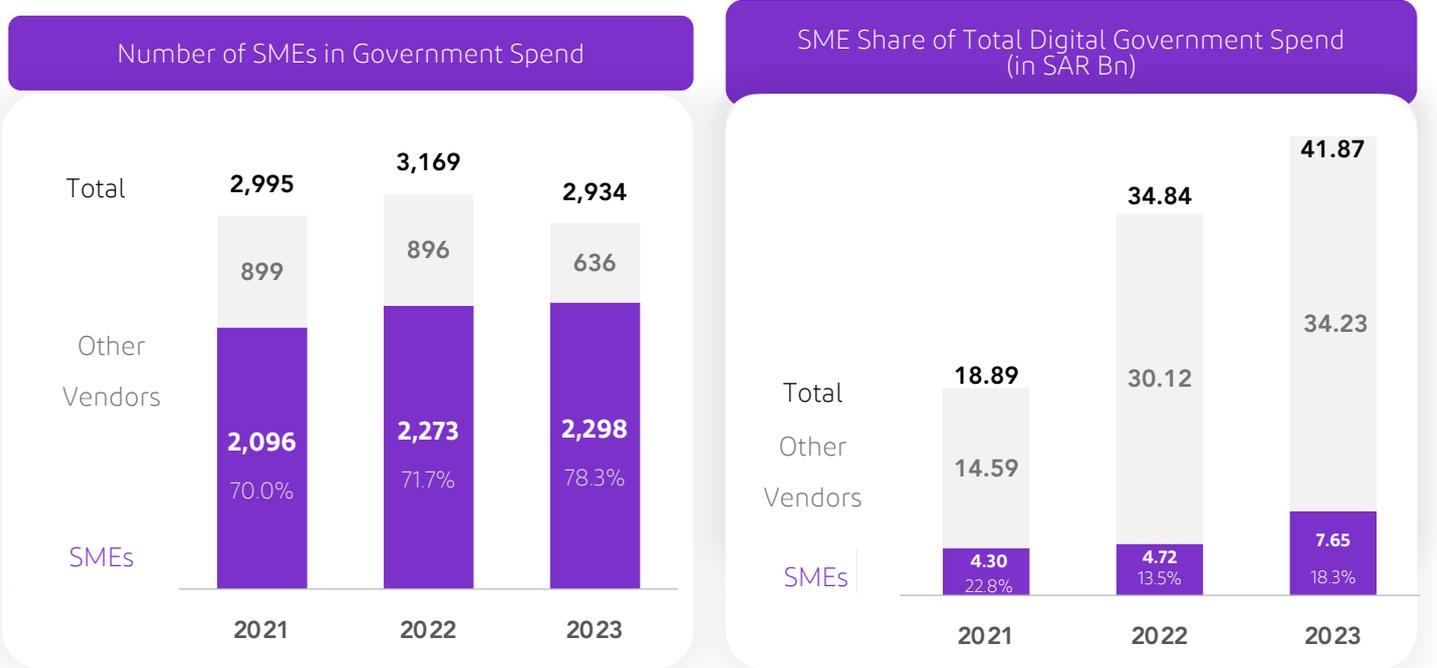
وزارة الاتـــصـــالات
وتقنيـــة المعلومـــات
MINISTRY OF COMMUNICATIONS
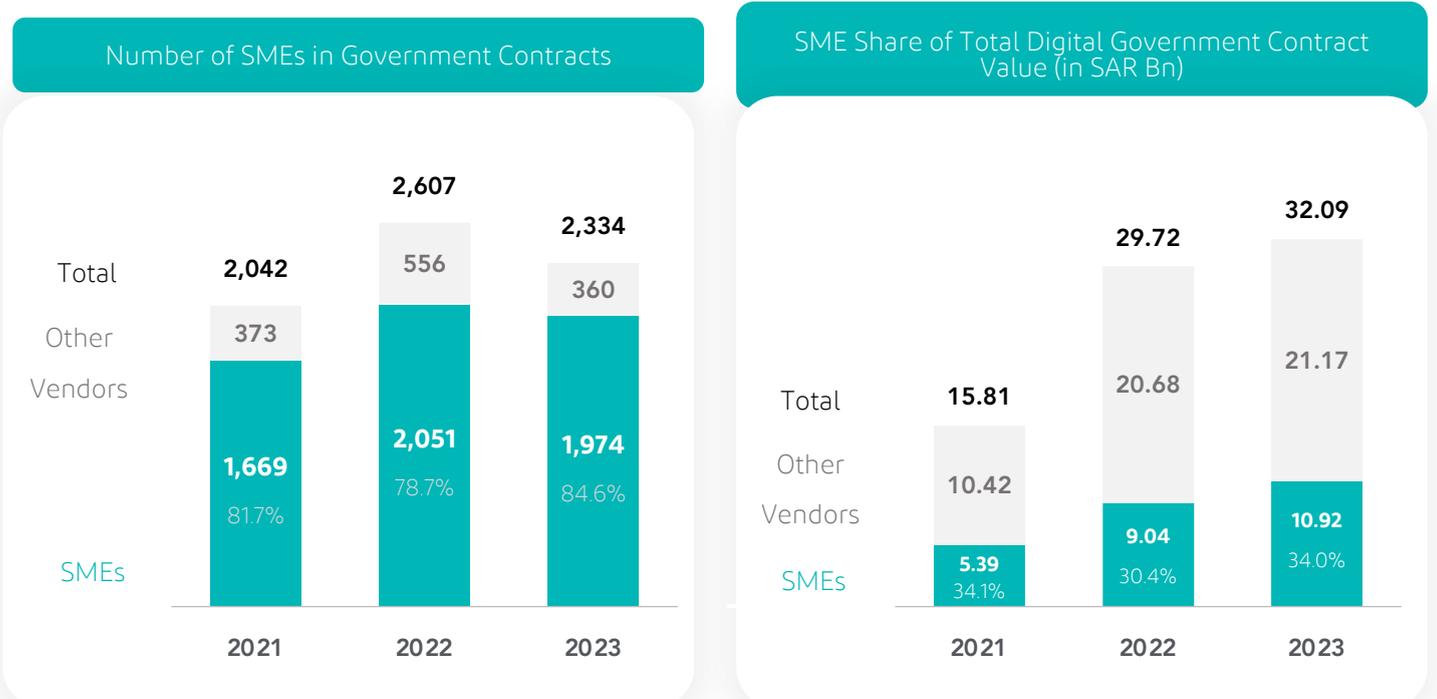AND INFORMATION TECHNOLOGY

SME Participation in Government ICT Procurement

Saudi Arabia's business sector is characterized by thriving SMEs, accounting for 99.5% of all companies in Saudi Arabia [15]. Notably, micro-sized businesses represent a significant portion and are experiencing continuous growth in number, size, and scope. This trend reflects Saudi Arabia's strong entrepreneurial spirit and innovative drive, which is evident in SME participation within digital government procurement.

SME Participation in Government ICT Spend

Number of SMEs in Government Spend

	2021	2022	2023
Total	2,995	3,169	2,934
Other Vendors	899	896	636
SMEs	2,096 (70.0%)	2,273 (71.7%)	2,298 (78.3%)

SME Share of Total Digital Government Spend (in SAR Bn)

	2021	2022	2023
Total	18.89	34.84	41.87
Other Vendors	14.59	30.12	34.23
SMEs	4.30 (22.8%)	4.72 (13.5%)	7.65 (18.3%)

SME Participation in Government ICT Contracts

Number of SMEs in Government Contracts

	2021	2022	2023
Total	2,042	2,607	2,334
Other Vendors	373	556	360
SMEs	1,669 (81.7%)	2,051 (78.7%)	1,974 (84.6%)

SME Share of Total Digital Government Contract Value (in SAR Bn)

	2021	2022	2023
Total	15.81	29.72	32.09
Other Vendors	10.42	20.68	21.17
SMEs	5.39 (34.1%)	9.04 (30.4%)	10.92 (34.0%)

Over the years, the participation of small and medium-sized enterprises (SMEs) has markedly increased, courtesy of initiatives such as the Saudi Digital Investment Frontier (SDIF). The SDIF includes programs aimed at boosting SME involvement in digital government procurement, such as the Digital Government Cluster and the "Elite" Vendor Program. The growing adoption of NFAs demonstrates a focused effort to drive digital government transformation and encourage public-private sector collaboration.

Key
Takeaways

04

Main Conclusions

Growing government ICT spending to supports digital transformation and provide a seamless and accessible experience for beneficiaries

Government ICT spend, which grew by 20% to SAR 41.87 Bn in 2023 compared to 34.84 Bn Saudi riyals in the previous year, contributed to enhancing the efficiency of digital government services and improving the experience of beneficiaries. This investment has also contributed to improving the Kingdom's position in international indicators, such as EGDI, GEMS and GTMI. In addition, it is a positive contribution to the digital economy, which represents a milestone in the Kingdom's digital transformation journey.

A Flourishing Tech Landscape – Cloud, Emerging Tech, and Software

Over the past five years, Saudi Arabia has witnessed a significant and sustained increase in expenditure on cloud computing, emerging technologies, and software. such as artificial intelligence, big data, and the Internet of Things. This growth is reflective of Saudi Arabia's aspirations to become a global hub for technological innovation and digital services as envisioned in the pillars of Vision 2030.

Higher-Value Strategic Procurements

Government ICT Contracts in 2023 decreased in the number by 19% compared to the previous year, while their total value of these contracts witnessed an increase of 8% compared to the previous year. This trend indicates the strategic approach in digital government procurement, and the focus on providing digital solutions with greater value and impact.

Digital Government e-Marketplace

The rise in NFAs for digital government procurement, reaching SAR 1.74 Bn in 2023, and the adoption of the e-marketplace for procuring ICT products and services enhances operational efficiencies, reducing the need to sign contracts while enabling a quicker procurement process by reducing the average time-to-procurement to 5 days from 120 days.

Enhancing SME Contributions in the Digital Government Sector

The engagement of Small and Medium Enterprises (SMEs) in supplying ICT goods and services to the public sector is on an upward trajectory, with SMEs representing 78.3% of the total number of companies contributing to ICT sector spending in 2023, while contracts awarded to SMEs amount to 34% of the total contract amount, significantly enriching innovation, employment opportunities, market competitiveness, and the variety of products and services on offer.

The Saudi Digital Investment Frontier Program

In 2022, DGA launched the Saudi Digital Investment Frontier (SDIF), empowering the digital government ecosystem to enhance the effectiveness and efficiency of government procurement, financial planning, and digital governmental investment. Moving forward, the SDIF will continue to focus on the following six areas.

Improving Contractors Quality
Raise the quality of digital government contractors and operators

Investment Attraction
Stimulate foreign and local investment and promote local content in digital government

Private Sector Participation
Increase private sector participation in digital government projects

Digital Economy
Making a sustainable digital economy

Digital Budget Planning
Improve digital government budget planning and avoid duplication in projects

Procurement Efficiency
Accelerate digital government procurement and raise implementation efficiency

> Investment in modern digital technologies is a key pillar for the development and growth of our beloved Kingdom A commitment to enhancing digital infrastructure is not only an investment in the future, but also a vital element in supporting and achieving our ambitious vision for a prosperous future. By directing expenditures towards leading technologies and digital innovations, we will strengthen our global position and contribute to the Kingdom's economic competitiveness According to the Government ICT Spending in 2023 the first edition of its kind, the continuous growth in spending on the ICT sector has significantly supported the digital transformation and the national economy, which contributed to consolidating Saudi Arabia's position as one of the leading economic forces digitally, both regionally and globally Through our collective effort, we will reach new digital frontiers for a more advanced and prosperous future.

Dr. Abdullah AL-Faifi

Vice Governor of Investment, Government Excellence at the Digital Government Authority

Digital Government Authority هـيـئـة الحكومة الرقمـية

Disclaimer

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Disclaimer

Data Source

1. Procurement data utilized in the report comes from Saudi Arabia's government procurement system, Etimad, which is operated by the National Center for Government Resources Systems (NCGR).

2. Small and Medium Enterprise classification of the Companies is provided by The Small and Medium Enterprises General Authority "Monsha'at".

3. NFA data is sourced from the Expenditure and Projects Efficiency Authority (EXPRO).

4. This report includes all procurement transactions provided to DGA by NCGR for a limited period only.

5. Digital Government Authority does not assume responsibility for any inaccuracies present in the original data sources utilized for this report.

6. This Report is for informational purposes only and does not constitute legal or professional advice.

Methodology

1. Identification of ICT-related procurement transactions and contracts: The figures being provided are based on Machine Learning classification models that identify ICT-related contracts and invoices (that are not associated to contracts). After this, associated payment data is used to calculate what is referred in the report to as "Spend."

2. Classification of ICT-related procurement transactions and contracts into categories: After identification of ICT-related transactions, another Machine Learning model is used to categorize these transactions into the first level of DGA's ICT & Digital taxonomy. In combination with the Machine Learning model, Request for Proposal (RFP) Bill of Quantities (BoQ) item data samples were manually labeled, and the results were used to define the model's classification rules. While extensive efforts have been made to enhance the accuracy of the model, it is imperative to note that the results should be considered as indicative rather than definitive. The categorization outcomes are based on the patterns and associations identified during the model's training process, and there may be limitations to the accuracy of the classification.

3. The methodology for SME classification in ICT contracts/spend analysis begins with the collection of procurement data from NCGR regarding vendors engaged in ICT procurement. Collaborating with Monsha'at, the information on vendors is shared for SME classification, with Monsha'at assessing SME status annually based on predetermined criteria. Subsequently, the SME classification data is integrated with procurement data, facilitating a comprehensive analysis of SME participation in ICT contracts/Spend.

4. The General Items Sector has been removed from the analysis to better illustrate the trend in spend. In the year 2020, there were non-recurring payments of SAR 13.69 Bn made by this sector primarily against telecommunications services for past dues of various entities across sectors. These payments for the year 2020 are being considered as an outlier, and spend in years 2019, 2021, 2022, and 2023 is negligible.

5. The NFA analysis methodology originates with the collection of NFA data from EXPRO. Subsequently, ICT NFA Purchase Orders are treated as contracts for analysis, but the number of purchase orders is not considered in the number of ICT contracts. To include Spend on NFA purchases, invoice data is linked with NCGR procurement financial claims data, allowing for subsequent spend calculations. Spend on NFA purchases is only calculated for the year 2023 and excludes spend related to the Digital Circuits NFA.

6. Unless otherwise stated, the figures in this report are based on government procurement records. However, it is important to acknowledge that the figures presented are estimates and should be interpreted as such.

7. It is important to note that contract values may not always reflect the entirety of government ICT spending in a given year. This discrepancy can arise due to:

   - Contract value is reported according to the year of contract creation: However, spending against a contract can take place in later years.

   - Multi-year contracts: Spending for a multi-year contract may be spread across different fiscal years, potentially impacting the reported spending for any single year.

   - Non-contractual expenditures: Certain ICT-related expenses may not be captured through formal contracts. These might include internal project costs, subscriptions, or other non-contracted services.

8. Future changes to classification methodologies and to the type of transaction that is considered to fall under the broad category of ICT & Digital may cause revisions to the figures provided in this report.

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