



BUSINESS STATEMENT ON THE ANTI-HOMOSEXUALITY BILL OF UGANDA

OPEN FOR BUSINESS | 28 March 2023

Summary

As a coalition of global companies – including those with operations and employees in Uganda – Open For Business is concerned about negative impacts of the Anti-Homosexuality Bill:

- Firstly, discrimination against LGBTQ+ people has a detrimental effect on employees and runs counter to the interests of businesses and economic growth in Uganda. The evidence shows that policies designed to exclude minorities such as the LGBTQ+ community have a real cost – not only on people, but on business performance as well as national economic competitiveness. There is a strong economic rationale for better inclusion in Uganda.
- Secondly, the Bill, if enacted, will make it a crime to pursue policies of diversity and inclusion in Uganda by making it illegal to provide information and support to LGBTQ+ employees. Further, it will compel companies to report those perceived to be LGBTQ+ to the authorities. This contravenes international standards of corporate responsibility and best business practice.

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 express our concern at the Anti-Homosexuality Bill (AHB), which proposes harsh penalties for people perceived to be lesbian, gay, bisexual, transgender, queer or non-binary (LGBTQ+) or those who support inclusion for LGBTQ+ people.

Economic implications of the Bill

In the view of this coalition, if enacted, the Anti-Homosexuality Bill (AHB) would **undermine Uganda's attractiveness as a place to do business and invest**, making it harder to implement the country's economic policy which prioritises economic diversification and attracting Foreign Direct Investment.

In the financial year 2022, Uganda's economy grew by 4.6%.¹ Whilst strong, the World Bank points out this is driven by debt-financed public spending. In order to maintain growth, an economic transformation is needed to stimulate private sector activity, raise levels of entrepreneurialism and increase human capital. The opportunity for Uganda is to foster a dynamic and diversified modern economy that is

¹The World Bank, Uganda Overview, 2023, <https://www.worldbank.org/en/country/uganda/overview>

attractive to investors, tourists and skilled workers. However, the evidence shows that LGBTQ+ discrimination is associated with negative economic outcomes:

LGBTQ+ inclusive economies are more competitive

Improving competitiveness will be key to Uganda's economic prospects, but according to The World Economic Forum's Global Competitiveness Index (GCI) 2019, the country ranked at 115 out of 140 countries². Evidence shows that there is a strong correlation between competitiveness and LGBTQ+ inclusion³.

LGBTQ+ inclusion is associated with higher levels of Foreign Direct Investment

Evidence shows that emerging markets which are less open and inclusive attract less Foreign Direct Investment. Globally, countries that do not criminalise consensual same-sex relations attract 4.5 times more foreign investment on average than countries that do criminalise this community⁴. In addition, there may be responses from many countries to the Bill, if enacted: the U.S., a strong economic partner for Uganda, has already cautioned that it is considering repercussions if the bill is signed⁵

LGBTQ+ inclusive cities have stronger economic growth

Urban economic development is a key part of Uganda's economic policy. LGBTQ+ inclusive cities have more robust "innovation ecosystems", higher levels of entrepreneurialism, greater concentrations of talent and skills, and clusters of high-value industries⁶. Increasing LGBTQ+ discrimination in Uganda may have negative economic implications for Kampala.

LGBTQ+ criminalisation diminishes tourism

Uganda, which is fondly referred to as "the pearl of Africa", has a lot to offer travellers, both leisure and business. This represents a significant economic opportunity. However, many travellers are deterred by anti-LGBTQ+ laws. Open For Business surveyed tourists from the US, UK and Canada about their likelihood to travel to a country before and after decriminalisation: 60% of the respondents said that they would visit, but *only after decriminalisation*⁷. Open For Business research 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"⁸.

LGBTQ+ inclusive countries provide citizens with a better standard of living

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

² TakeProfit.org, *Global Competitiveness Index*,

2023 [https://take-profit.org/en/statistics/competitiveness-index/uganda/#:~:text=Latest%20data%20on%20Competitiveness%20Index%20\(Index%20Points\)&text=The%20maximum%20rate%20was%2048.94,Yearly%20by%20World%20Economic%20Forum](https://take-profit.org/en/statistics/competitiveness-index/uganda/#:~:text=Latest%20data%20on%20Competitiveness%20Index%20(Index%20Points)&text=The%20maximum%20rate%20was%2048.94,Yearly%20by%20World%20Economic%20Forum)

³ Open For Business, *The Economic Case for LGBTQ+ Inclusion in Kenya*, 2019, <https://open-for-business.org/kenya-economic-case>

⁴ Open For Business, *The Economic Case for LGBTQ+ Inclusion in Uzbekistan*, 2021, <https://open-for-business.org/the-economic-case-for-lgbt-inclusion-in-uzbekistan>

⁵ Barrons, White House Warns Uganda Of Potential 'Repercussions' If LGBTQ Law Takes Effect, 23/3/2023,

<https://www.barrons.com/news/w-house-warns-uganda-of-potential-repercussions-if-lgbtq-law-takes-effect-ccc42055>

⁶ <https://open-for-business.org/city-ratings-2022>

⁷ Open For Business, *The Economic Case for LGBTQ+ Inclusion in the Caribbean*,

2021 <https://static1.squarespace.com/static/5bba53a8ab1a62771504d1dd/t/60db84d5290fbc1c10a48d12/1624999133012/The+Economic+Case+for+LGBT%2B+Inclusion+in+the+Caribbean.pdf>

⁸ IBID

gain in GDP per capita. LGBTQ+ inclusion can be part of a successful Ugandan economic development strategy.⁹

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 billion¹⁰; in the English-speaking Caribbean, the cost is up to USD 4.2 billion.¹¹ A 2015 World Bank study found that LGBTQ+ discrimination costs the Indian economy 1.7% of its GDP.¹² India has since decriminalised same-sex activity, citing the economic case against discrimination as one of many reasons.

This broad base of evidence suggests that criminalising LGBTQ+ people will create more economic harm than good. The Bill also goes against the promise of the Sustainable Development Goals (SDGs) which is to 'leave no one behind'¹³: 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, and wider society. The Bill, if enacted, will make it difficult to live up to the inspiring lines from the national anthem, quoted at the beginning of *Uganda Vision 2040*: "Oh Uganda! the land of freedom. Our love and labour we give."

Business commitment to diversity and inclusion

In addition to having a detrimental economic impact, the Bill, if enacted, would run counter to the interests of business in several other ways, according to the experience and evidence 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. 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.¹⁴

Open For Business has two specific concerns about the impact of the Bill, if enacted, on doing business in Uganda:

First, it will make it a crime to provide information and support to employees, colleagues, suppliers, investors, and customers who might be from sexual or gender minorities. This contradicts global standards of best practice for running a productive, innovative and successful business. In 2022 Uganda launched the National Action Plan on Business and Human Rights (drawing upon the 2011 UN Guiding

⁹ Open For Business, the Economic Case for LGBT+ Inclusion in Central and Eastern Europe, 2021, <https://static1.squarespace.com/static/5bba53a8ab1a62771504d1dd/t/60a17c1668856f2a6aad0bd2/1621195800968/The+Economic+Case+for+LGBT%2B+Inclusion+in+CEE+-+Final.pdf>

¹⁰ Open For Business, *The Economic Case for LGBTQ+ Inclusion in Kenya*, 2019, <https://open-for-business.org/kenya-economic-case>

¹¹ Open For Business, *The Economic Case for LGBT+ Inclusion in the Caribbean*, 2021 <https://static1.squarespace.com/static/5bba53a8ab1a62771504d1dd/t/60db84d5290fbc1c10a48d12/1624999133012/The+Economic+Case+for+LGBT%2B+Inclusion+in+the+Caribbean.pdf>

¹² M.V. Lee Badgett, *The Economic Cost of Stigma and the Exclusion of LGBT People: A Case Study of India*, World Bank Group Working Paper, no. 94040, The World Bank Group, 2014, <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/527261468035379692/the-economic-cost-of-stigma-and-the-exclusion-of-lgbt-people-a-case-study-of-india>

¹³ United Nations, *Global Sustainable Development Report*, 2023, <https://sdgs.un.org/gsdrgsd2023>

¹⁴ Open For Business, *The Economic and Business Case for LGBT+ Inclusion*, 2015, <https://drive.google.com/file/d/1o3cy98lk02yXOlrZMGqzFTpxBIPyhvsu/view>

Principles on business and human rights.)¹⁵ The Bill contradicts the National Action Plan, which includes an objective to promote social inclusion and rights of marginalised individuals in business operations.

Second, it will compel companies to report those perceived to be LGBTQ+ to the authorities. This will be unacceptable to businesses in our coalition, who are bound by international standards of corporate responsibility, as well as human rights laws of the countries in which they are headquartered. It also contravenes the right to privacy and is an infringement of the International Labour Organisation’s convention and infringes on basic freedoms and rights enshrined in the Ugandan constitution and law. The arduous task of providing evidence to prove LGBTQ+ identity or allyship is left unchecked/open to individual translation and therefore the bill leaves businesses and individuals alike, open and vulnerable to unfair and irresponsible competition and blackmail if accused of breaking any of the laws stated.

Conclusion

Businesses operating in Uganda want to see a thriving Ugandan economy. Open, inclusive societies are better for business and better for economic growth - that’s the conviction of many businesses, based on broad evidence and long experience. Diversity and inclusion are core principles of our coalition partners in the conduct of their businesses. This is not a question of politics, but of sound business judgement. For these reasons, the Anti-Homosexuality Bill is a concern for global businesses and investors operating or planning to invest in the country.

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 include:

ABB	Accenture	American Express
AT&T	BD	Boston Consulting Group
Brunswick Group	C&A	Deloitte
Deutsche Bank	DLA Piper	Dow
EY	Google	GSK
HSBC	IBM	IKEA
Inditex	JP Morgan Chase	KPMG
LEGO	LinkedIn	Linklaters
L'Oreal	MasterCard	McKinsey
Meta	Microsoft	Pinsent Masons
PwC	RELX Group	Sidley Austin
Standard Chartered	Unilever	Virgin Group
Wabtec Corp		

¹⁵ Uganda Ministry of Gender, Labour and Social Development, *Uganda National Plan on Business and Human Rights*, 2021 https://www.ohchr.org/sites/default/files/Documents/Issues/Business/NationalPlans/uganda_approved-national-action-plan-on-business-and-human-rights_august-2021.pdf