



Artificial intelligence spotlight panel

Artificial intelligence transition: what it means for SMEs and startups in the Arab region

19 November 2026

11:00–12:00 | Room TBC

Background and regional context

Artificial intelligence (AI) is changing the way businesses operate, innovate and compete, and its impact is already evident across economies around the world. For small and medium-sized enterprises (SMEs) in the Arab region, this transformation offers a real opportunity to grow, foster innovation and reach new markets. However, these opportunities depend on the right conditions being in place.

This transition is taking different forms and moving at different speeds. Microsoft's AI Diffusion Index shows wide variation in AI use among Arab countries. In the second half of 2025, AI was used by 64% of the working-age population in the United Arab Emirates and 38.3% in Qatar, compared with 27% in Jordan, 13.4% in Egypt, 12.7% in Tunisia, 12% in Algeria, 11.2% in Iraq and 10.9% in Morocco, against a global average of 16.3%. These disparities reflect different levels of digital infrastructure, skills, investment and institutional readiness across the region, and point to the need for a more inclusive approach to AI adoption.¹

The strongest momentum is currently in the Gulf Cooperation Council (GCC) countries, which are moving rapidly from national AI strategies to investment in data centres, computing infrastructure, research, talent and AI applications. According to the International Monetary Fund (IMF), AI-related venture capital investment in GCC countries has reached about \$1.6 billion since 2021, and the region's AI research output has grown significantly. The United Arab Emirates and Saudi Arabia are currently the most AI-ready countries in the region.²

Other countries, including Iraq, are at the foundational stage of this transition. Iraq has developed its **National Strategy for Artificial Intelligence**, which focuses on establishing the institutional, regulatory, infrastructure and human-capital conditions on which wider AI adoption depends.

Business adoption of AI is still catching up with progress at the national level. A 2025 study covering 327 AI and digital SMEs in 10 Arab countries found significant differences in the maturity of national AI ecosystems. The SMEs surveyed face gaps in funding, skills, infrastructure and regulatory frameworks. Addressing these gaps would allow the region's growing AI momentum to translate into wider opportunities for SMEs.³

AI can help smaller businesses increase efficiency, improve productivity and compete more effectively by making tools for data analysis, customer service, marketing and forecasting more accessible. It can also open the door to new products, services and business models. For SMEs, turning this potential into real business gains depends on whether the basic conditions for AI adoption are in place: reliable digital infrastructure, affordable technology, relevant data, adequate finance and appropriate skills. Meeting these conditions can be particularly challenging for smaller firms with limited financial and technical resources.⁴

This raises a broader question about who will benefit from the AI transition. Larger companies and countries with stronger digital infrastructure, skills, innovation ecosystems and access to finance are better placed to adopt AI and capture its benefits. This could widen existing gaps between SMEs and larger firms, as well as between

countries. For the Arab region, the priority is therefore not simply to accelerate AI investment, but to ensure that countries and SMEs at different stages of readiness can participate in and benefit from the AI transition.

At the same time, AI adoption needs to be supported by an enabling environment that builds trust, strengthens data protection, transparency and cybersecurity, and promotes responsible use. These frameworks are increasingly important as AI becomes more widely used by businesses and Governments. They should complement the broader economic objective of making AI accessible and useful to SMEs.

The panel examines how the Arab region can translate AI ambition into meaningful economic impact for SMEs. It also discusses the role that Governments, businesses and other stakeholders can play in enabling this transition, strengthening AI adoption and ensuring that SMEs can fully benefit from the opportunities created by AI.

Objectives

- Examine what the rapid AI transition means for the future of SMEs and startups in the Arab region, including implications for productivity, competitiveness, innovation and business growth.
- Assess the key gaps and constraints affecting the ability of SMEs to benefit from AI, including in skills, infrastructure and access to technology, data and finance.
- Explore the roles of Governments, the private sector, investors and development partners in creating an enabling ecosystem for AI-driven SME growth.
- Identify strategic priorities to ensure that SMEs across the Arab region can participate in and benefit from the AI transition.

Agenda

Time	Title	Session description	Speakers
11:00–12:00	Artificial intelligence transition: what it means for SMEs and startups in the Arab region	This panel explores how the rapid development of AI is reshaping the future of SMEs and startups across the Arab region. The discussion examines the implications for productivity, competitiveness, innovation and new business opportunities. It highlights differing levels of readiness, key gaps and the risk of widening divides between SMEs and larger firms, and between countries. It turns to what needs to change at the ecosystem level to create an enabling and inclusive environment for SMEs to benefit from the AI transition.	

Endnotes

1. Microsoft AI Economy Institute, [Global AI Adoption in 2025](#), 2026.
2. IMF, Gulf Cooperation Council (GCC) — Enhancing Resilience to Global Shocks: Economic Prospects and Policy Challenges for the GCC Countries, 6 December 2025.
3. Mohammed Bin Rashid School of Government, [Bridging the AI Divide: Governance, Innovation & Competitiveness in the MENA Region](#), 2025.
4. IMF, [The Global Impact of AI: Mind the Gap](#), Working Paper, No. 076, 2025.