Abdulla Al Ghurair Foundation

IGNITE TechTalk Lebanon:

Empowering Youth in Lebanon through Digital Upskilling and Jobs

This paper is from the first regional Thought Leadership Series powered by the Abdulla Al Ghurair Foundation.

Executive Summary

Upskilling in digital technologies such as artificial intelligence, data analytics, cloud computing, and cybersecurity can equip Arab youth with the knowledge and expertise needed to thrive in today's digital age. To strengthen collaborations on upskilling the youth at scale in the Arab world, the Abdulla Al Ghurair Foundation co-hosted the IGNITE TechTalk Lebanon Conference with SPARK and the American University of Beirut in 2023.

Under its strategic pillar of Talent Development, the Foundation encourages multi-sector collaboration among the stakeholders to foster dialogues around challenges and opportunities for equipping the youth with digital skills for future work, with a particular focus on the context of Lebanon. According to the World Economic Forum's 2023 Future of Jobs report, tech adoption will remain a key driver of business transformation in the next five years, with more than 70% of organizations plan to adopt tools like big data, cloud computing, and AI to increase efficiency and productivity. Technology adoption and digital upskilling present a great potential to unlock some of the untapped talents among the youth. Identifying bottlenecks and ways to address them to guide investments in digital upskilling pose various possibilities to unleash new economic opportunities while empowering the youth and preparing them for the rapidly changing job market.[1]

1 World Economic Forum. (2023). The Future of Jobs Report 2023.

Executive Summary

Lebanon and the MENA region can greatly benefit from digital upskilling as it fosters economic diversification, supports entrepreneurship, and enhances employability in a rapidly evolving digital landscape. By equipping the youth with digital skills, the region can leverage technological advancements to drive innovation, create new job opportunities, and reduce the digital divide, ultimately contributing to sustainable economic growth and development.

To encourage digital upskilling in Lebanon and the MENA region, several key steps can be taken:

1. **Education and skill development:** enhance the education system and create partnerships with leading universities to focus on digital disciplines such as computer science, data science, and machine learning; and to encourage research and development in digital solutions.

2. **Industry-academia collaboration:** foster strong partnerships between academia and industry to bridge the gap between theoretical knowledge and practical application.

3. **Support startups and entrepreneurship:** establish a supportive ecosystem for startups and entrepreneurs by providing opportunities for incubators and accelerators focused on innovation.

4. **Policy and regulatory frameworks:** develop national strategies to promote digital transformation and drive AI innovation and adoption.

5. **Public awareness and ethical considerations:** raise awareness and educate the public about the importance of digital transformation, AI technologies, and high-quality data. This could help inform stakeholders about the potential benefits of digitalization and encourage them to develop ethical guidelines and frameworks for AI development and deployment.

By implementing these measures and encouraging the youth to take risks and pursue their goals, the MENA region can foster a thriving digitization ecosystem, attract talent and investment, and create opportunities for innovation and economic growth.

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Upskilling and Jobs in the Digital Age

Promoting digital upskilling in the Arab world can shape the region's future and drive its economic growth. With rapid advancements in technology and digitalization on a global scale, it has become important for individuals and organizations in the Middle East and North Africa (MENA) to build their digital skills to tap into new opportunities. Upskilling in digital technologies such as artificial intelligence (AI), data analytics, cloud computing, and cybersecurity can equip Arab youth with the knowledge and expertise needed to thrive in today's digital age.

Upskilling and Jobs in the Digital Age

The United Arab Emirates (UAE) Digital Economy Strategy sets the UAE as a catalyst for digital transformation in the MENA region. The strategy aims to increase the digital economy's contribution to the country's overall economic growth and foster innovation and entrepreneurship. According to the World Economic Forum's 2020 Future of Jobs report 84% of UAE businesses are trying to source candidates with relevant tech skills.[2] This commitment to digitalization positions the UAE as a global leader in the technology and digital sectors, creating opportunities for knowledge sharing and collaboration with other countries in the region to ultimately improve the youth's livelihoods through upskilling, enhancing digital talents, promoting workplace readiness, and encouraging the development of digital solutions and services for job creation.

As part of its constant endeavors to support the youth in the Arab region and scale the successful UAE practices, the Abdulla Al Ghurair Foundation capitalizes on its multi-stakeholders engagements and shares the culmination of those expertise.
In order for the digital transformation to flourish in Lebanon, it is crucial to address the following topics:

- Artificial intelligence and generative models.
- The digital work trend.
- Digitalization for small and medium enterprises' growth.

The Challenging Case of Lebanon

The COVID-19 pandemic and the Beirut port explosion in 2020 significantly impacted the economy and infrastructure, exacerbating existing vulnerabilities. Efforts to implement crucial reforms have been challenging, affecting international confidence.

Environmental challenges and the responsibility of supporting a large refugee population have placed additional pressure on resources, intensifying economic and social difficulties. These factors collectively contribute to a complex crisis, highlighting the need for multifaceted solutions to address the country's myriad challenges.

3 Reuters. (2023). As Economy Worsens, Lebanese Juggle Dizzying Rates for Devalued Pound.

The Challenging Case of Lebanon

High unemployment rates, especially among the youth, have also been a persistent challenge. In 2022, youth aged between 15 to 24 years old unemployment in Lebanon recorded an unprecedented rate of 47%.[4] The economic downturn caused job losses, limited job creation opportunities, and a rise in informal employment. Lack of job prospects, economic uncertainty, and political instability have driven many Lebanese to emigrate in search of better prospects, resulting in a loss of human capital and talent as the youth seek more promising opportunities abroad. In recent years, Lebanon has also emerged as one of the most impacted host countries for vulnerable communities, as it has opened its doors to1.5 million refugees from Syria, resulting in additional strain on its resources and infrastructure.[5]

Given this unsteady and challenging ecosystem, Lebanon faces several challenges in empowering its youth for better economic development. Lebanese youth encounter structural barriers to accessing opportunities and reaching their full potential. Limited job opportunities, coupled with a mismatch between educational offerings and job market needs, make it difficult for the youth to find sustainable employment.

4 Central Administration of Statistics and International Labour Organization. (2022). Lebanon follow-up Labour Force Survey January 2022.
5 United Nations Lebanon. (2023). Lebanon Emergency Response Plan 2023.

"Demand for access to quality higher education in the region far exceeds what AUB and its sister universities can meet. That's why we're very fortunate to partner with the Abdulla Al Ghurair Foundation and SPARK, who specialize in creating opportunities for people who are at a structural disadvantage, who are vulnerable"

Dr. Fadlo Khuri

President of the American University of Beirut

Nomu Initiative for the Lebanese Context

In light of its success, the Abdulla Al Ghurair Foundation is broadening its efforts in digital upskilling, scaling the UAE Nomu Initiative in Lebanon. Directly translating to "growth", the initiative was launched in 2022 with a main mission to equip 25,000 Emirati and Arab youth with information, skills, and tools needed to succeed in today's digital economy by 2025. The Initiative provides the youth with market-driven and industry-led educational and upskilling opportunities to ultimately create learning pathways for job seekers and increase their global competitiveness.

Investing in digital upskilling in Lebanon can help create an enabling environment for innovation and technology-driven industries, which can unlock opportunities for youth employment and economic growth. As digital transformation continues to reshape industries, individuals equipped with digital skills are more likely to secure high-quality jobs and enjoy better career prospects.

Nomu Initiative for the Lebanese Context

Bridging the gap between the demand and supply of skills can provide an opportunity for the Lebanese youth as well as vulnerable communities in Lebanon to access international markets and seize opportunities to improve their lives. According to the World Economic Forum's Upskilling for Shared Prosperity 2021 report, wide-ranging investment in upskilling has the potential to boost global GDP by $6.5 trillion by 2030.[6] Digital upskilling fosters innovation and entrepreneurship by empowering individuals to leverage technology to create new products, services, and business models. This, in turn, could contribute to economic growth and diversification, driving Lebanon closer to being a knowledge-based economy.

Nomu Initiative by Abdulla Al Ghurair Foundation

21,000+
youth supported since
2022

58% Females
42% Males

9 out of 10
surveyed graduates reported a positive career
outcome and an enhanced career readiness

6 World Economic Forum and PwC. (2021). Upskilling for Shared Prosperity.

"Technology continues to rapidly advance and change, and we need to be able to help young people acquire the necessary skills to adapt and succeed in this changing economy. We need to look at how we can maximize the youth's untapped potential, particularly in entrepreneurship, innovation, and development. As enablers in this space, both with our partners, the Foundation finds it imperative to prepare youth with the skills, knowledge, and mindset needed to partake in this competitive economy."

Danah Dajani

Senior Vice President of Partnerships and Programs
The Abdulla Al Ghurair Foundation

Upskilling the Arab Youth to Excel in the Digital Age

There is an increasing need to focus on innovative, action-oriented approaches to preparing the youth in Lebanon for catching up with the digital era so they can gain in-demand skills, access jobs and networks, and develop entrepreneurship opportunities to create new jobs.

Several areas of focus were identified to empower the youth and foster an enabling ecosystem for them to excel in the digital space; some of these areas include:

- Developing In-demand Skills
- Closing the Gap between Educational Institutions and Jobs
- Localizing Solutions for Upskilling
- Reducing the Digital Divide
- Leveraging Opportunities for Outsourcing
- Increasing the Availability of Vocational Training
- Encouraging Philanthropies to Invest in Research and Development Grants
- Strengthening the Innovation Pipeline

Upskilling the Arab Youth to Excel in the Digital Age

Developing In-demand Skills

Transferable Skills: Ensuring that the youth have soft skills can help them excel in several sectors they may choose to pursue. These "21st century skills" include critical thinking, teamwork, adaptability, communication, and problem-solving, among others. Globally, the highest priority for skills training from 2023-2027 is analytical thinking, which is set to account for 10% of training initiatives, on average.[7]

Financial Literacy: Educating the youth on digital currency and cryptocurrency to help them access new markets can be a useful tool to attain. Supporting social innovation skills and helping the youth efficiently manage their income is also important.

Leadership: Schools and universities in the region need to actively teach students to become leaders. Breaking down the concept of leadership, and coupling it with ethics, integrity, and values, is crucial to ensure the youth are equipped with skills that are highly demanded in the labor market.

Closing the Gap Between Educational Institutions and Jobs

In developing innovative ways to bridge education and the job market, it is important to be more intentional about educating for this explicit purpose. The private sector and higher education institutions should engage in deeper, more meaningful conversations about how university students can be better prepared at a younger age for the job market.

Starting early and engaging with students from kindergarten until grade twelve can be transformative. Including K-12, higher education, private sector, and civil society in common dialogues can encourage collaborations across the continuum and transform efforts to bridge education and employment. Current efforts focus on adolescents and university years, but the sooner stakeholders think about issues that should be tackled through education, the better outcomes and impacts will be achieved.

7 World Economic Forum. (2023). The Future of Jobs Report 2023.

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"In universities, we accept students who finished twelve years of schooling, and those twelve years are the base of who these students are as people; they're the base of their mindsets. I think you can definitely build skills and shift mindsets at the higher end level, but you can do a lot more for mindset shifting at the high school level because those are formative years."

Dina Sherif

Executive Director of the Legatum Center for Development and Entrepreneurship at Massachusetts Institute of Technology (MIT) and Founding Partner of Ahead of the Curve Consultancy

Upskilling the Arab Youth to Excel in the Digital Age

Localizing Solutions for Upskilling

When assessing effective upskilling programs, it is important to note that what works in one context may not necessarily work in another, especially when addressing the needs of the youth in vulnerable communities. Programs are most effective when they focus on enabling the youth to assess available opportunities, identify the skills they need to become productive, and leverage the resources in hand. According to a UNDP survey with 70 youth entrepreneurs in Lebanon (aged 18 to 40), around 50% perceive chances for expansion in two localized key sectors: agri-food processing (47%) and recycling and upcycling (46%).[8] Finding ways to harness human entrepreneurial potential, especially among marginalized groups, therefore requires innovative and contextualized thought processes.

Reducing the Digital Divide

Increasing accessibility and ensuring that digital transformation is beneficial to all sectors in society is important. Even though women make up 39% of the global workforce, they account for only 25% of STEM jobs.[9] According to the same research conducted with approximately 10,000 employees in STEM and non-STEM jobs across several G20 countries, 77% of women in STEM emphasized the importance of skills programs with real-life applications. Upscaling and rescaling trainings can be helpful to encourage more female students to pursue studies in STEM and technology. Digital transformation and technology also offer great opportunities to reach girls and women, who may have been unreachable before due to mobility constraints or restricting social norms. Being pragmatic and purposeful when designing digital programs to give women more agency to overcome the digital divide in gender is essential.

Leveraging Opportunities for Outsourcing

Outsourcing can help drive job creation, especially for vulnerable communities inside and beyond Lebanon. Creating a network to support vulnerable youth, particularly to have access to social entrepreneurship, social innovation, and the opportunity to learn about digital literacy and technology is at the core of UNICEF's mission in Lebanon.

For that reason, UNICEF is powering a platform, B.O.T., to increase vulnerable youth's access to outsourcing opportunities to develop their skills while working online. The platform is an example of how innovative approaches can be key drivers for economic development and job creation in the Arab world, and how upskilling and access to broader markets can provide an opportunity for the youth in vulnerable communities to progress and develop their skills.

8 UNDP Lebanon. (2022). Lebanon›s Youth: Barriers for Growth and Unfolding Opportunities.
9 Women's Forum for the Economy and Society. (2021). Unlocking Women's Leadership through STEM Skills Programmes.

Upskilling the Arab Youth to Excel in the Digital Age

Increasing the Availability of Vocational Training

Increasing vocational training to fill in jobs that are essential for the economy is also important for empowering the Arab youth. Many stakeholders now realize that although digitalization replaces some jobs, there will continue to be a need for vocational jobs. By investing in Technical and Vocational Education and Training (TVET) to equip the youth with skills needed for essential industries, vocational programs can contribute to increasing the supply of skilled workers and in turn boost productivity, innovation, and competitiveness.

Encouraging Philanthropies to Invest in Research and Development Grants

Creating an ecosystem that is deeply integrated to promote innovation-driven entrepreneurship requires financing. Despite progress in the technology and digitalization space, Lebanon, and the MENA region more broadly, lack wider investments in research and development grants that encourage innovation-driven entrepreneurship. These grants should target school and university levels and should be mainstreamed and commercialized to identify talents and encourage innovation.

Upskilling the Arab Youth to Excel in the Digital Age —————————

Strengthening the Innovation Pipeline

Capital flows where there is opportunity and where ideas stand out. Developing the youth's skills to produce a higher quality pipeline of ideas can cause an increase in venture capital. Offering holistic approaches to supporting the development of innovation in Lebanon and the region can encourage the youth to tap into new areas of opportunity.upskilling and access to broader markets can provide an opportunity for the youth in vulnerable communities to progress and develop their skills.

Key insights for creating an effective enabling environment and strengthening the innovation pipeline.

Promoting and stimulating entrepreneurship with role models and businesses

Embedding entrepreneurship teaching in compulsory education

Purposing entrepreneurship training outside formal education

Offering entrepreneurship coaching and mentoring

Improving access to finance

Supporting the development of entrepreneurship networks

Overall, empowering the youth in Lebanon and the region through upskilling and innovation requires joint efforts between several entities, including schools, universities, private sector companies, philanthropies, and government agencies. Though seemingly challenging, investing in upskilling the youth will equip them with necessary knowledge and skills to adapt to evolving industries, enhance their competitiveness in the global market, and foster overall economic growth in Lebanon and the region.

Leveraging Artificial Intelligence (AI) and Generative Models for Job Creation

Some 23% of jobs are expected to change by 2027, with 69 million new jobs created and 83 million eliminated.[10] Ongoing advancements in AI and the widespread availability of generative models promise accelerated economic growth for Lebanon and the MENA region more broadly. Although these technologies are often viewed as a threat to jobs, particularly white-collar jobs, the exponential pace at which these technologies are evolving also offers unique opportunities for job creation.

10 World Economic Forum. (2023). The Future of Jobs Report 2023.

Leveraging Artificial Intelligence (AI) and Generative Models for Job Creation

Views from the AI sector highlighted advancements in, as well as actionable recommendations for upskilling the workforce with AI knowledge to promote career advancement and excellence.

Improving Opportunities in AI Innovation

Reshaping education systems: Although teaching tech skills in the region is focused on individuals learning in the STEM field, it should actually be extended to learners in all sectors. From the perspective of businesses, those who do not invest in AI technologies will likely lose their competitiveness in the coming years. Reshaping education systems and curriculums to integrate AI education, data literacy, and machine learning into programs need therefore be a key priority for advancing the digital economy. In Lebanon, a key recommendation is to create incubation centers in universities, leveraging their resilient infrastructure and standing as credible institutions, as well as their talent and research output, to support entrepreneurial activity.[11]

Awareness raising: A primary challenge in adopting AI in Lebanon and the region is an overwhelming lack of data culture. Raising awareness and informing companies about the importance of data is an essential first step in improving opportunities for AI innovation in the region. Building data culture, providing training, and demystifying AI by teaching coding and robotics to students at a young age would also help the youth adapt as this technology evolves.

Increasing funding opportunities: Funds generally support low-risk projects. Dedicating funds to potentially risky yet innovative startups that intend to leverage AI methods to develop should be a priority for international organizations as it can help improve the landscape for AI innovation in the region. Close coordination between national visions and the entrepreneurship ecosystem while funneling more funding towards innovation will build a momentum to shape the future of AI application in Lebanon.

11 Konrad-Adenauer Foundation and Arabnet. (2022). Braving the Storm Safeguarding the Lebanese Innovation Economy.

Leveraging Artificial Intelligence (AI) and Generative Models for Job Creation

Helping Small and Medium Enterprises (SMEs) Leverage AI

Encouraging adaptation: The growth of AI will have varying effects on SMEs, as some companies will expand while others might cease to exist. To ensure SMEs are on the growth trajectory, they must be flexible, adaptable, and open to incorporating constantly evolving methods into their systems and processes. Awareness, upskilling, and ensuring that companies are deploying AI tools will contribute to their survival, as companies actively using AI to expand will inevitably have an advantage over SMEs that rely on more traditional methods for growth.

Investing in employees: According to the Future of Jobs 2023 report, training workers to utilize AI and big data ranks third among company skills-training priorities in the next five years and will be prioritized by 42% of surveyed companies.[12] Investing in digital upskilling of employees can transform the performance of competitiveness of businesses on a fast track. Employees who can leverage AI to be more productive and efficient can ensure that their companies continue to thrive in today's digital economy and market.

Incorporating AI strategies in business models: All SMEs will need to restructure their business models to incorporate a strategy for AI adoption and continued use. Large enterprises are proactively building AI and data science teams and investing in computing infrastructure. Developing a clear vision, strategy, and regulatory framework is therefore essential for all SMEs. These should include considerations on how to maintain models and data to ensure privacy, transparency, and ethical use of the technology.

12 World Economic Forum. (2023). The Future of Jobs Report 2023.

Leveraging Artificial Intelligence (AI) and Generative Models for Job Creation

Utilizing AI to Build Capacities

Personalization: Individuals in various industries should actively think about ways they can augment their productivity and optimize their time using AI. Platforms of AI can provide personalized and adaptive learning experiences tailored to the needs and learning style of different individuals. Youth are encouraged to embrace technology and to learn how it can be leveraged to augment their skills.

Intelligent tutoring systems: AI-based tutoring systems can provide guidance and support to individuals, as these systems can analyze performance, identify areas for improvement, and offer targeted resources and exercises to enhance understanding and skill development. For instance, AI offers every student the opportunity to always have a personal private tutor available to guide them through their learning process. By leveraging AI technologies and platforms in any domain, individuals can enhance their learning experiences, acquire new skills, and develop capacities that are highly relevant in the rapidly evolving digital age.

To conclude, it is advisable for all youth aspiring to excel in today's digital age to adopt a lifelong learning mindset; engage in continuous learning; attend talks; and participate in webinars to enhance knowledge and develop expertise. The path forward is to enrich creativity while focusing on empathy, ethics, responsibility, and culture, because these are the values that differentiate humans from machines.

The Revolutionary Potential of the Digital Work Trend

The digital work trend has revolutionized the modern workforce, offering unprecedented flexibility and opportunities for remote work. With continuously advancing technology, individuals, particularly the youth, can collaborate easily across borders and time zones, enabling global connectivity and access to diverse talent pools. According to a report by Buffer on State of Remote Work with 3,000 remote workers from around the world revealed that 91% of survey respondents enjoyed working remotely, with flexibility listed as the biggest benefit. The digital work trend has also paved the way for the rise of freelancing and gig economy, providing the youth with greater autonomy and the ability to pursue multiple projects and diverse income streams.[13]
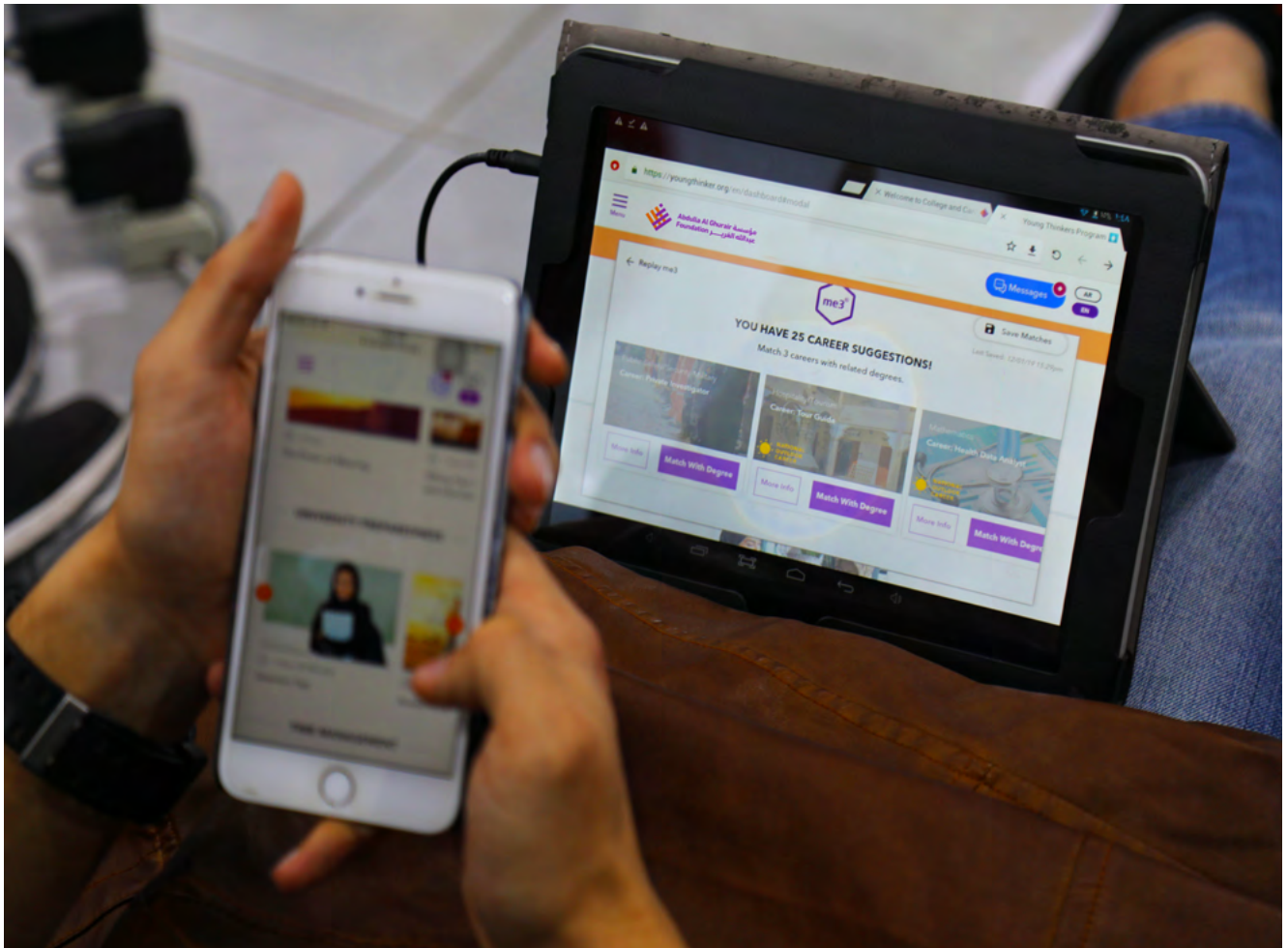
13 Buffer. (2023). State of Remote Work Report.

"We are currently living through profound shifts characterized by rapid advances in technology and automation, shifting away from conventional employment and traditional office setups and towards digital and remote work. Tech advancements like AI, automation, and digital platforms are reshaping every aspect of our lives; and employment is no different. According to the World Economic Forum's 2023 Future of Jobs, tech adoption will remain a key driver of business transformation in the next five years. Although this creates many opportunities, the shortage in digital skills is still a very pressing challenge that needs to be addressed."

Malakeh El Haj

Vice President of Knowledge and Innovation
The Abdulla Al Ghurair Foundation

The Revolutionary Potential of the Digital Work Trend —————————

Insights from the social enterprise, university, and non-governmental sectors have highlighted challenges and opportunities that contribute to the success of future generations, the growth of the workforce, and the overall progress of regional and global economies.

Considerations for Upskilling the Lebanese Youth

According to a survey by Forward MENA, around 88% of Lebanese tech companies surveyed are not able to find the talent they are actively looking for. Responding to the needs of local and global markets and creating programs that can increase the youth's employability and competitiveness is a priority in the context of Lebanon. Although Lebanese graduates were initially placed into jobs in Lebanon, many are now leveraging the opportunity to work remotely while based in Lebanon. Upskilling the youth and ensuring they are equipped with digital skills will help them pursue opportunities in international markets.[14]

The university's perspective emphasized the importance of shifting mindsets and showcasing role models for high school students as they decide on their future majors. In contexts where parents play a major role in decision-making processes around educational attainment, involving parents is crucial to ensure high school graduates enter majors that prepare them for market demands. Upskilling can also support youth who have the will, drive, and commitment needed to shift careers.

Preparing future generations to be tech-oriented requires fostering several elements that are essential to acquire in order to develop a generation that is curious, driven, and has the mindset to absorb and digest advancements in technology. These elements are:

- Multi-lingual Proficiency
- Digital Literacy
- Career Guidance
- Exposure and Nurturing Curiosity
- Access to Digital Infrastructure

While considering methods for upskilling, it is important to recognize that vulnerable communities face further structural challenges, as they may lack professional networks and access to resources that could help them understand the demands of the job market. It is equally important to ensure that effective protection schemes are in place to safeguard job seekers from potentially exploitative working conditions.

14 Forward MENA (in World Bank Blogs). (2023). Lebanon: Survey Reveals Gaps between Education and the Job Market.

"Career guidance plays a very important role now more than ever before. Students who are getting into university and picking their majors need better sensitization and awareness of the types of majors that will lead to employment."

Zeina Saab

Founder of Nawaya Network and SE Factory

The Revolutionary Potential of the Digital Work Trend ———————

Fostering Collaboration Among Various Stakeholders

Collaboration among different parties can play a crucial role in upskilling the youth by bringing together the expertise and perspectives necessary for comprehensive skill development. Coordination to combine resources and market Lebanon as a destination for outsourcing tech talents can help reverse the brain drain and bring expats who have successful businesses abroad back to Lebanon or the region.

Regarding scholarships, two key players should guide the direction of investments: the private sector and the government. On the one hand, the private sector should make the changing demands of the job market salient; while on the other hand, governments should raise awareness on the value of upskilling and provide the essential infrastructure needed to modernize curricula and prepare students for 21st century job markets and societies.

Educational institutions, businesses, government agencies, and community organizations can collaborate to design and implement tailored upskilling programs that align with industry needs and address the evolving job market. By combining their efforts and working collaboratively, these parties can create a holistic ecosystem that supports the Lebanese youth in acquiring relevant skills, accessing training opportunities, and connecting with employment prospects.

The Opportunities and Challenges of Digitalization for SME Growth

Digitalization can greatly support SME growth by enhancing operational efficiency, expanding market reach, and fostering innovation. Through the adoption of digital tools and platforms, SMEs can streamline their business processes, automate tasks, and optimize resource allocation, leading to cost savings and increased productivity. Digital channels can also allow SMEs to access a wider customer base, engage in e-commerce, and target specific market segments, enabling them to expand their market reach and compete on a larger scale.

In alignment with the opportunities of digitalization, policymakers in the MENA, Afghanistan and Pakistan regions have been formulating policies and designing programs to develop SMEs with a view to creating jobs and achieving inclusive growth.[15] In Lebanon, small businesses encounter various challenges and opportunities in digitalization, aiming to improve efficiency and foster growth.

15 IMF. (2020). Harnessing Digital Technologies to Promote SMEs and Inclusive Growth in the MENAP Region.

The Opportunities and Challenges of Digitalization for SME Growth

Challenges impeding digitalization and the growth of SMEs in Lebanon

In the context of Lebanon, the following challenges, among others, tend to hinder the growth of SMEs:

Lack of technical and digital skills among young entrepreneurs.

Absence of adequate financial resources to support digitizing schools to introduce essential tools to students at a young age.

Decline in yearly total investments in local startups in Lebanon, falling by more than 70% between 2017 and 2021, from $54 million to $16 million.[16]

Shortages in the supply chain due to the pandemic and the financial crisis.

Insufficient infrastructure and frequent power cuts.

Sharing experiences, joining accelerator programs, and adopting a flexible mindset can help young entrepreneurs build business models that respond to these structural challenges. Synergies and collective work among SMEs in common sectors can be helpful; and it is highly recommended for young entrepreneurs to meet, mentor, guide, train, and provide advice to one another.

Entrepreneurs should also test different digitization tools before implementing them to ensure that they leverage the tools that best align with their business strategies. When considering automation, it is advisable to begin utilizing digital tools for administrative and marketing functions to develop learnings, then focus on digitizing management systems.

16 Konrad Adenauer Foundation and Arabnet. (2022). Braving the Storm Safeguarding the Lebanese Innovation Economy.

The Opportunities and Challenges
of Digitalization for SME Growth

Gaps and considerations for young entrepreneurs

Recognizing the multi-faceted challenges that the youth face to launch an enterprise and ensure its growth, below are some of the key insights from the SMEs sector on key factors for young entrepreneurs to consider in creating a successful business:

1. Enhance entrepreneurs' skills in marketing-related fields and encourage aspiring entrepreneurs to acquire these skills at the educational level through enrolling in relevant courses in universities.

2. Seek customized knowledge, and training in customer relationship management to complement their technical expertise and ensure that they are able to acquire new customers and retain existing ones.

3. Embrace human resources practices from the beginning as solo entrepreneurship proved inefficient and could lead to burnout. Building a team and searching for individuals who specialize in certain areas is crucial to ensuring the growth and sustainability of businesses.

4. Strategize on digital transformation of businesses as e-commerce and digital trade are expected to be adopted by 75% of businesses.[17] Businesses should transform their operations digitally to leverage online platforms to increase their reach and access broader markets. They should also develop pricing strategies and adequate financial knowledge to ensure the profitability of their SMEs when accessing global markets.

17 World Economic Forum. (2023). The Future of Jobs Report 2023.

Moving Forward

In sum, Lebanon and the MENA region can greatly benefit from digital upskilling, as it fosters economic diversification, supports entrepreneurship, and enhances employability in a rapidly evolving digital landscape. By equipping the youth with digital skills, the region can leverage technological advancements to drive innovation, create new job opportunities, and reduce the digital divide, ultimately contributing to sustainable economic growth and development.

"There is a tremendous opportunity out there with digitalization and job creation; and it is necessary to create the momentum and mobilize all the support that is needed for innovations and digital solutions to thrive."

Michel Richter

Director of Programs, SPARK

Moving Forward

To encourage digital upskilling in Lebanon and the MENA region, several key steps can be taken:

1. **Education and skills development** through enhancing the education system and creating partnerships with leading universities to focus on digital disciplines such as computer science, data science, and machine learning.

2. **Industry-academia collaboration** that fosters strong partnerships between academia and industry to bridge the gap between theoretical knowledge and practical application.

3. **Support startups and entrepreneurship** with the aim to establish a supportive ecosystem for startups and entrepreneurs by providing opportunities for incubators and accelerators focused on innovation.

4. **Policy and regulatory frameworks** and development of national strategies to promote digital transformation and drive AI innovation and adoption.

5. **Public awareness and ethical considerations** that educates the public about the importance of digital transformation, AI technologies, and high-quality data. This could help inform stakeholders about the potential benefits of digitalization and encourage them to develop ethical guidelines and frameworks for AI development and deployment.

By implementing these measures and encouraging the youth to take risks and pursue their goals, the MENA region can foster a thriving digitization ecosystem, attract talent and investment, and create opportunities for innovation and economic growth.

Annex:

The conference high-level panel titled "Empowering the Arab Youth: Upskiling and Jobs in the Digital Age" featured the following speakers:

- Dina Sherif, Executive Director of the Legatum Center for Development and Entrepreneurship at MIT and Founding Partner of Ahead of the Curve Consultancy;
- Georgie Varisco, Chief of Youth and Adolescence Unit at UNICEF Lebanon;
- Achraf Bouali, Head of the Organization for Economic Co-operation and Development, Istanbul Center; and
- Omar Christidis, Founder and Chief Executive Officer at Arabnet (moderator)

The first break-out panel titled "AI and Generative Models: Disruptions and Opportunities for Job Creation" featured the following speakers:

- Christophe Zoghbi, Founder and Chief Executive Officer of Zaka;
- Roula Moussa, Chief Executive Officer of Netways and AI Venture Labs;
- Manal Jaloul, Founder and Chief Executive Officer of AI Lab; and
- David Munir Rabti, Co-Founder and Chief Executive Officer of Bloom (moderator)

The second break-out panel titled "The Digital Work Trend" featured the following speakers:

- Sarah Shedeed, Head of Scholarships at Jusoor;
- Zeina Saab, Founder of Nawaya Network and SE Factory;
- Imad ElHajj, Associate Dean for Academic Transformation at the American University of Beirut; and
- Malakeh El Haj, Vice President of Knowledge and Innovation at the Abdulla Al Ghurair Foundation (moderator)

The third break-out panel titled "Digitalization for SME Growth" featured the following speakers:

- Jessica Said, Deputy Director of the Nawaya Network
- Mahmoud Said, Chief of Projects Officer of AlMoltaqa
- Hanine Ghannam, Founder of Mortben
- Issam Srour, Director of Al Ghurair Digital Hub and Professor at Maroun Samaan Faculty of Engineering and Architecture (moderator)

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