

Greetings from Washington,

Artificial intelligence (AI) has captured the world's imagination, extending across age groups, professions, and countries. AI is rapidly transforming the global economy, and the MENA region is no exception, potentially adding **\$320 billion** to the economy by 2030. This growth will be primarily driven by the increased adoption of AI by governments, utilization of AI by businesses across all sectors, and investment in startups developing AI-powered products and services. While most MENA governments have quickly embraced AI and begun exploring ways to utilize it to increase productivity and enhance the lives of their citizens, they must grapple with the potential for long-term risks. These risks fall into two primary categories – national security risks related to the unethical use of AI by domestic and foreign actors and the economic risks associated with AI-induced unemployment and the weakness of AI enablers – talent, data, and infrastructure.

As many governments will attest, cyberwarfare is real and growing, with the rising frequency of cyberattacks becoming a **national security priority**. Digital tools serve as both armor and weapons, but the introduction of AI can exponentially complicate cyberwarfare as algorithms become more effective at learning, inferring, and executing. While governments are working on countering new AI-powered attacks, a more effective strategy will incorporate deterrence through laws and regulations to ensure AI is used safely, securely, and ethically. But more instrumental for long-term security will be cooperation between countries to develop international norms and regulations on AI usage.

Another critical national security issue is the use of AI in disinformation and propaganda. As with social media in the past decade, AI could be harnessed by domestic and foreign actors to manipulate public opinion, suppress dissent, interfere in elections, or destabilize countries. Just as we struggle to regulate social media, it's clear that we are ill-equipped to deal with the potential negative repercussions of AI. Governments must be AI-literate with potential regulators who understand how AI systems work. The better-informed governments are regarding innovations and their potential uses, the better they can react. Additionally, they must work closely with mass communication platforms like social media companies to detect and eliminate disinformation. Tackling disinformation has proven to be challenging with the rise of social media; it will be exponentially more difficult with the rise of AI.

The destruction of jobs is leading the list of economic risks in adopting AI. At a time of growing inequality in many countries and the need for job creation, the potential of a shrinking job market is worrying. More concerning, the job losses associated with AI are expected to impact **white-collar workers**, not just blue-collar workers (as was the case in the industrial revolution). Accountants, lawyers, financial analysts, and programmers are all at risk. And the concern is not only private sector employees but also public ones, particularly with the ongoing development of e-government strategies. The risk is more pressing in MENA, where the public sector remains a vital employer and source of job creation. While reforms are underway to diversify and improve the private sector's contribution, the sector will be under immense pressure to develop more jobs than **previously projected**. The reality is that AI has the potential to create super workers who can do more with less. The verdict of whether an investment in AI will be accretive or destructive to job growth is out, but there's no choice but to take the risk. However, a thoughtful transition may be required to ensure stability.

The jobs debate overshadows another essential risk, especially for MENA countries: whether they have the appropriate AI enablers – talent, data, and infrastructure – to compete effectively and spark economic growth. The tech talent gap is acute in many MENA countries, if not all, and with the specific talent required for AI, the gap is likely to widen. The data quality and quantity needed to develop and train AI algorithms are substantial. Data availability and accessibility are scarce in the region and must be improved through regulation. Finally, governments must ensure that technology infrastructure is robust, accessible, and cheap to the masses. Ensuring the progress of AI enablers is critical to mitigating the economic risk and increasing the potential for breakthrough innovations, especially by the startup ecosystem fostered by many MENA economies over the past few years.

In a world where everyone is investing and using AI, which is predicted to contribute **\$15.7 trillion** to the global economy by 2030, it's essential that MENA countries are neither overly protective nor limit AI usage. Those that don't have policies in place to effectively scale the investment and use of AI while mitigating its risks will be left behind. So, what should policymakers do? Building immediate national competency and competitiveness in AI is a prerequisite to making appropriate and impactful policy decisions. This can be achieved through a three-pronged approach: (1) Appoint government officials responsible for AI development and risk mitigation and a national AI task force of private and public sector leaders (including global AI experts), (2) Develop grant programs and incentives for individuals and companies to conduct research and development, and (3) launch an AI startup investment program to spark innovation. AI is a powerful technology that can transform the MENA economy, but some challenges must be addressed before its full potential is realized. Governments and businesses must be prepared to embrace AI and reap its benefits.

Sincerely,
Amjad Ahmad
Chairman, empowerME
Raifk Hariri Center for the Middle East
Atlantic Council

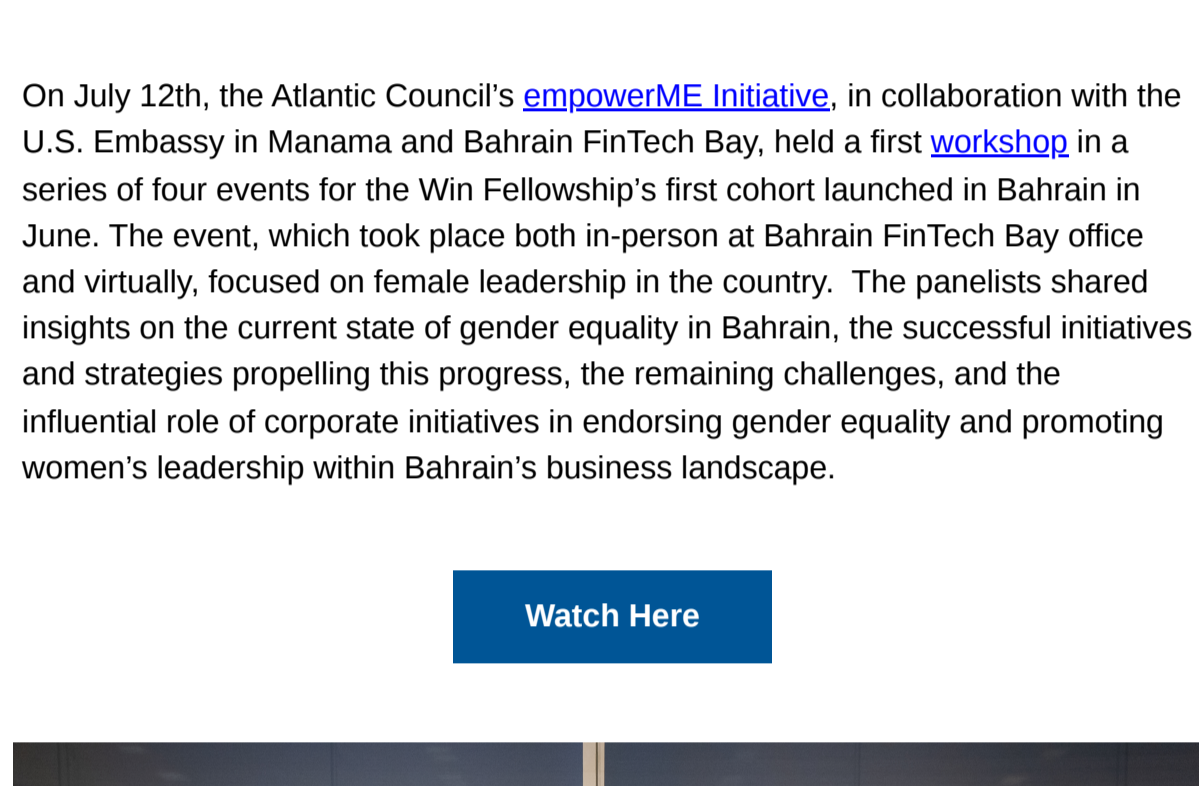
empowerME's Nonresident Fellow



The empowerME Initiative welcomes **Stefanie Hausher Ali** as a nonresident fellow. Stefanie is a Director at Rice, Hadley, Gates & Manuel LLC in Washington, DC. Stefanie spent ten years at the Atlantic Council and was instrumental in launching the empowerME initiative. She oversees clients seeking to expand their businesses in crucial international markets like the Middle East, China, Europe, and Latin America.

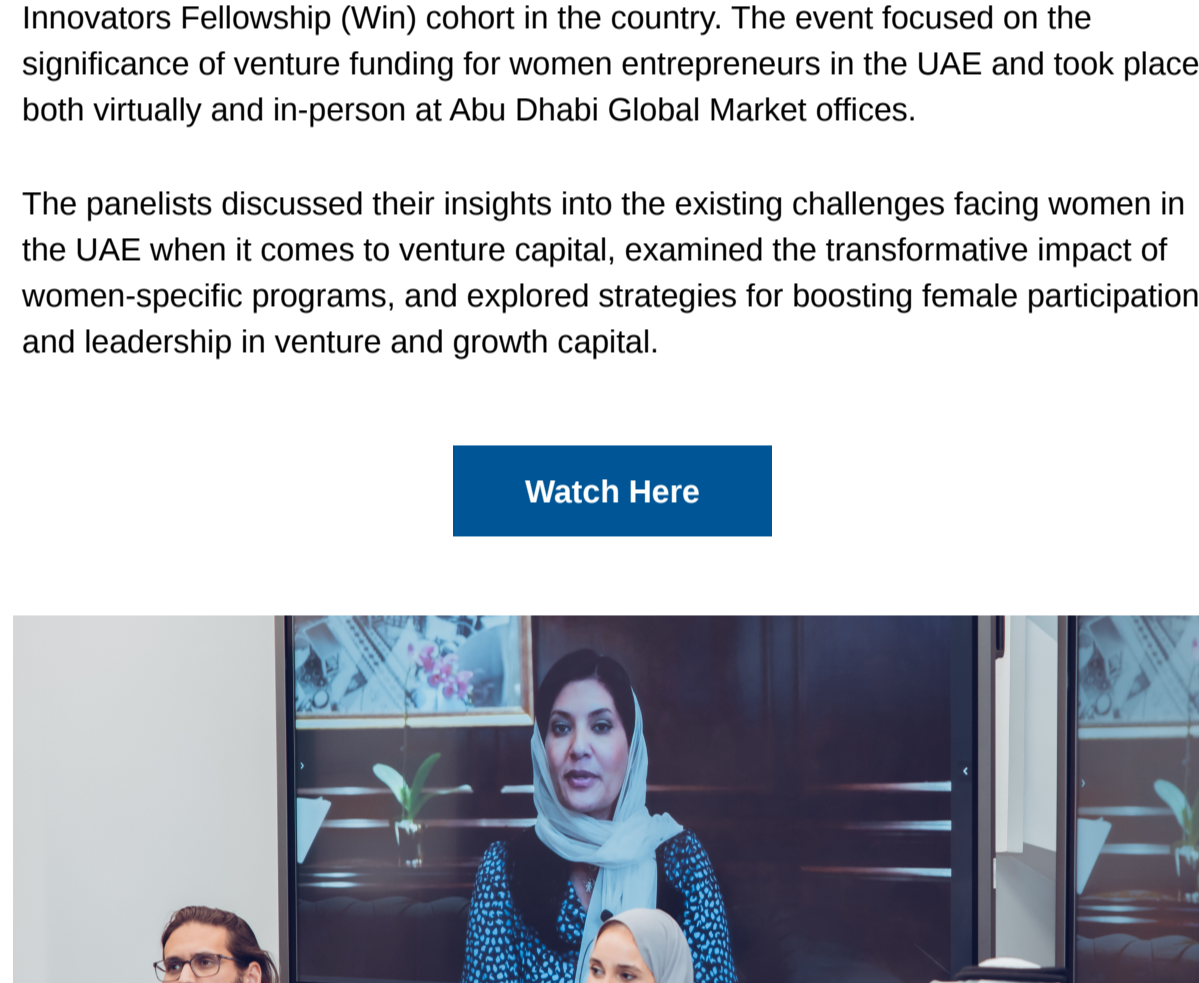
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Past Events



On July 12th, the Atlantic Council's **empowerME Initiative**, in collaboration with the U.S. Embassy in Manama and Bahrain FinTech Bay, held a first **workshop** in a series of four events for the Win Fellowship's first cohort launched in Bahrain in June. The event, which took place both in-person at Bahrain FinTech Bay office and virtually, focused on female leadership in the country. The panelists shared insights on the current state of gender equality in Bahrain, the successful initiatives and strategies propelling this progress, the remaining challenges, and the influential role of corporate initiatives in endorsing gender equality and promoting women's leadership within Bahrain's business landscape.

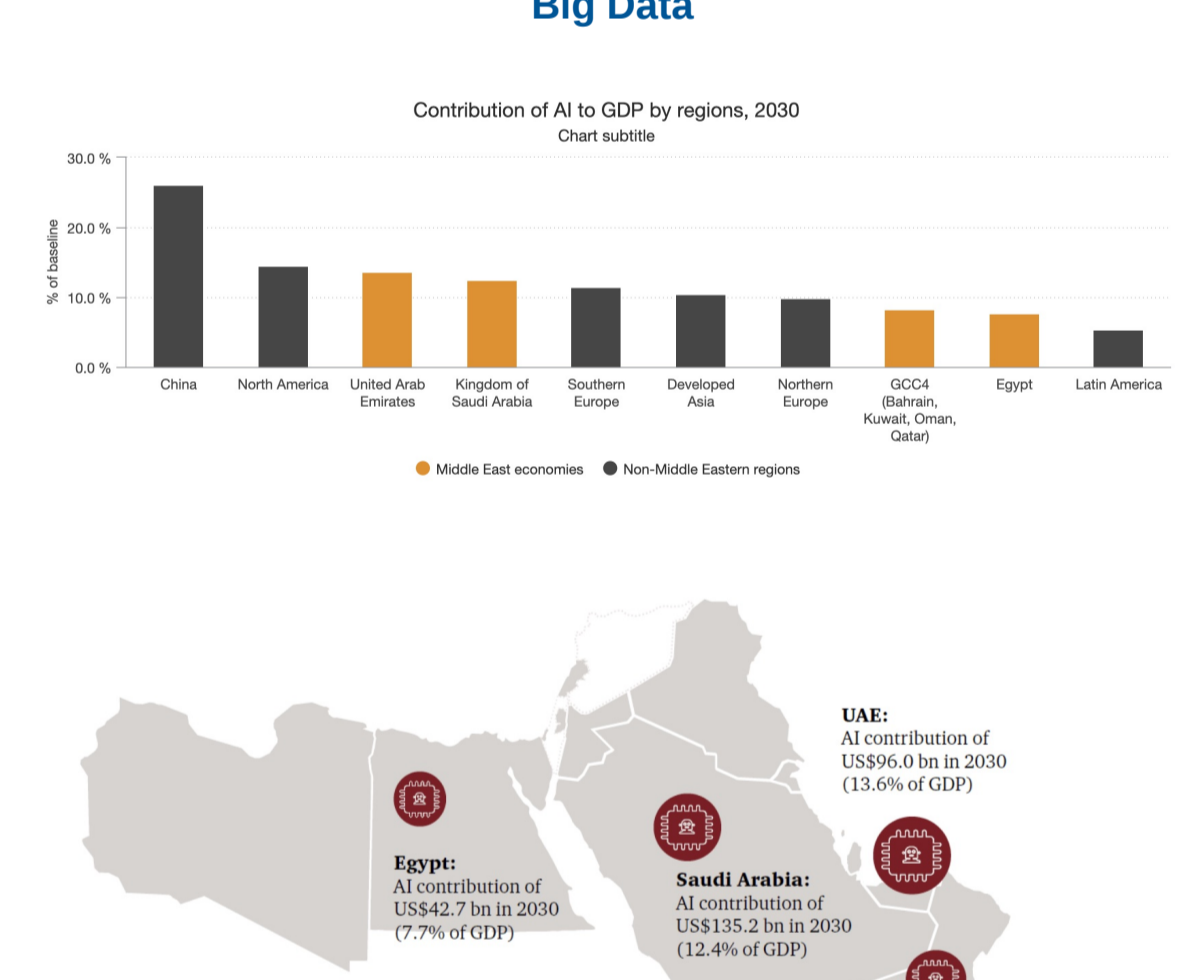
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On July 17th, the Atlantic Council's **empowerME Initiative**, in collaboration with the United States Embassy in the United Arab Emirates (UAE) and Abu Dhabi Global Market (ADGM), held a debut **workshop** in a series of four for the first ever Women Innovators Fellowship (Win) cohort in the country. The event focused on the significance of venture funding for women entrepreneurs in the UAE and took place both virtually and in-person at Abu Dhabi Global Market offices.

The panelists discussed their insights into the existing challenges facing women in the UAE when it comes to venture capital, examined the transformative impact of women-specific programs, and explored strategies for boosting female participation and leadership in venture and growth capital.

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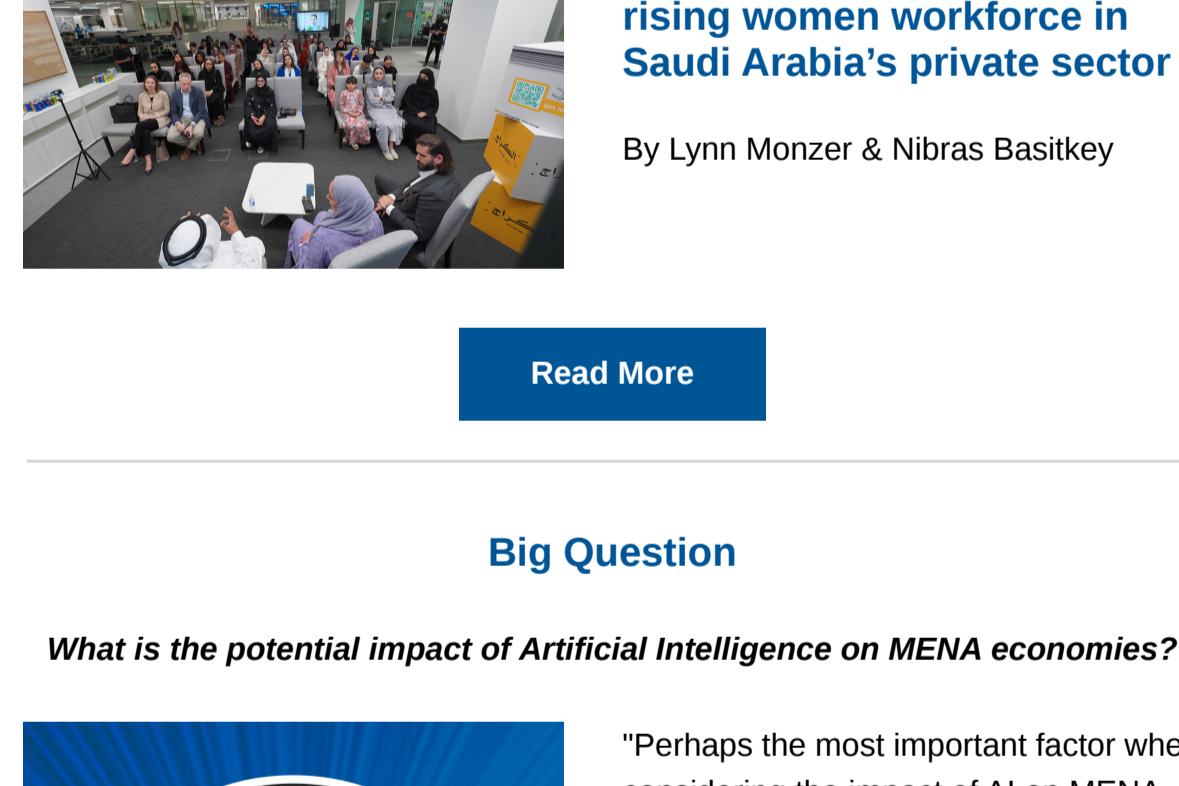


The Atlantic Council's **empowerME Initiative**, in collaboration with the US Embassy in Riyadh and PepsiCo, held the first **workshop** in a series of four events for the second cohort of the Win Fellowship launched in Saudi Arabia. The workshop took place on Tuesday, July 25th, from 12:00-1:00 pm ET/7:00-8:00 pm KSA Time and took place both in-person at The Garage in Riyadh and virtually, focusing on the recent labor market shifts in Saudi Arabia that have facilitated increased women's participation in the workforce, especially in the private sector.

The discussion focused various aspects related to the rising female workforce in Saudi Arabia and its implications for the private sector were explored. The panelists delved into the challenges and opportunities facing women in the workforce, the role of government policy in promoting female employment, and the importance of diversity and inclusion in the workplace. Meaningful insights were shared, shedding light on the transformative impact of women's increasing presence in the labor force and the positive changes it brings to the private sector.

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Big Data



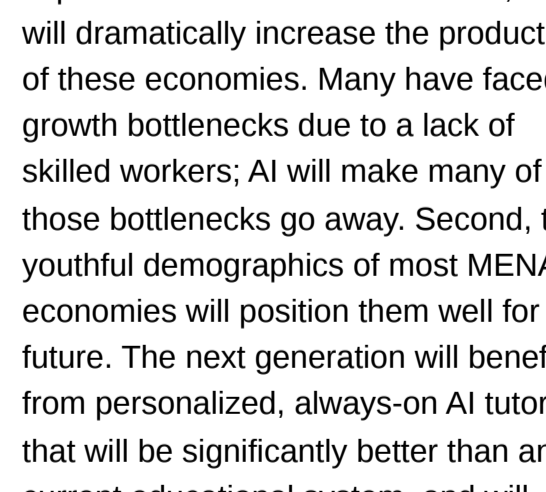
Source: [PWC](#)

In Case You Missed It...



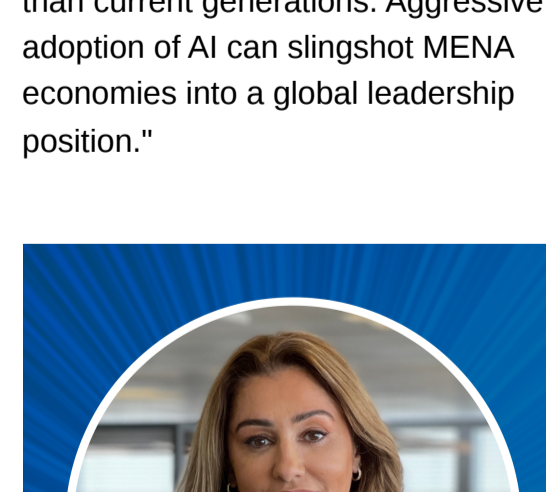
Bridging the gender gap in venture capital
By Lynn Monzer & Nibras Basitkey

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An overview of gender parity in Bahrain: Progress, challenges, and the path forward
By Lynn Monzer & Nibras Basitkey

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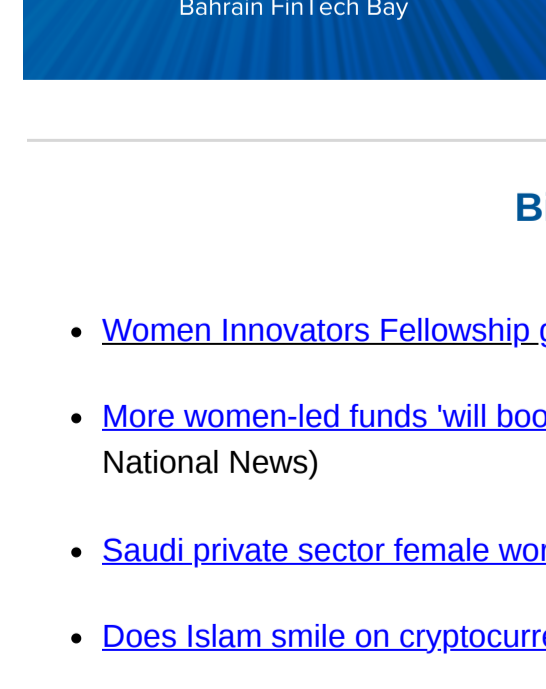


Empowering the future: The rising women workforce in Saudi Arabia's private sector
By Lynn Monzer & Nibras Basitkey

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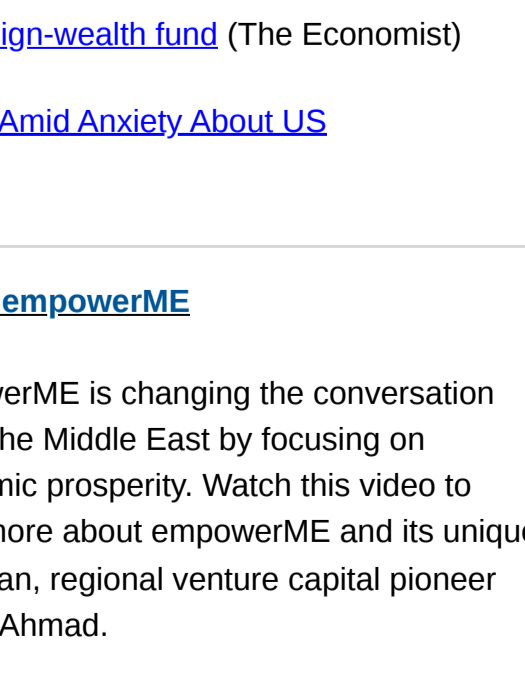
Big Question

What is the potential impact of Artificial Intelligence on MENA economies?



"Perhaps the most important factor when considering the impact of AI on MENA economies is the young age on age of the population. This age demographic presents both opportunities and challenges. There is an opportunity to proactively develop an "AI-ready" workforce—perhaps leveraging AI-enabled advances in education—and thereby grow the economy through technology-driven industries. Conversely, failing to educate and engage the youth while the growth of AI displaces lower-skilled job opportunities will lead to higher rates of unemployment, disengaged and dissatisfied populations, and slower-growing economies."

"Artificial Intelligence will have a disproportionate and massively positive impact on MENA economies. First, AI will dramatically increase the productivity of these economies. Many have faced growth bottlenecks due to a lack of skilled workers; AI will make many of those bottlenecks go away. Second, the youthful demographics of most MENA economies will position them well for the future. The next generation will benefit from personalized, always-on AI tutoring, that will be significantly better than any current educational system, and will likely be many times more productive than current generations. Aggressive adoption of AI can slingshot MENA economies into a global leadership position."



"In the MENA region, the implementation of AI technologies in financial services can play a crucial role in addressing challenges such as reducing the unbanked population and enhancing cross-border transactions, thereby driving greater economic inclusivity and prosperity in the region."

Big Reads

- [Women Innovators Fellowship gears up for 2023 cohort](#) (Arab News)
- [More women-led funds will boost female entrepreneurship in the UAE](#) (The National News)
- [Saudi private sector female workforce hits record 900,000](#) (Gulf News)
- [Does Islam smile on cryptocurrency?](#) (The Economist)
- [Meet the world's most flirtatious sovereign-wealth fund](#) (The Economist)
- [Middle Eastern Wealth Flows to China Amid Anxiety About US Ties](#) (Bloomberg)



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