



High-level ministerial panel

From recovery to growth: towards a promising future for SME and private-sector development in the Arab region

18 November 2026

10:00–11:00 | Room TBC

Background and regional context

The Arab region is navigating a rapidly evolving economic landscape, with countries facing different opportunities and constraints as regional and global dynamics continue to shift. Recent developments, while geographically concentrated, have had wider implications across the region through interconnected trade corridors, energy markets, financial flows and logistics networks. Disruptions across these systems can extend beyond individual markets, affecting growth, investment, employment and economic stability. These developments have also brought greater attention to economic resilience, investment, employment, food and energy security, and the capacity of economies and businesses to withstand external shocks.¹

The impacts of these developments are not uniform across the region and vary significantly according to the structural characteristics and economic conditions of its different subregions. Current estimates suggest that the military escalation could reduce the collective gross domestic product (GDP) of economies in the region by 3.7–6.0% and raise unemployment by up to four percentage points, resulting in the loss of 3.6 million jobs – more than the total number of jobs created in 2025. Up to four million additional people could also be pushed into poverty. The Levant is expected to bear a particularly significant share of these impacts, with poverty projected to increase by around 5%, pushing an estimated 2.85–3.30 million additional people into poverty and accounting for more than 75% of the projected increase.²

The Levant economies have diverse economic structures and markedly different levels of resilience and capacity for recovery. Across the subregion, persistent challenges include creating productive employment, improving access to finance, reducing informality, and strengthening productivity and competitiveness. The scale of these challenges varies considerably. Lebanon, after years of severe economic contraction, showed signs of a fragile recovery, with economic activity accelerating in the second half of 2025. Real GDP grew by 3.5% in 2025, supported by a recovery in tourism, construction and private consumption, although the outlook remains highly uncertain amid renewed regional pressures.³ In the State of Palestine, labour market conditions remain particularly severe, with unemployment reaching 78% in Gaza and 28% in the West Bank in 2025.⁴ The Syrian Arab Republic, meanwhile, faces significant economic and reconstruction challenges, with real GDP declining by nearly 53% between 2010 and 2022 and nominal GDP falling from \$67.5 billion in 2011 to \$21.4 billion in 2024. Reconstruction costs are estimated at nearly ten times its 2024 GDP, highlighting the scale of recovery needs.⁵

Iraq has significant potential to diversify its economy and expand the role of the private sector, supported by a broad base of small businesses. An estimated 300,000 to 850,000 small businesses operate across Iraq and account for approximately 90% of private sector employment, highlighting their important role in job creation and economic diversification.⁶ In this context, efforts are under way to develop frameworks and policies that support the private sector and small and medium-sized enterprises (SMEs). These include the updating of the Private Sector Development Strategy for 2026–2035 by the Ministry of Planning, in cooperation with international partners, and the preparation of the

National Policy for the Development of Micro, Small and Medium Enterprises, in cooperation with the International Labour Organization.⁷

The Gulf Cooperation Council (GCC) economies generally benefit from relatively strong economic and fiscal capacity, supported by substantial investment resources and well-developed infrastructure. The World Bank's [Gulf Economic Update](#) estimated growth in 2025 at 4.8% in the United Arab Emirates, 3.8% in Saudi Arabia, 3.5% in Bahrain, 3.1% in Oman, 2.8% in Qatar and 2.7% in Kuwait. Beyond growth, GCC countries are advancing economic diversification, digital transformation and investment in emerging technologies, creating new opportunities in areas such as artificial intelligence (AI), digital services, logistics, tourism, green technologies and knowledge-based industries. Strong digital infrastructure is supporting this transition, with 5G coverage exceeding 90% across all six GCC economies.⁸

Climate pressures are adding another layer of economic vulnerability across the Arab region, particularly in its African economies, where drought, water scarcity and extreme weather are placing increasing pressure on agriculture, food security, livelihoods and economic activity. At the same time, these pressures are creating new opportunities for investment in water efficiency, climate-smart agriculture, renewable energy and other green technologies.⁹ Morocco, for example, is turning the green transition into opportunities for investment and growth. In July 2026, the World Bank approved \$265 million for a pumped-storage hydropower project expected to enable 1 gigawatt of additional solar and wind capacity, mobilize around \$1 billion in private investment, and create around 820 direct jobs annually during construction.¹⁰

For the Arab least developed countries, particularly the Comoros, Djibouti, Somalia, the Sudan and Yemen, priorities centre on strengthening resilience, infrastructure and productive capacity. Limited access to finance, informality, climate pressures and, in some cases, conflict and displacement continue to constrain private-sector development and job creation. At the same time, digital connectivity, renewable energy and climate-resilient infrastructure offer new opportunities. In Djibouti, for example, the economy grew by an estimated 6.5% in 2025, while a \$25.75 million World Bank programme launched in 2026 is supporting economic diversification, SMEs, access to finance and job creation.¹¹

Across these diverse economic contexts, SMEs and entrepreneurs can play an important role in linking economic transformation with inclusive growth. While some economies benefit from stronger investment, diversification and digital development, others continue to face fiscal and structural constraints, limited access to finance and the effects of conflict and fragility. These differing conditions present SMEs with both significant challenges and opportunities, underscoring the need for greater adaptability and support.

One of the key challenges is closing financing gaps which could generate productivity gains of up to 86% in middle-income economies.¹² At the same time, digital transformation and AI are opening new pathways for productivity and job creation. An estimated 14.6% of jobs across the Arab States could benefit from AI-driven augmentation, while AI integration could potentially generate \$14.1 billion in additional GDP and 118,000 net jobs by 2035.¹³ The policy challenge is to ensure that SMEs are able to capture these gains through improved access to finance, markets, skills and technology, as well as greater participation in emerging digital, green and

regional value chains. With the right enabling conditions, SMEs can become stronger drivers of innovation, competitiveness, job creation and resilience across the Arab region.

Objectives

The high-level ministerial panel provides a strategic platform for senior regional leaders to discuss the policy and institutional priorities for advancing SME growth, private-sector development, economic recovery and transformation across the Arab region.

The panel aims to:

- Exchange perspectives on approaches and practices that have supported SME and private-sector growth across different economic contexts in the Arab region. Identify practices that could be adapted to varying institutional capacities, economic structures and levels of development.
- Explore how governments can create enabling conditions for economic recovery, diversification, investment, innovation and job creation, including in economies affected by conflict, fragility or economic transition.
- Discuss the strategic role of infrastructure, digital government, AI and technological transformation in strengthening competitiveness and enabling private-sector development.
- Explore priorities for the next phase of SME and private-sector development, including opportunities for regional cooperation and knowledge exchange.

Participants

The panel brings together four to five high-level regional representatives, including senior government officials and leaders of regional institutions, reflecting the diverse economic contexts of the Arab region. The proposed composition includes:

- Iraq, as the host country.
- A Secretary-General or equivalent senior representative of a regional institution, such as the League of Arab States.
- Ministerial-level representation from economies experiencing growth and diversification.
- Ministerial-level representation from economies undergoing economic or institutional transition.

- Ministerial-level representation from economies affected by conflict, fragility or recovery, and/or from least developed countries.

Structure

The high-level ministerial panel is structured as a one-hour strategic dialogue, bringing together four to five senior regional representatives to exchange perspectives on the priorities, approaches, and lessons shaping SME and private-sector development across the Arab region. Rather than country statements or detailed policy presentations, the dialogue focuses on concrete experiences, successful approaches, lessons learned and priorities for future action.

The discussion is organized around three interconnected themes, as outlined in the agenda.

Agenda

Time	Title	Session description	Speakers/Moderators
10:00–11:00	From recovery and transition to growth	Panellists reflect on how governments can create enabling conditions for SMEs and the private sector to contribute to economic recovery, job creation, investment and sustainable growth, including in economies affected by conflict, fragility or major economic transition. The discussion also considers the role of infrastructure and institutional capacity in supporting recovery and private-sector development.	H.E. Mohammad Yousef Al-Amour, Minister of National Economy, State of Palestine H.E. Ilyas Moussa Dawaleh, Minister of Economy and Finance, Djibouti H.E. Mohasin Ali Yagoub, Minister of Industry and Trade, Sudan H.E. Abdul Salam Haykal, Minister of Communications and Information Technology, Syrian Arab Republic

Time	Title	Session description	Speakers/Moderators
	Enabling transformation and competitiveness	The discussion explores the strategic policy and institutional choices needed to advance competitiveness, digital transformation, e-governance, AI, innovation and investment, with a focus on enabling SMEs to participate in and benefit from these transformations.	H.E. Mr. Abdul Salam Haykal, Minister of Communications & Information Technology, the Syrian Arab Republic H.E. Qutaiba Ghazi Majeed Minister of Planning, Republic of Iraq Moderator: Paula Naoufal, senior journalist, CNN Business Arabic
	What works and what comes next?	Panellists share successful approaches, lessons and experiences that can be adapted across different Arab contexts. The discussion concludes by identifying priorities for future action and areas where regional cooperation and knowledge exchange can have the greatest impact on SME and private-sector development.	

Endnotes

1. United Nations Development Programme (UNDP), [Military Escalation in the Middle East: Economic and Social Implications for the Arab States Region – Assessment](#), 30 March 2026.
2. UNDP, [Escalation in the Middle East reverses more than a year of economic growth in the Arab States region, according to new UN Development Programme assessment](#), 31 March 2026.
3. World Bank, [Macro Poverty Outlook – Lebanon](#), 2025.
4. World Bank Economic Monitoring Report, [Economic Update on the West Bank and Gaza](#), May 2026.
5. World Bank Group, [Syria’s post-conflict reconstruction costs estimated at US\\$216 billion](#), 21 October 2025.
6. GIZ Iraq, [Supporting Iraq’s MSMEs for Economic Growth](#), 2026.
7. Iraq, Ministry of Planning, [The Ministry of Planning organizes a seminar on the Private Sector Development Strategy \(2026–2035\)](#), 29 December 2025.
8. World Bank Group, [GCC economies demonstrate resilience, advance diversification, and accelerate digital transformation](#), 4 December 2025.
9. World Meteorological Organization (WMO), United Nations Economic and Social Commission for Western Asia (ESCWA) and League of Arab States, [State of the Climate in the Arab Region 2024](#), 2025.
10. World Bank Group, [World Bank Group and Morocco partner to unlock the power of next-generation hydropower](#), 1 July 2026.
11. World Bank Group, [World Bank Group financing of over US\\$25 million to support economic diversification in Djibouti](#), 30 March 2026.
12. World Bank Group, [Unleashing productivity through firm financing](#), 30 September 2024.
13. International Labour Organization, [Navigating the digital and artificial intelligence revolution in Arab labour markets: Trends, challenges and opportunities](#), 22 September 2025.