

# **AI ADOPTION IN THE MIDDLE EAST**

**Big Leaps, Shortcomings &  
New Opportunities**



Across the Middle East, governments and businesses alike are investing heavily to embed Artificial Intelligence (AI) into the region’s economic transformation agenda. Yet, the region faces an adoption paradox. While **AI experimentation is nearly universal**, only a minority of organizations have translated pilots into measurable business outcomes.

A 2024 global study found that just

**22% of organizations worldwide**

had advanced beyond proof-of-concept to generate tangible AI value, and a mere

**4% were effectively scaling AI**

across business functions.<sup>1</sup>



The Middle East reflects this pattern—ambitious at the strategic level, but uneven in execution. Despite strong interest in generative AI and other advanced technologies, relatively few GCC organizations are deriving full-scale value: many remain in early stages of deployment, grappling with infrastructure, governance and talent bottlenecks.

## I. National Strategies

Governments have elevated artificial intelligence from a technological curiosity into a core pillar of their long-term economic and societal transformation programs. The United Arab Emirates, Saudi Arabia, and Qatar are spearheading the effort, driven by national visions that link AI to competitiveness, sustainability, and diversification.

<p><b>National Strategy</b></p>	 <p><b>AI Strategy 2031</b></p> <p>The nation aims to become one of the world's leaders in AI by 2031, aligning with its Centennial 2071 vision for national advancement.</p>	 <p><b>National Strategy for Data and AI (NSDAI)</b></p> <p>Forms a key component of the Kingdom's broader Vision 2030 transformation agenda.</p>	 <p><b>National AI Strategy (QNAI)</b></p> <p>The strategy aims to position Qatar as a knowledge-based economy in line with its National Vision 2030.</p>
<p><b>Objectives</b></p>	<p>Embed AI across government, transport, education, and health, supported by the <b>Mohamed bin Zayed University of Artificial Intelligence (MBZUAI)</b> and <b>Dubai's Future Foundation</b>.</p>  	<p>Leveraging AI-enabled sectors to diversify the economy, drive productivity, and build national capacity in data and AI, driven by the <b>Saudi Data &amp; AI Authority (SDAIA)</b> and large-scale smart city projects such as NEOM.</p> 	<p>Emphasizing ethical AI, research-driven innovation and cross-domain applications, leveraging partnerships with <b>Qatar Computing Research Institute (QCRI)</b> for application in energy, sports and health-care.</p> 
<p><b>Market Growth</b></p>	<ul style="list-style-type: none"> <li>▶ <b>13.6% of GDP by 2030</b> (approximately USD \$96 billion)<sup>2</sup></li> <li>▶ <b>20% of non-oil GDP by 2031</b><sup>3</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>12.4% of GDP (USD \$135 billion)</b><sup>4</sup>.</li> <li>▶ <b>Attract SAR 75 billion in data &amp; AI investment.</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Lever for economic and social transformation</b> across the four pillars (economic, human, social and environmental development) in the <b>Qatar National Vision</b>.</li> <li>▶ <b>Attract international investment by aligning regulations with US/EU norms.</b></li> </ul>

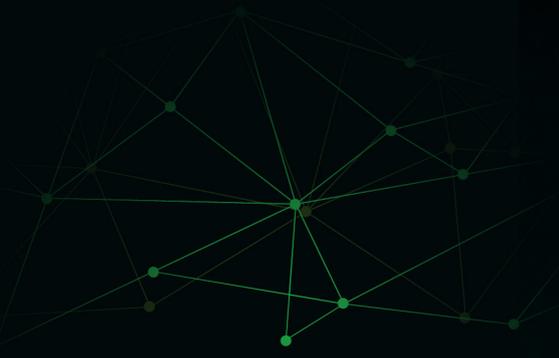
These national strategies reflect the region's broad commitment to AI as a foundational pillar of future-growth architecture, where the potential economic impact could reach **US \$320 billion** by 2030 under the right conditions.



<sup>2</sup> AI expected to contribute over \$96 billion to the UAE's GDP by 2031 – Khaleej Times

<sup>3</sup> Inside UAE and Dubai's Bold AI Strategy – Digital Bricks

<sup>4</sup> Artificial Intelligence Can Contribute \$135 Billion to This Country's GDP by 2030 – The Fintech Times



## II. AI Growth Sectors in the Middle East

### Emerging Frontiers and Investment Drivers

#### A. Government Initiatives and Smart Cities

In the Middle East, the deployment of artificial intelligence is increasingly shifting from isolated pilots to sector-specific scaling across public infrastructure, smart cities and urban systems. Governments in the region are harnessing AI not only to automate existing processes but to redefine the shape and functioning of cities, mobility, utilities and citizen services.



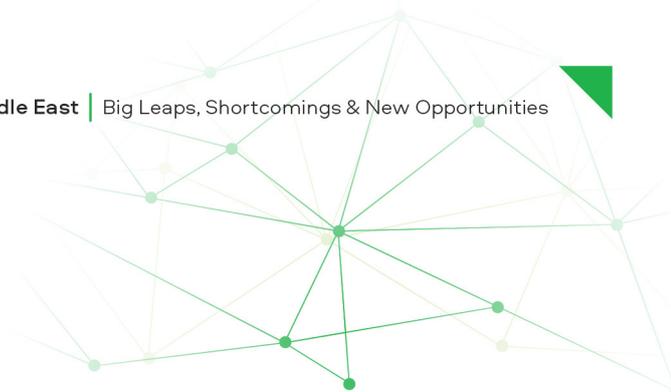
The UAE's government is a **global benchmark for AI-enabled public services**, leveraging its scale, infrastructure and strategic partnerships to accelerate adoption and attract talent:

- The federal **Smart Sustainable Cities program** discloses that Dubai is transforming approximately 1,000 government services across six key sectors into intelligent, integrated digital platforms.
- Dubai has launched the **Dubai AI Roadmap and the Dubai Paperless Strategy** under the Digital Dubai Office, enabling more than 130 initiatives to date around data, blockchain, AI and smart-service delivery.
- **The city of Abu Dhabi is targeting to become the world's first fully AI-powered government by 2027**, with an estimated investment of USD 13 billion in digital transformation including AI, cloud and automation tools. Its Smart City initiatives employ AI-driven traffic management and predictive analytics for energy consumption.



In Saudi Arabia, **NEOM—one of the most ambitious smart-city initiatives in the world**—integrates AI across city operations; from autonomous transport systems to digital twin modeling of urban systems, making it a living laboratory for applied AI at scale:

- Within NEOM, the **The Line project** (a 170-km linear city) uses digital-twin simulation to design and manage the entire built environment and mobility infrastructure.
- NEOM further emphasizes **AI & advanced robotics and adaptable connectivity** for 5G+ as core pillars of its technology-and-digital sector.



## B. Energy and Industrial AI

In the industrial domain, major energy corporations in the region are among the world's leading industrial AI adopters, illustrating how AI is moving beyond cost-reduction toward value creation, enabling strategic operational models that link analytics, real-time insight and proactive decision-making:



### Saudi Aramco

Deploying Digital Twin platforms and predictive maintenance programs across its asset base, reducing operational downtime and improving lifecycle management. One deployment reportedly helped to increase production while reducing power consumption by **18%**, maintenance costs by **30%** and inspection times by approximately **40%**<sup>5</sup>. Aramco's announced partnership with **Qualcomm Technologies** to develop edge AI and industrial IoT solutions highlights its progress from pilot to scale: asset-monitoring, anomaly detection, digital-worker tools and private 5G integration are among the use-cases deployed.



### Abu Dhabi National Oil Company (ADNOC)

The Panorama **Digital Command Center** aggregates real-time data across 14 subsidiary and joint-venture companies, and uses analytics, AI and big-data models to generate operational insights, enhancing asset productivity and energy efficiency. In 2023, ADNOC disclosed that more than 30 AI tools deployed across its value-chain generated around US **\$500 million in new value and helped abate ~1 million tons of CO<sub>2</sub> emissions**.

## C. Financial Services

Within the Middle East, the banking and financial-services sector is evolving rapidly from traditional models of service delivery toward AI-powered platforms that enable new value pools. This shift positions AI not merely as a cost-reduction tool, but as a strategic driver of value creation through customer intelligence, automation and digitized competitive advantage. Regional banks are using AI to personalize customer experience and automate risk management:



Emirates NBD's **Eva chatbot** manages over a million customer interactions annually, reducing routing errors by 73% and cutting digital-service time by ~50 % compared to legacy IVR systems<sup>6</sup>.



Saudi National Bank deploys **AI for smart credit underwriting**, indicating substantial gains in operational performance and decision-making time.

In parallel, the AI-in-Finance segment in the region is projected to grow substantially from USD 625 million in 2023 to USD 4,704 million by 2032 (a CAGR of 25.1 %) <sup>7</sup>, with AI in the GCC banking sector potentially adding 13.6% to regional GDP by 2030<sup>8</sup>.

<sup>5</sup> Digital Transformation in Oil & Gas Industry – Industry EMEA

<sup>6</sup> Emirates NBD leverages on virtual assistant for phone banking optimization – The Asian Banker

<sup>7</sup> Growth, Share, Opportunities & Competitive Analysis, 2024-2032 – Credence Research

<sup>8</sup> Middle Eastern banks are set for an AI makeover – World Economic Forum

### III. Spotlight on a Strategic Breakthrough

#### Saudi Arabia’s Arabic Language Model

A major regional milestone in AI adoption is the development of an **Arabic-first large language model** (LLM) in Saudi Arabia—a concrete example of domestic capability creation within the region. The company **Humain**—backed by the **Saudi sovereign wealth fund** (PIF)—has launched the conversational AI platform **HUMAINChat**, powered by the model **ALLAM34B** (“Allam”).

#### Key Attributes of Allam:



Allam 34B is described as **“Arabic-first, yet bilingual”** (Arabic + English), trained on one of the largest Arabic-language datasets ever assembled.

It supports Arabic speech input across multiple dialects, **bilingual switching**, **real-time web search**, and is hosted entirely in Saudi infrastructure, aligning with data-sovereignty goals.

The development of Allam signifies a move from **importing language models to developing them domestically**. This shift has two implications:

Appropriation for Arabic-speaking populations (dialects, culture, local context).

Regional countries gaining more control over the data, governance, and value capture.

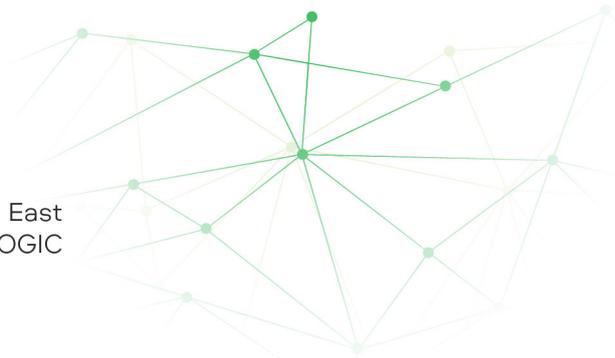
From an adoption perspective, this is a positive sign: the model provides a platform on which enterprises, governments and developers can build **Arabic-centric AI applications** (customer service, government services, language analytics) rather than relying entirely on English-centric global models.

This breakthrough therefore underscores a strategic pivot: **localizing AI capabilities to cultural, linguistic and regulatory contexts of the Middle East**, thereby enhancing relevance, trust and sovereignty.





## IV. Where AI is Falling Short in the Region



Despite considerable progress, many organizations across the Middle East continue to struggle to shift from experimentation to scaled impact. LOGIC Consulting identifies several recurrent failure patterns:

- A. Large enterprises that are achieving unprecedented growth in technology are still **struggling with data silos and fragmented data ecosystems**. While they may have advanced analytics pilots, they often lack unified data architecture, integration across business units, or effective data stewardship to support enterprise-wide AI.
- B. Organizations tend to underestimate the importance of organizational readiness in terms of people’s capabilities. Global research shows that **70% of AI success depends on people & processes**<sup>9</sup>, not just technology. Surveys in the region also show that although **65% of MENA CEOs report they are pushing their organization to embrace generative AI** (surpassing the global average of 61%)<sup>10</sup>, **only 23% prioritize talent strategy** for AI transformation —revealing a gap between intention and capability.
- C. Pilot fatigue is widespread, whereby organizations run **isolated AI pilots without clear alignment to strategy and business value**, leading to insufficient pipeline momentum for scaling.
- D. The ecosystem for AI remains under-developed relative to leading markets: **synergy between research institutions, start-ups, corporates and regulators is still forming**, unlike the stronger collaborative models seen in Southeast Asia or North America. In the Gulf context, governance frameworks are evolving, but there remains **a need to link innovation with industrial adoption**, start-up velocity and regulation in a coherent ecosystem.

Moreover, while the Middle East & Africa AI market is projected to grow strongly from **~USD 16.96 billion in 2024 to ~USD 288 billion by 2033, a 36% CAGR**<sup>12</sup>, the growth is heavily weighted toward infrastructure and early-stage deployments. Only a subset of countries serve as strong AI-computing nodes—limiting the diffusion of capability across the broader ecosystem.

<sup>9</sup> Center People and Processes in Your Next AI Implementation - Propeller

<sup>10</sup> 30 Interesting Artificial Intelligence Statistics About the MENA Region [2025] – Digital Defynd

<sup>11</sup> e& and IBM study focuses on MENA’s opportunity to lead AI transformation despite tech readiness challenges – IBM

<sup>12</sup> Middle East & Africa Artificial Intelligence Market Size & Outlook – Grand View Research



## V. The Road Ahead

### From Pilots to Value at Scale

For the Middle East to realize AI's full economic promise, estimated at **hundreds of billions of dollars** of GDP impact by 2030, organizations must move beyond experimentation to **enterprise-wide AI-enabled transformation**.

### LOGIC's AI Adoption Playbook

Drawing on global frameworks and regional dynamics, LOGIC Consulting recommends five key imperatives:



#### Strategic Alignment

Define a bold, multi-year AI vision firmly anchored in business strategy. AI initiatives must tie directly to business value rather than being driven by technology.



#### Capability Building

Invest in people, process redesign and organizational change, not just platforms or tools.



#### Measurement and Scaling Discipline

Measure diligently, iterate rapidly and scale selectively — establishing value before scaling broadly.



#### Ecosystem Maturity

Build data infrastructure, governance, and ethics frameworks to enable scalable, responsible infrastructure and resource readiness exert the strongest influence on successful AI implementation, but governance mechanisms, talent readiness and policy maturity also significantly affect outcomes.

The Middle East has the resources, vision, and ambition to lead the global AI transformation. Domestic breakthroughs (such as the Allam model) and increasing organizational maturity signal that the region is well-positioned to make AI a sustainable growth engine. The critical challenge now lies in execution. If regional leaders can translate their strategies into disciplined scaling, culture change and ecosystem building, AI can genuinely deliver on its promise for productivity, innovation, and competitiveness across the Middle East.

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