

January 2024

Greetings from Washington.

As we bid farewell to a challenging 2023, ending with the Israel-Hamas war that threatens to expand across the region, chief economists are offering a mixed bag of predictions for the world economy in 2024. Overall, **56%** of them anticipate a weakening global economy, while 43% foresee either stable or improved conditions. This is a more optimistic view compared to last year when **63%** expected a global recession that did not materialize.

In terms of the Middle East and North Africa (MENA) region, the economic forecast for 2024 points to moderate growth. This year, **61%** of chief economists expect moderate or more robust growth in the MENA, a notable decrease from the **79%** who held this view in 2023.

However, the disparity in economic performance across MENA countries is striking: while some countries are facing significant challenges, others are experiencing rapid growth. Why is the economic outlook of the Middle East so divided?

The Gulf Cooperation Council (GCC) countries are expected to grow at a fast pace in 2024, expecting to average **3.5%** growth - much higher than the 0.8% recorded in 2023. This growth is mainly due to effective economic reforms, high oil prices and programs pushing toward economic diversification investment, especially in non-oil sectors like infrastructure and digital transformation. Growth in Bahrain, Kuwait, Qatar, and Oman is anticipated, but at a **slower pace**, as they continue to pursue diversification strategies.

Meanwhile, the Levant region remains volatile, high unemployment, inflation and macro-economic stagnation, with potential modest growth largely contingent on post-war recovery dynamics. In Lebanon, forecasts point to the potential for **1.4%** growth in real GDP, with actual household spending growing by **2%** year-over-year over 2024. However, this recovery is very fragile, given the country's severe economic and social conditions. In contrast, Jordan is likely to maintain a fair growth rate. National investment activities are expected to slow due to anticipated high borrowing costs, while other factors, including cooling inflation and delays in the phasing out of fuel subsidies, should support household spending growth, keeping growth around **2.5%**.

Several African countries, including those in North Africa, are predicted to see a resurgence in economic growth in 2024, according to the International Monetary Fund (IMF). Morocco is likely to see growth due to gradual reconstruction efforts and a robust agricultural sector. Its economic growth is expected to increase to **3.2%** from 2.9% last year. On the other hand, Egyptian economic growth will be slower than expected three months ago as purchasing power has declined due to inflation and as the country deals with the fallout from the Gaza crisis. The economists surveyed expect growth to be **4.15%**, lower than the **4.50%** expected before the Gaza war.

There are also some notable trends that could influence the economic landscape of the Middle East and North Africa (MENA) region in 2024, including:

- 1. Sovereign Wealth Funds Diversifying into the Southeast Asia market:** Sovereign wealth funds, particularly those in Saudi Arabia and the UAE, are increasingly investing in Chinese markets. This trend, driven by the desire to diversify beyond traditional Western markets, indicates a shift in the region's economic focus. These investments are expanding into sectors like technology and a growing interest in food security. However, challenges such as regulatory uncertainty and market exits remain concerns for these investments. Gulf wealth funds are also investing in a variety of Southeast Asian companies. For instance, the Qatar Investment Authority (QIA) is investing in tech companies in India and **Malaysia**, focusing on sectors like food delivery and education technology platforms.
- 2. Technological Advancements and Digital Infrastructure:** Technological advancements are expected to be a defining trend in the MENA region in 2024. This digital shift, particularly in artificial intelligence and digital infrastructure, fosters an enabling environment for tech startups and enterprise innovation, which may lead to the emergence of regional tech champions.
- 3. Economic Diversification:** The tourism and renewable energy sectors are anticipated to remain key engines of economic diversification in the region. These sectors contribute to sustainable growth and help reduce the region's reliance on its traditional oil-based economy. Investment in these areas also aligns with the broader goals of economic sustainability and environmental responsibility. Highlighting this trend, the UAE launched a **US\$30 billion** climate-focused investment fund at COP, underlining its commitment to renewable energy. Meanwhile, Saudi Arabia invested around **US\$40 billion** in its tourism sector in 2023. The revenue in the travel and tourism market in KSA is projected to reach **US\$4.335.00m** in 2024.

Sincerely,
Lynn Monzer
Associate Director, Win Fellowship, empowerME
Rafik Hariri Center for the Middle East
Atlantic Council

Upcoming Event

**BEYOND THE START-UP:
NAVIGATING SCALABILITY
FOR BAHRAINI WOMEN
ENTREPRENEURS BAHRAIN**

Wednesday, February 7, 10:00 a.m. (ET),
6:00 p.m. (Bahrain Time)

#WinFellowship

The Atlantic Council's **empowerME Win Fellowship**, in partnership with the U.S. Embassy in Bahrain and in-country partner Bahrain Fintech Bay, will be hosting a virtual **event** on Wednesday, February 7th, 10:00 am ET / 6:00 pm Bahrain time.

As Bahraini women entrepreneurs seek expansion beyond their borders, this event will delve into effective scaling strategies, network leverage, and investor attraction, featuring wisdom from experienced business leaders. Don't miss this opportunity to explore the avenues of business scalability in Bahrain and beyond.

To participate in this discussion, please register using the link below.

Register Here

**THE POTENTIAL OF
AI-BUSINESS DRIVEN
SOLUTIONS ON THE SME
INDUSTRY IN THE UAE**

Wednesday, February 21 | 10:00 a.m. (ET), 7:00 p.m. (UAE)

#WinFellowship

On November 28, The Atlantic Council's **empowerME Win Fellowship**, in partnership with the U.S. Mission in the UAE, US embassy in Saudi, U.S embassy in Bahrain, will host a virtual **event** on Wednesday, February 21st at 10:00 am ET / 7:00 pm UAE time.

This event will provide insight into how leveraging AI innovations in customer service, data analytics, marketing, and other forms of automation could supercharge SME growth and women entrepreneurship in the UAE.

To participate in this discussion, please register using the link below.

Register Here

Past Events

**DEMYSTIFYING
VENTURE CAPITAL**

Tuesday, December 12 | 11:00 a.m. (ET)

#WinFellowship

On December 12th, The Atlantic Council's **empowerME Win Fellowship**, in partnership with the U.S. Mission in the UAE, U.S. Mission in Saudi, U.S. Mission in Bahrain, and PepsiCo, held a **event** to discuss the venture capital ecosystem, its different stages, and the roles and expectations of VC investors.

The event featured a panel discussion moderated by **Amjad Ahmad**, Chairman of empowerME at the Atlantic Council. The panelists included **Amal Dokhan**, General Partner at 500 Global and **Tammer Qaddumi**, Co-Founder & General Partner at VentureSouq.

Watch Here

**DIGITAL TRANSFORMATION IN
SAUDI ARABIA AND ITS IMPACT
ON WOMEN**

Monday, January 29 | 11:00 a.m. (ET), 7:00 p.m. (KSA)

#WinFellowship

On January 29th, The Atlantic Council's **empowerME Win Fellowship**, hosted a **event** in partnership with U.S. Embassy Riyadh and PepsiCo, and in collaboration with its in-country partner American Chamber of Commerce Saudi Arabia, to delve into the transformative power of digital technology in Saudi Arabia's startup ecosystem and explore its impact on women entrepreneurs. This workshop will analyze the nuanced challenges and opportunities that women face in this evolving landscape. It aims to foster a comprehensive understanding of the intersection between gender, entrepreneurship, and technology.

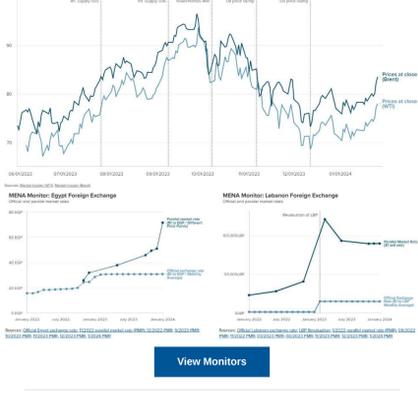
Opening remarks were delivered by **Amy Archibald**, Counselor for Economic Affairs at the U.S. Embassy in Riyadh. The event was moderated by **Maha Akeel**, Faculty Lecturer at Dar Al-Hekma University. The panelists included **Mohammed Aldossary**, Co-founder & CEO of Sary, **Manal AlNemari**, Consultant Digital Health Transformation HIS, PHCs Adoption and Utilization at the Saudi Arabia Ministry of Health; **Sarah Al-Husseini**, Head of Government A airs and Public Policy for Saudi Arabia at Google; and **Samia Jabeen**, Head Research Fellow, AI Research Center at Al Faisal Group, Saudi Arabia.

Watch Here

New Tracker

MENA Monitors: Oil & Foreign Exchange

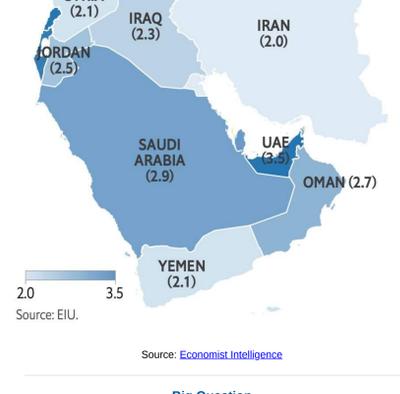
On our **MacroMENA** page, we're tracking oil price and foreign exchange fluctuations in key MENA countries amid escalating geopolitical and economic crises, including those in Egypt and Lebanon. Check out our **MENA Monitor trackers** to learn more!



View Monitors

Big Data

Middle Eastern economic growth, 2024
(real GDP; annual % change)



Source: [Economist Intelligence](#)

Big Question

What is your 2024 prediction about Middle East business or economy?



"The MENA market has emerged as a focal point for global investor interest in recent years. While we're yet to see this interest translate into a high volume of investments, a robust local network of founders and investors is propelling momentum. Based on MAGNITT's proprietary data, we've identified three key predictors for 2024. First, KSA is poised to dominate MENA in both funding and deals. Second, barring mega-deals, the market is likely to experience four consecutive quarters of flat funding levels. Lastly, we anticipate a rise in exits, particularly through local IPOs."

"The Israel/Palestine conflict is poised to have a substantial impact on the economies of the Levant, particularly given the lingering threat of a broader conflict. The UAE and Saudi Arabia are expected to remain attractive hubs for talent and business. The heightened volatility is likely to push oil prices upward, stimulating economic growth in the GCC. This surge is anticipated to result in increased investments in infrastructure, the establishment of new industries, and a focus on innovation. CC governments are likely to leverage these measures to enhance capacity, create employment opportunities, especially for the youth, and move closer to achieving economic diversification."

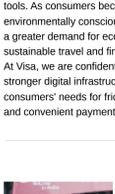


"I expect to see Middle Eastern countries expand their financial ties and economic relationships with China this year. Projects such as mBridge will continue to develop and China will continue to take opportunities to expand its reach in the region as the US clamps down on sanctions and export controls. Middle Eastern leaders will be watching what happens in the US elections as well as economic developments related to US competition with China, which will inform their business and investment decisions."

"In 2024, payment trends in the GCC will be influenced by open infrastructure, interoperability, and a global digital economy. Small and Micro Businesses will expand their reach and benefit from increased digitization, while generative AI will play a critical role in training fraud tools. As consumers become more environmentally conscious, there will be a greater demand for eco-friendly and sustainable travel and financial options. At Visa, we are confident of creating a stronger digital infrastructure that meets consumers' needs for frictionless, secure and convenient payments."



In case you missed it



The real reason the Saudi government is investing in sports. Hint: It's not to impress you.

By Stefanie Hausheer Ali and Jaime Stansbury

Read more

Decoding the dynamics of venture capital in the MENA region

By Diane Mohamed & Rachel Friedman



Read more

Big Reads

- [Saudi Arabia Overtakes the UAE in Middle East VC Fund Raising](#) (Bloomberg News)
- [Abu Dhabi Islamic Bank eyes corporate lending growth in 2024](#), [Saudi expansion](#) (Reuters)
- [Saudi Arabia's latest ties dip qatar has a recipe for chaos](#), (Financial Times)
- [MENA: Key themes 2024 – The GCC will defy the global slowdown](#) (Oxford Economics)
- [Five GCC economic themes to watch in 2024](#) (PwC)
- [Saudi Arabia estimates 2024 financing needs at \\$23 bln](#) (Reuters)



empowerME at the Atlantic Council's Rafik Hariri Center for the Middle East is shaping solutions to empower entrepreneurs, women, and the private sector and building influential coalitions to drive regional economic integration, prosperity, and job creation.

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