



July 2022

Greetings from Washington,

The recent war in Ukraine has exacerbated the existing inflationary pressures in the Middle East and North Africa (MENA) region. Based on IMF estimates, the inflation rate in MENA went up from an average of [7.3%](#) in the 2000-2018 period to [14.8%](#) in 2021. Inflation reached particularly high levels in Lebanon, Algeria, and Tunisia.

The MENA countries that have been most affected by the recent inflation spike are the heavy commodity importers and those facing existing economic challenges. In Lebanon, for example, inflation has mostly been linked to the significant and rapid depreciation of the national currency since the Lebanese financial crisis erupted in 2019. Heavy commodity importers, such as Egypt, Tunisia, and Yemen (and again, Lebanon), are affected by the disruption of the wheat supply from Ukraine, in addition to the indirect consequences of the Ukrainian war on energy and fuel prices.

So why are heightened inflation rates particularly alarming in MENA, compared to other regions? For three main reasons:

First, with the exclusion of the oil-rich economies, the MENA region has one of the highest poverty levels worldwide. On average, [17%](#) of the population in MENA live below the poverty line of \$1.90 a day, and approximately [40%](#) of the population lives below the middle-income poverty line of \$3.20 a day. Recent World Bank estimates [project](#) that every 1% increase in food prices would push nearly half a million additional people into poverty in MENA countries.

Second, MENA is one of the most unequal regions worldwide. Based on World Bank estimates, [56%](#) of national income in MENA countries accrues in the top 10 percent of the population, and only [12%](#) goes to the bottom half. Income inequality can, in turn, impede economic growth, as well as provoke social instability. Tunisia and Morocco are among the countries with the highest income inequality in the region.

Third, the MENA region has been struggling with increased political and social instability for over a decade. The uprisings in Tunisia and Egypt were mostly driven by social and economic pressures, which both countries managed to contain over the past years. The heightening levels of inflation now could potentially trigger another wave of similar social and economic pressures.

So what can be done? In the short run, providing welfare benefits can be helpful. But this type of stimulus would have a limited effect. The two largest oil-rich economies in the region, the UAE and Saudi Arabia, have provided extensive social support packages to buffer the effects of the heightened inflation. The UAE announced a targeted financial allocation of [USD 7.6 billion](#) to low-income Emirati families, while Saudi Arabia announced a [USD 5.33 billion](#) financial allocation through direct cash transfers.

In the long run, however, there is no better substitute than sustainable growth. The challenges posed by the inflation rise in the MENA region and globally create strong incentives for MENA governments to progress more quickly with reforms. In the wake of the Arab Spring, many MENA economies made significant progress at the macro-economic level, in terms of incorporating extensive fiscal reforms, subsidy-restructuring programs, and adopting foreign exchange liberalization policies. However, most MENA countries (with the exception of select Gulf states) are still moving slowly with private sector development.

The current economic pressure posed by the inflation rise creates a golden opportunity for MENA governments to recall three main lessons:

1) Economic growth is vital for creating and accumulating wealth. Therefore, MENA governments must continue to promote private sector development and streamline the business environment, especially with regards to easing access to finance, reinforcing property laws, and reinstating bankruptcy laws.

2) Human capital is the main asset in the region since youth represent [30%](#) of the population in MENA. Therefore, investing in human capital through increased budget allocations for healthcare and education, in addition to continued reforms in the education and healthcare sectors, are key to capitalizing on the human capital potential in the region.

3) Economic growth needs to be sustainable, so MENA governments need to integrate the [17 SDGs](#) into the public reform agenda, as well as bring more awareness on sustainability subjects to the general public. Hopefully, with the COP being hosted in two regional countries (COP27 in November 2022 in Sharm El Sheikh and COP28 in November 2023 in Dubai), there will be increased interest in MENA to learn more about sustainability and the economic and social costs of related issues such as climate change.

Sincerely,

Racha Helwa
Director, empowerME
Rafik Hariri Center for the Middle East
Atlantic Council

empowerME Conversations podcast returns for Season 3!



Season 3 focuses on top government officials driving regional economic growth featuring corporate guest co-hosts. Subscribe wherever you get your podcasts and stay tuned for more updates!

Learn more

Big Data

Most Vulnerable Arab Countries In Food Security Index For Q2 2022

Regional Ranking	Country	Global Ranking	Regional Ranking	Country	Global Ranking
1	Somalia	#171	7	Libya	#137
2	Sudan	#161	8	Iraq	#125
3	Yemen	#160	9	Comors	#113
4	Mauritania	#150	10	Egypt	#110
5	Syria	#148	11	West Bank & Gaza	#108
6	Djibouti	#142	12	Lebanon	#91

Note: The ranking measures three main factors- access to food, crisis risks, & economic resilience.

Source: Global Food Security Q2 2022 Report by Deep Knowledge Analytics.
Data collected until **July 1, 2022**

Source: [Forbes Middle East](#)

Entrepreneur of the Month:
Ahmad Al-Zaini
Foodics - Saudi Arabia

Saudi entrepreneur Ahmad Al-Zaini is using technology to revolutionize restaurant management with his company Foodics! Watch our short video to learn more.



Watch short video

UPS Export Workshop



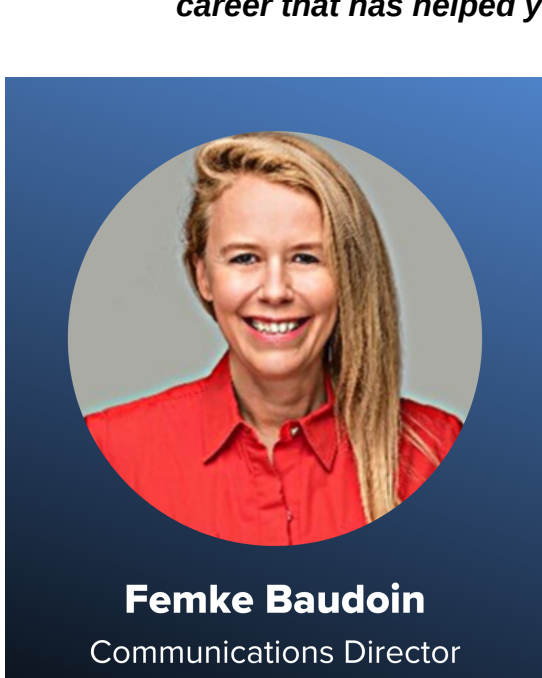
A huge thank you to UPS Global Public Affairs Vice President and Women Exporters Program Lead [Maria Luisa Boyce](#) for hosting an export workshop for our Win Fellows! This private training focused on how exporting can help make businesses more productive and profitable, the essential steps in preparation for exporting, and investigating potential market opportunities.

Learn more about the [Win Fellowship](#), an empowerME and Georgetown University McDonough School of Business collaboration sponsored by US Embassy Riyadh, UPS, and PepsiCo that supports Saudi women entrepreneurs to build leadership and executive capacity to scale their startups to new heights!

Win Fellowship

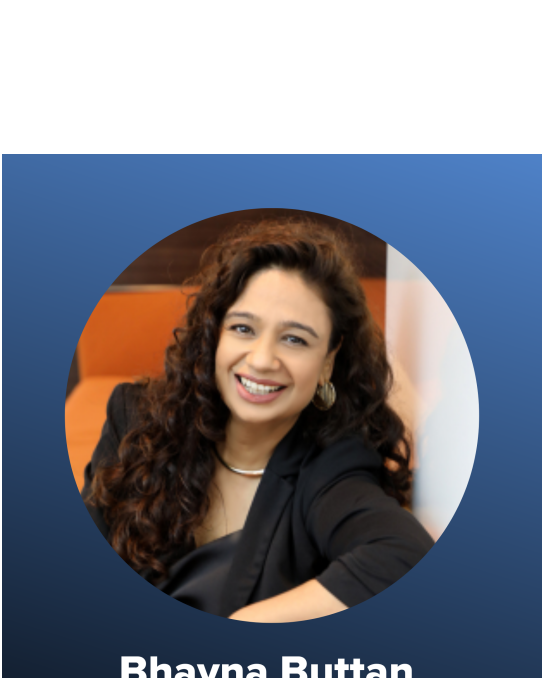
Big Question

What is the best piece of advice that you have received in the course of your career that has helped you reach where you are today?



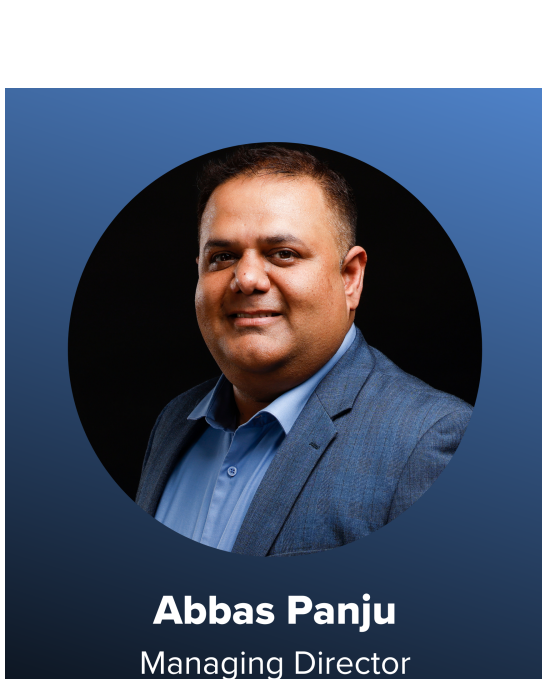
Femke Baudoin
Communications Director
Middle East, Türkiye, & Africa
Boeing

"Early on in my career, my first CEO taught me to always draw the line between striving for excellence and the dangers of perfectionism. Identifying the inflection point, normally a deliverable or a goal, has been a great yardstick to help pivot towards success."



Bhavna Buttan
Former Chief Operating Officer
GMG

"The best piece of advice I received that continues to guide my actions every day is that 'success' is the result of 'foresight' and 'resolution.' 'Foresight' depends upon deep thinking and planning, while the most important factor of 'resolution' is knowing that the cost of inaction is far greater than the cost of making a mistake."

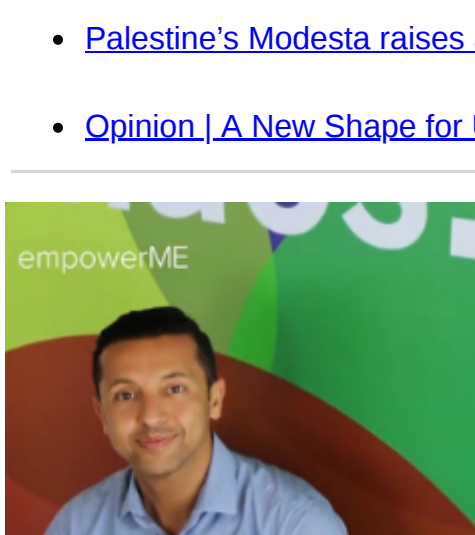


Abbas Panju
Managing Director
Middle East & Central Asia
UPS

"The best piece of advice I received that continues to guide my actions every day is that 'success' is the result of 'foresight' and 'resolution.' 'Foresight' depends upon deep thinking and planning, while the most important factor of 'resolution' is knowing that the cost of inaction is far greater than the cost of making a mistake."

Big Reads

- [Top 100 CEOs In The Middle East 2022](#) (Forbes)
- [The Making of Saudi Inc.](#) (Bloomberg)
- [Palestine's Modesta raises a six-figure SEED round](#) (MAGNITT)
- [Opinion | A New Shape for US-Saudi Relations](#) (Politico)



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empowerME is changing the conversation about the Middle East by focusing on economic prosperity. Watch this video to learn more about empowerME and its unique chairman, regional venture capital pioneer Amjad Ahmad.

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