



Policy dialogue

Enabling SMEs for inclusive growth and entrepreneurial success in the Arab region

18–19 November 2026

13:00–16:00 | Room TBC

Background

Micro, small and medium-sized enterprises (MSMEs) are central to economic activity, employment and resilience across the Arab region. Recent evidence indicates that SMEs account for approximately 96% of all businesses in the Arab countries and contribute up to 40% of gross domestic product (GDP) in the region.¹ At the same time, Arab economies continue to face significant development challenges, including conflict and fragility, high youth unemployment and persistent informality, which together limit the growth potential of MSMEs.

The region is also characterized by considerable structural diversity. While some countries continue to grapple with fragility and conflict, others are undergoing reform processes or have more mature entrepreneurial ecosystems that are investing in innovation, digitalization and internationalization. This diversity underscores the value of a regional policy dialogue, providing countries with opportunities to learn from one another while adapting policies to their specific institutional contexts.

The dialogue aims to move beyond the exchange of knowledge and experience towards building regional consensus on practical and actionable policies and measures. It focuses on identifying innovative and adaptable national reforms that can add value at the regional level and foster business environments conducive to the growth of MSMEs, while strengthening their contribution to the diversification of Arab economies. This includes supporting their entry into new and promising sectors and markets, particularly those that contribute to the transition towards a knowledge economy, as well as promoting innovation and digital transformation, and strengthening their integration into local, regional and global value chains.

The policy dialogue seeks to provide a structured regional platform that brings together Arab policymakers, MSME support institutions, private sector stakeholders and experts to exchange experiences, enhance coordination and explore practical policy solutions to strengthen MSME competitiveness, resilience and sustainable growth. It also aims to align national MSME reforms with shared regional priorities, including trade facilitation, digital market access, access to finance and climate resilience. This approach is particularly relevant in the light of the interconnected challenges facing the Arab region, including limited financial inclusion, uneven digital readiness, water stress, high unemployment and growing exposure to the economic and social impacts of climate change.

To translate the dialogue into concrete outcomes, the event is designed to produce a set of actionable policy recommendations for decision makers, a concise compendium of promising practices, a regional cooperation agenda, together with designated national focal points to support follow-up and strengthen coordination among relevant stakeholders.

Regional context

The policy case for this dialogue is compelling. Arab countries are advancing at different rates across key areas that shape MSME development, including internationalization and e-commerce, formalization, access to finance, digital and emerging technologies, and the green economy. This diversity creates valuable opportunities for regional policy dialogue, enabling countries to exchange practical experiences, identify adaptable solutions and strengthen cooperation in addressing shared challenges.

These differences are particularly evident in digital trade and e-commerce. The United Arab Emirates has developed one of the region's most advanced e-commerce ecosystems, supported by robust digital infrastructure, logistics networks, fintech development and cross-border trade platforms. Government initiatives, such as the [UAE Digital Economy Strategy](#) and [Saudi Vision 2030](#), have further accelerated the development of digital markets through investments in infrastructure, regulatory reforms and support for digital businesses.²

At the same time, other countries are developing their own approaches to strengthen digital trade. Jordan has introduced its National E-Commerce Strategy (2023–2033) to advance digital trade. Enhancing institutional capacity and funding would support its implementation.³ Egypt, which has one of the region's largest digital markets, continues to strengthen MSME participation in e-commerce by developing digital payment systems, logistics and business support systems. Tunisia, meanwhile, is improving the monitoring of e-commerce through data tools, although limited data availability and the prevalence of informal commerce remain challenges.⁴

These examples illustrate varying levels of digital trade readiness across the region. While countries such as Saudi Arabia and the United Arab Emirates have developed advanced digital commerce ecosystems, others continue to face significant gaps in Internet access, financial inclusion, digital skills and enabling regulatory frameworks. Addressing these gaps would help MSMEs take greater advantage of e-commerce and access new markets.⁵

Beyond digital market access, informality remains one of the most significant challenges to MSME development in the Arab region. Nearly 72% of workers are employed in the informal economy, limiting their access to finance and social protection, and constraining productivity and business growth.⁶

Arab countries are adopting a range of measures to support MSME formalization and business growth. In Tunisia, the Startup Act provides a structured framework to support innovative enterprises through a dedicated Startup Label, simplified procedures, and a range of incentives and benefits.⁷

Iraq provides another example of efforts to address informality and support business formalization. With approximately 84% of MSMEs operating informally, the country introduced a Business Registration Guide, developed by the Ministry of Trade with support from the International Labour Organization (ILO), to simplify registration procedures and facilitate MSME access to financing, services and legal protections.⁸

At the same time, the State of Palestine and the Sudan illustrate the persistent barriers facing businesses in more constrained environments. The State of Palestine has made progress in reforming company registration and expanding digital services, although economic uncertainty and limited access to finance continue to affect MSME growth.⁹ In the Sudan, opportunities remain to address structural challenges, with informality accounting for over 60% of the workforce and 65% of prime-aged workers, while contributing around 20% of GDP.¹⁰

Complementing efforts to simplify business registration procedures, Iraq has adopted a national policy for the development of MSMEs, aimed at creating a supportive environment for their growth and strengthening their contribution to economic diversification, the transition towards a knowledge- and innovation-based economy, and reduced reliance on oil. The policy focuses on improving regulatory frameworks, strengthening institutional capacity, developing technical and digital skills, and facilitating access to finance.¹¹

Beyond formalization, financing remains one of the most persistent barriers to MSME growth. The Arab Region SDG Index and Dashboards 2025 highlights that access to financial services remains particularly limited outside the Gulf Cooperation Council countries, constraining MSME ability to invest, expand and improve productivity.¹²

Egypt provides an example of ecosystem reforms, with startups raising approximately \$614 million in equity and debt financing in 2025. The Egypt Startup Charter introduced a unified framework to improve coordination and strengthen pathways for startup financing and growth.¹³ Somalia, meanwhile, illustrates the financing challenges facing MSMEs. While its financial ecosystem continues to develop, businesses face limited access to formal financial services, constraining their capacity to grow and expand their operations.¹⁴

Alongside efforts to improve access to finance, investment in emerging technologies is creating new opportunities for innovation and growth. The Arab region is witnessing rapid growth in artificial intelligence (AI) investment, with AI becoming increasingly integrated into the region's venture capital ecosystem. In 2025, AI accounted for 22% of total venture capital funding in the Middle East and North Africa (MENA) and 29% of deal volume. Investment was concentrated mainly in Saudi Arabia and the United Arab Emirates, which accounted for the majority of AI funding and deal activity in the region.¹⁵

The United Arab Emirates has positioned itself as a regional leader in AI through national strategies, investments in digital infrastructure and support for innovation. In 2025, AI companies based in the United Arab Emirates attracted around \$519 million in AI-related funding, while Saudi Arabia attracted approximately \$235 million, driven by Saudi Vision 2030 and national data and AI initiatives.¹⁶

In parallel, other countries are developing AI ecosystems in line with their respective contexts and capacities. In Iraq, the Government is developing the National Strategy for AI and Big Data Integration to support digital transformation, innovation and economic development. The strategy also focuses on strengthening national AI capabilities and encouraging the practical use of AI across key sectors.¹⁷

Lebanon is also experiencing growing activity in AI, supported by technology talent, an entrepreneurial ecosystem, and initiatives related to AI governance, digital infrastructure, skills development and startup support. At the same time, the development of the sector continues to face challenges, including limited investment, weak regulatory frameworks, the loss of skilled professionals, risks associated with the unethical use of AI, data sovereignty concerns, and broader socioeconomic and political instability.¹⁸

Similarly, AI development in Libya remains constrained by weak digital infrastructure, fragmented legislation and skills gaps. The launch of the National AI Strategy (2026–2030) represents an important step towards advancing the country's AI ecosystem, although barriers to wider AI adoption remain,¹⁹ highlighting the importance of strengthening AI governance and developing relevant skills and talent.

Environmental sustainability and resilience represent another important dimension of MSME development. The Arab region is highly vulnerable to climate change and faces severe water stress, limited renewable energy output, and widespread environmental pressures.²⁰ Water scarcity affects 19 of the 22 Arab countries, with climate change expected to exert further pressure on water resources and environmental resilience.²¹ These challenges underscore the importance of integrating MSME development into broader environmental resilience and economic transformation agendas.

Countries across the Arab region are advancing at different rates in their green transitions. Morocco has emerged as a regional leader through investments in renewable energy, sustainable infrastructure and climate-related reforms. Renewable energy accounted for around 40% of the country's installed electricity capacity in 2024, supporting efforts to diversify its energy mix and advance low-carbon development. At the same time, SMEs continue to face challenges in accessing green finance, adopting clean technologies and integrating into sustainable value chains.²²

For many countries in the region, climate change is no longer a distant threat but a daily reality. In Iraq, water scarcity and climate change are among the country's most pressing environmental and development challenges. Water reserves fell to around 4 billion cubic metres in 2025, their lowest level in 80 years. Although water storage improved during the 2025–2026 season, it remains below 20% of total storage capacity.²³ In the Sudan, extreme weather events have disrupted essential infrastructure and access to water, while in the Syrian Arab Republic and Yemen, climate pressures have compounded challenges affecting agriculture, livelihoods and food security.²⁴

These realities underscore the importance of a regional policy dialogue in addressing shared barriers to MSME growth, including market access, finance, technology adoption and sustainability.

Behind these challenges are millions of entrepreneurs, workers and communities striving to build more resilient futures. Transforming successful experiences into shared knowledge and practical cooperation can enable countries to learn from one another and create new pathways towards inclusive and sustainable growth. Through stronger partnerships, innovation and sustainable solutions, a regional dialogue can contribute to progress towards Sustainable Development Goal (SDG) 8 on decent work and economic growth, SDG 9 on industry, innovation and infrastructure, SDG 13 on climate action and SDG 17 on partnerships for the Goals. Accelerated

growth is not only achievable but already under way, and stronger regional cooperation can help translate the 2030 Agenda for Sustainable Development into meaningful action and lasting impact.

Objectives

The policy dialogue aims to:

- Exchange lessons and best practices from within and beyond the region on supporting MSMEs in key areas of growth and resilience.
- Facilitate peer learning among policymakers, business support organizations and private sector actors to support the adaptation of successful initiatives to different national contexts.
- Identify policy options that can be tailored to the needs of Arab economies and promote greater regional policy coherence.
- Lay the groundwork for regional collaboration on MSME development, digital transformation and sustainable growth.

Thematic structure

Track 1: Internationalization and e-commerce

Arab SMEs remain underrepresented in cross-border trade and continue to face barriers related to market access, logistics, payment systems and compliance with standards. Digital trade and e-commerce offer new opportunities for smaller enterprises to reach wider markets, supported by initiatives such as ESCWA **e-Commerce Acceleration Programme (eCAP)**. This track explores how trade facilitation, digital platforms and export support can enable SMEs to expand their presence in regional and global markets.

Key policy question: What reforms can most effectively help SMEs become both export-ready and equipped to participate in digital markets?

Key regional cooperation question: How can Arab countries work together to facilitate digital payments, customs facilitation, logistics and market access for SMEs?

Track 2: Formalization

Informality remains a significant barrier to MSME growth in the Arab region, limiting access to finance, markets and social protection, as well as opportunities for business expansion. This track explores practical pathways towards formalization, with a focus on simplifying procedures, leveraging digital solutions, reducing compliance barriers, and providing incentives that support micro and small enterprises, including women-led businesses.

Key policy question: What combination of incentives, simplification procedures and digital tools can facilitate MSME transition to the formal economy while promoting inclusive growth?

Key regional cooperation question: What formalization tools or models can Arab countries share and adapt to their national contexts, particularly in the areas of digital business registration and licensing?

Track 3: Access to finance

Access to finance remains a significant barrier to SME growth in the Arab region. Regional and development institutions continue to highlight a substantial financing gap, with particularly acute constraints facing women- and youth-led enterprises. Recent **analysis** by the United Nations Development Programme (UNDP) indicates that SMEs account for an estimated 96% of all businesses in the Arab countries but continue to face barriers to scaling up, as financing ecosystems are often risk-averse and insufficiently responsive to the needs of smaller firms.

This track examines credit guarantees, blended finance, fintech, Islamic finance, concessional lending and other mechanisms that can improve SME's access to capital, with particular attention to women- and youth-led enterprises.

Key policy question: Which financing mechanisms can be effectively scaled up to expand SME access to finance, particularly for enterprises led by women, young people and persons with disabilities?

Key regional cooperation question: How can Arab countries strengthen regional learning and policy coordination on guarantee schemes, fintech regulation and inclusive SME finance?

Track 4: Digital and emerging technologies

Arab economies are experiencing rapid digital transformation, with AI emerging as a strategic policy priority across the region. However, SMEs continue to face gaps in skills, data readiness, cloud adoption and cybersecurity, as well as limited access to affordable digital tools. This track explores how Governments can enable SMEs to adopt AI and other emerging technologies in ways that improve productivity, resilience and competitiveness.

The track focuses on the practical application of AI in day-to-day business operations, policies to strengthen digital skills and data readiness, infrastructure and regulatory frameworks that enable the safe adoption of cloud computing and AI, measures to mitigate cybersecurity risks for smaller enterprises, and opportunities for regional cooperation to strengthen shared AI capabilities for SMEs.

Key policy question: What policy tools can most effectively support the affordable and inclusive adoption of digital and emerging technologies by SMEs?

Key regional cooperation question: How can Arab countries work together to bridge the digital divide and share practical SME digitalization models?

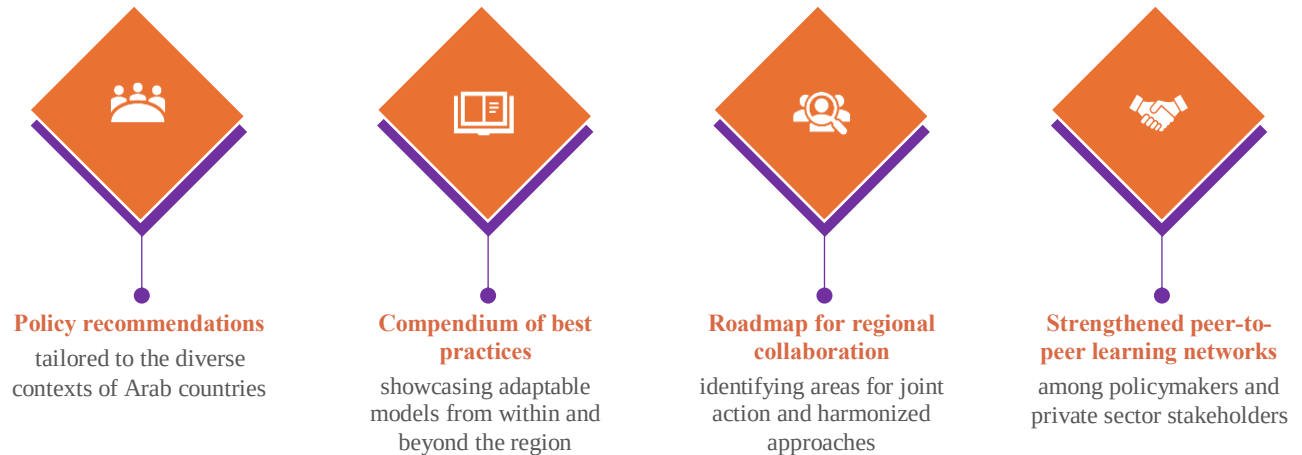
Track 5: Green economy

The Arab region faces growing climate challenges, including water scarcity, environmental risks and the need to accelerate the transition towards more sustainable economies. This track explores how SMEs can contribute to the green transition through circular economy models, resource efficiency, clean technologies and green entrepreneurship. Discussions focus on the incentives, financing mechanisms and technical support needed to enable SMEs to adopt more sustainable practices while improving competitiveness and resilience.

Key policy question: How can SME strategies better integrate green entrepreneurship and climate resilience?

Key regional cooperation question: How can regional cooperation help scale up green finance and technical assistance, and promote sustainability standards for SMEs?

Expected outcomes



Format

The policy dialogue is structured around five thematic round tables, each featuring three country interventions. The interventions are intentionally selected to reflect the diversity of Arab experiences, for example:

- One country affected by fragility or conflict.
- One country undergoing economic reform or transition.
- One country with a more developed MSME ecosystem.

Each intervention should be concise and practical, ideally lasting five to seven minutes, and should highlight one policy reform, one implementation lesson, and one result or challenge. This format facilitates comparative and action-oriented discussion, with a focus on practical experiences and lessons learned.

Following the three interventions, a moderated discussion explores which approaches could be replicated or adapted to different national contexts and what forms of support could strengthen regional cooperation. Each round table concludes with two outputs:

- One policy recommendation.
- One regional cooperation action.

The final plenary session brings together the key findings from the five thematic tracks and identifies a concise set of regional messages and priorities for follow-up.

Post-dialogue follow-up

To facilitate practical follow-up, the organizing team identifies focal points from participating institutions. The focal points can support the consolidation of recommendations, facilitate the dissemination of the outcome note and maintain communication following the event. A concise post-dialogue summary note can then capture the five recommendations, the five regional cooperation actions and any quick-win initiatives identified during the discussions.

This follow-up is essential to sustaining the momentum generated by the policy dialogue. The event's value depends not only on the quality of discussions but also on continued engagement among participants and their ability to translate the outcomes into stronger regional cooperation.

Participants

The policy dialogue brings together a diverse mix of stakeholders, including:

	Policymakers and senior officials from Arab ministries responsible for the economy, trade, finance, information and communications technology, the environment and entrepreneurship.
	Regional and international organizations engaged in SME development.
	Private sector representatives, including financial institutions, chambers of commerce and business support organizations.
	Experts in digital transformation, green economy, inclusive finance and entrepreneurship ecosystems.

This composition ensures that the discussions benefit from diverse stakeholder perspectives and that the resulting recommendations are both policy-relevant and practical to implement.

Conclusion

By bringing together countries from across the Arab region, with diverse economic, institutional and development contexts, the policy dialogue provides a valuable opportunity for mutual learning and the exchange of experiences and insights. It supports Arab countries in developing more inclusive, resilient and forward-looking SME policies, while identifying concrete opportunities for regional cooperation. Beyond facilitating dialogue, the event seeks to generate practical recommendations, regional cooperation actions and follow-up mechanisms that can sustain engagement and advance cooperation beyond the event.

Agenda

Day 1: 18 November 2026

Time	Title	Session description	Speaker 1	Country 1	Speaker 2	Country 2	Speaker 3	Country 3
13:00–13:15	Opening remarks	Set the context, objectives and expected outcomes						
13:15–14:00	Track 1: Internationalization and e-commerce	Share three country experiences on market access, exports and digital trade						
14:00–14:45	Track 2: Formalization	Share three country experiences on reducing informality and simplifying registration						
14:45–15:00	Break	Networking						
15:00–15:45	Track 3: Access to finance	Share three country experiences on financing MSMEs						
15:45–16:00	Day 1 wrap-up	Summarize key messages and priorities						

Day 2: 19 November 2026

Time	Title	Session description	Speaker 1	Country 1	Speaker 2	Country 2	Speaker 3	Country 3
13:00–13:15	Recap of Day 1	Summary of key takeaways						
13:15–14:00	Track 4: Digital and emerging technologies	Share three country experiences on AI, digital skills and technology adoption						
14:00–14:45	Track 5: Green economy	Share three country experiences on green SME transition						
14:45–15:00	Break	Networking						
15:00–15:35	Cross-cutting discussion	Identify shared policy priorities and regional cooperation actions						
15:35–16:00	Closing	Present recommendations, cooperation actions and next steps						

Speaker input table

Track	Speaker's name	Institution	Country	Topic of intervention	Key message	Regional cooperation idea
Internationalization and e-commerce						
Internationalization and e-commerce						
Internationalization and e-commerce						
Formalization						
Formalization						
Formalization						
Access to finance						
Access to finance						
Access to finance						
Digital and emerging technologies						
Digital and emerging technologies						
Digital and emerging technologies						
Green economy						
Green economy						
Green economy						

Endnotes

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5. International Monetary Fund (IMF), [Digital solutions for small businesses in the Middle East and North Africa](#), 22 September 2020.
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9. World Bank Group, [Impacts of the conflict in the Middle East on the Palestinian economy](#), September 2025.
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