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Business

## BUSINESS BRIEFING ON DIVERSITY & INCLUSION IN IRAQ

OPEN FOR BUSINESS | APRIL 2024

### Summary

**As a coalition of global companies, we welcome the signs of stability in Iraq and support the country's efforts to create economic growth. We believe it is important to draw attention to the economic and business case for diversity and inclusion in Iraq. In particular, the evidence shows that policies designed to exclude minorities such as the LGBTQ+ community have a negative impact – not only on people, but on business performance as well as national economic competitiveness. Discrimination against LGBTQ+ communities costs state economies billions of dollars annually and acts as a brake on economic diversification and growth. We assess that the proposed amendments to the Anti-Prostitution law would undermine the confidence of potential international investors and corporations currently doing business in Iraq. As the government of Prime Minister Mohammed Shiaa al-Sudani seeks to diversify Iraq's economy, reduce poverty, and create job opportunities for Iraq's youth, the Open For Business coalition urges politicians to prioritize policies that foster a thriving national economy.**

### Context

We are a coalition of businesses from the technology, industrials, airline, financial services, healthcare, consumer products, entertainment and consulting sectors. This briefing is intended to inform deliberations on amendments to the Anti-Prostitution Law (1988), which would be renamed the Anti-Prostitution and Homosexuality Law and would criminalise same-sex relationships and transgender identities. The new law would severely limit the human rights of lesbian, gay, bisexual, transgender, queer or non-binary (LGBTQ+) persons. This document outlines why the proposed amendments are detrimental to the economic well-being of Iraq and are a significant concern for global businesses operating or planning to invest in the country.

### Business commitment to diversity and inclusion

The amendments to the Anti-Prostitution law run counter to the interests of business operating in Iraq or considering investments in the country, according to the evidence and experience of the Open For Business coalition. Businesses are committed to diversity and inclusion because it strengthens their performance: success depends upon the welfare and morale of all employees, without distinction. There is strong evidence that companies with a strong culture of workplace inclusion have more engaged and productive employees - and as a result are more innovative, more competitive, and have stronger financial performance.

Open For Business is concerned about the impact of the amendments, if passed into law, on doing business in Iraq. Employees, colleagues, suppliers, investors and customers who might be from sexual or gender minorities would be forced to hide their identities, and therefore providing support and information to these communities would become impossible. This contradicts global standards of best practice for running a productive, innovative and successful business.

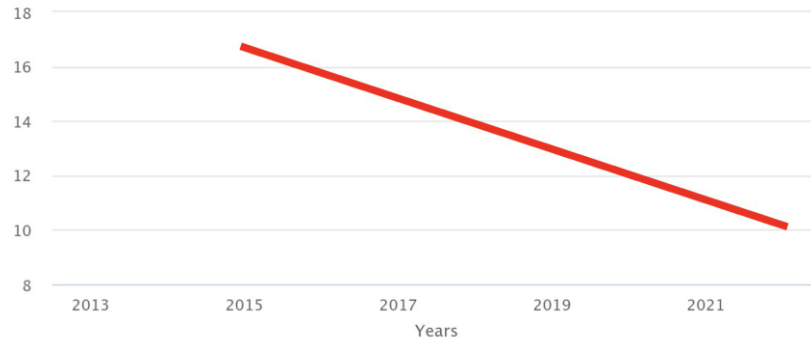
### **Economic implications of the Bill**

As one of the world's most oil-dependent nations, Iraq needs to diversify its economy – an objective described by the World Bank as “urgent”<sup>i</sup>. The country is overwhelmingly reliant on hydrocarbon resources for exports and government revenues, and yet it accounts for only a small percentage of total employment. As a result the country is facing high levels of unemployment, particularly youth unemployment, as well as a high proportion of people living below the poverty line.

Given these challenges, Iraq needs to prioritise national policies that foster a prospering economy. Economic diversification is recognised as a political and economic imperative: this means growing a vibrant small and medium enterprise sector, developing higher-value industry sectors and increasing export competitiveness in non-oil sectors. However, **the Bill threatens to undermine Iraq's attractiveness as a place to do business**. It may make it harder to implement the country's economic policy of strengthening human capital and attracting Foreign Direct Investment. The Open For Business coalition would like to draw attention to the strong economic case against the Bill:

**LGBTQ+ inclusion is associated with higher levels of Foreign Direct Investment**. Iraq has been referred to as “the final frontier” for foreign investment<sup>ii</sup>. Attracting international investors is a central pillar of the government's economic strategy, but the country is struggling to attract diverse FDI into the non-oil economy<sup>iii</sup>. Evidence shows that this is typical for less open and inclusive markets. Globally, countries that do not criminalize consensual same-sex relations attract 4.5 times more foreign investment on average than countries that do criminalize this community<sup>iv</sup>.

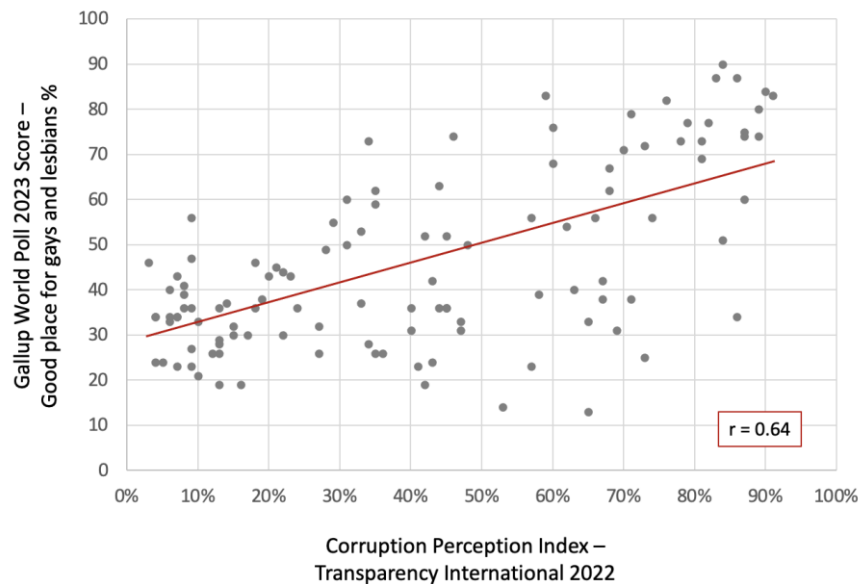
**LGBTQ+ inclusive economies have stronger 'innovation ecosystems'**. Evidence suggests that LGBTQ+ inclusive economies have higher levels of entrepreneurialism, greater concentrations of talent and skills, and clusters of high-value industries<sup>v</sup>. In the most recent Global Innovation Index (GII)<sup>vi</sup>, Iraq scores 11.9 against a global medium of 28.8. Further, ‘Business Sophistication’ in Iraq appears to be in decline, according to the GII: Innovation goes hand-in-hand with LGBTQ+ inclusion: none of the twenty topmost innovative economies have laws criminalising same-sex relationships<sup>vii</sup>.



**Global Innovation Index (2023): declining Business Innovation in Iraq, as measured by skilled workers, innovation linkages and knowledge absorption<sup>viii</sup>.**

**LGBTQ+ inclusive economies are more competitive.** Economic stability and growth will require that Iraq is better able to perform competitively in the global economy. However, according to the most recent Competitive Industrial Performance Index (CIP), the country currently ranks 150 out of 153 countries. Evidence shows that there is a strong correlation between competitiveness and LGBTQ+ inclusion<sup>ix</sup>.

**LGBTQ+ discrimination goes hand-in-hand with corruption.** Corruption has been described as “the forgotten legacy” of the invasion of Iraq<sup>x</sup>. Prime Minister Mohammad Shiaa Al-Sudani has described corruption as “no less serious than the threat of terrorism.”<sup>xi</sup> LGBTQ+ inclusion is a signal that a country may be a non-corrupt place to do business. There is a strong correlation (0.64) between Transparency International’s Corruption Perception Index and the Gallup World Poll on “Good place for gays and lesbians”. Of course, this does not imply any direct causal link but it does strengthen the proposition that LGBTQ+ discrimination often goes hand-in-hand with corrupt practices and a lack of openness.



**Strong correlation between LGBTQ+ inclusion and the absence of corruption.**

**LGBTQ+ inclusive countries are better able to lift people out of poverty.** An analysis of GDP per capita data shows strong correlations with LGBTQ+ rights. A regression analysis of the data demonstrates that a 10% gain in LGBTQ+ rights correlates with a USD 3,693 gain in GDP per capita<sup>xii</sup>. For Iraq, LGBTQ+ inclusion can be part of a successful economic development strategy, which may lift more people out of poverty.

**LGBTQ+ discrimination is associated with 'brain drain'.** Iraq has a decades-long problem with brain drain. Research shows that academics, scientists and high-skilled workers were disproportionately subject to kidnap, arrest and killing during the country's periods of conflict and instability<sup>xiii</sup>. Understandably, many fled the country. Today, many educated young people are likely to seek opportunities abroad. Evidence shows that countries which are not open and inclusive are more likely to lose their most talented citizens, and will find it harder to attract them to return<sup>xiv</sup>. This applies not only LGBTQ+ individuals who may feel it is necessary to make a life outside of Iraq, but to all skilled workers.

**LGBTQ+ criminalisation diminishes tourism.** Iraq's government recognises the economic opportunity represented by tourism; work is underway to build new hotels and improve accessibility to tourist sites and heritage buildings. It may be a long time before Iraq becomes a mainstream tourist destination, but already the ruins of the world's earliest cities and empires, as well as vast desert and marshland ecosystems, are starting to attract early-adopter travellers.



However, strong evidence shows that many travellers are deterred by anti-LGBTQ+ laws. More than HALF (51%) of U.S. and U.K. travellers would be UNLIKELY to go on holiday to a country that has anti-homosexuality laws, according to Open For Business research<sup>xv</sup>. Open For Business data in the Caribbean found the laws criminalise LGBTQ+ people have a significant cost on tourism, and countries which are now repealing these laws are benefiting from a "decriminalisation dividend"<sup>xvi</sup>.

This indicates that the proposed amendments would have significant impacts on any prospects for developing a tourism industry in Iraq.

Finally, analysis by Open For Business has estimated the cost of LGBTQ+ discrimination in a number of countries. For example, in Kenya LGBTQ+ discrimination costs the economy up to USD 1.3 billion annually<sup>xvii</sup>; in the English-speaking Caribbean, the cost is up to USD 4.2 billion annually.<sup>xviii</sup> A 2015 World Bank study found that LGBTQ+ discrimination cost the Indian economy 1.7% of its GDP.<sup>xix</sup> India has since decriminalised same-sex activity, citing the economic case against discrimination as one of many reasons.

This evidence suggests that the proposed amendments to the Anti-Prostitution law will create harm Iraq's economic growth and foreign investment. In addition, evidence shows that discrimination against LGBTQ+ people will diminish their ability to participate fully and equally in economic life, both in the formal and informal economy. LGBTQ+ Iraqis already disproportionately face socio-economic challenges as compared to other Iraqis, resulting in poor health and education outcomes and poor productivity at work. The Bill also goes against the promise of the Sustainable Development Goals (SDGs) which is to 'leave no one behind'.<sup>xx</sup>

## Conclusion

Global business and investors have a shared interest in the country’s economic development and prosperity. However, the proposed amendments to the Anti-Prostitution law would undermine the confidence of international investors and corporations doing business in Iraq. Given the economic challenges currently facing Iraq and concerning levels of poverty, the Open For Business coalition urges politicians to prioritize policies that foster a thriving national economy. For our coalition, this is not a question of politics, but of sound business judgment.

**ABOUT OPEN FOR BUSINESS**

[Open For Business](#) is a coalition of leading global companies dedicated to LGBTQ+ inclusion. Open For Business builds the business and economic case for LGBTQ+ inclusion in challenging countries. We believe that inclusive, diverse societies are better for business and better for economic growth. Our coalition partners are listed below.

**Open For Business Coalition Partners**

<b>ABB</b>	<b>EY</b>	<b>McKinsey &amp; Company</b>
<b>Accenture</b>	<b>Google</b>	<b>Microsoft</b>
<b>American Express</b>	<b>GSK</b>	<b>Pinsent Masons</b>
<b>AT&amp;T</b>	<b>HSBC</b>	<b>PwC</b>
<b>BD</b>	<b>IBM</b>	<b>RELX Group</b>
<b>BlackRock</b>	<b>IKEA</b>	<b>Sidley Austin</b>
<b>Boston Consulting Group</b>	<b>Inditex</b>	<b>Unilever</b>
<b>Brunswick Group</b>	<b>JP Morgan Chase</b>	<b>Virgin Group</b>
<b>C&amp;A</b>	<b>LEGO</b>	
<b>Deloitte</b>	<b>LinkedIn</b>	
<b>Deutsche Bank</b>	<b>Linklaters</b>	
<b>DLA Piper</b>	<b>L'Oreal</b>	
<b>Dow</b>	<b>MasterCard</b>	

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