



KALEIDOSCOPE
INTERNATIONAL TRUST



**The Commonwealth
Equality Network**

IPF ECONOMIC EXCLUSION

**STUDY ON THE ECONOMIC COST OF LGBTI+
EXCLUSION IN THE COMMONWEALTH**





1. INTRODUCTION

LGBTI+¹ exclusion creates a substantial financial cost to the global economy and compromises our collective well-being. This holds true whether we refer to the direct costs involved in putting LGBTI+ people behind bars due to their gender or sexual identity — as opposed to having committed an actual crime as recognised by international law — or indirect costs that result from different forms of socio-economic exclusion that prevent an individual from fully realising their potential and contributing to the national income.

Legal and economic data from countries across the Commonwealth provide substantial evidence that if LGBTI+ people are denied their rights — which are universal human rights — it leads to economic harm that impacts wider society. In particular, the ability of LGBTI+ people to contribute to the economy is constrained by violence, denial of education, workplace discrimination, and disproportionate lack of access to medical services.²

Empirical studies show that LGBTI+ inclusion through education, social welfare, and access to health services and the ability to earn a livelihood creates conditions which enhance the generation of financial resources (national income, tax funds and other public funds) that can then be used to address larger national financial objectives. In effect, the 'business case' and the 'moral case' for LGBTI+ inclusion are not mutually exclusive.³

The Commonwealth Equality Network (TCEN), consisting of over 60 member organisations representing 47 Commonwealth countries, is the first civil society network to sustainably advocate on behalf of LGBTI+ people in the Commonwealth. The network is committed to addressing these inequalities through research and advocacy in policy forums and was accredited to the Commonwealth in 2017. Kaleidoscope Trust, as host to the TCEN Secretariat, is equally committed to advance the network's objectives of advocating for LGBTI+ inclusion.

This study, commissioned by the Trust, proposes that LGBTI+ inclusion can be a useful strategy not just for LGBTI+ communities, but also to promote larger economic recovery. As such, a roadmap for a post-COVID-19 world must include promotion of legal protections for the rights of LGBTI+ people and ensure that the benefits of such inclusion reach the most deprived sections among the LGBTI+ communities.

¹ LGBTI+ stands for lesbian, gay, bisexual, transgender and intersex; the 'plus' sign is inclusive of asexual, pansexual, gender fluid, questioning, queer and other non-normative gender and sexuality groups.

² Badgett, M., Waaldijk, K., and van der Meulen Rodgers, Y. (2019). The relationship between LGBT inclusion and economic development: Macro-level evidence. *World Development*. 120:1-14.

³ Houdart, F. (2020). Is LGBTI equality good for business or the right thing to do? Available from: <https://outleadership.com/insights/is-lgbti-equality-good-for-business-or-the-right-thing-to-do/>

2. CONTEXT

The cost of LGBTI+ exclusion has been highlighted throughout the COVID-19 pandemic and its associated lockdowns. Reports from across the Commonwealth and the world throw light on how the pandemic has affected LGBTI+ communities beyond the direct impact of the virus. For example:

- In Canada, LGBTI+ people experienced enhanced minority stress, which adversely impacted their mental health.⁴
- Rapid survey series of seven states in India undertaken by a group of civil society organisations documented increased domestic violence faced by transgender persons (along with cisgender women of all sexual orientations). Data from 10 helplines showed that instances of domestic violence committed by the natal family more than doubled in the period from 25 March to 24 June, 2020 compared to 1 January to 31 March, 2020.⁵
- In the UK, charity LGBT Foundation's helpline saw an 88% spike in calls related to homelessness in the period from 23 March to 12 April, 2020 compared to the three weeks prior.⁶
- In an assessment among transgender women in Pakistan conducted by the Ministry of Human Rights and UNDP, the respondents prioritised access to medicines and psycho-social counselling as among the most pressing needs that had emerged from the impact of the pandemic.⁷

These reports need to be considered with the understanding that, of the 54 member nations of the Commonwealth, 35 continue to criminalise consensual same-sex activities between adults.⁸ Even in countries like India which have recently decriminalised same-sex intimacy, social attitudes have not become more accepting and there is little protection from wider discrimination.

Consequently, the pandemic has further marginalised the already criminalised and highlighted inequalities that characterise LGBTI+ lives in the Commonwealth. According to the United Nations Human Rights Council, the pandemic has affected all sections of society but has had a disproportionate impact on LGBTI+ people, with specific sections of the LGBTI+ spectrum being among the worst affected.⁹ The larger socio-economic cost to LGBTI+ exclusion has been exacerbated several folds as a result of the pandemic.

⁴ Pachankis, J. E., Clark, K. A., Burton, C. L., Hughto, J. M. W., Bränström, R., & Keene, D. E. (2020). Sex, status, competition, and exclusion: Intraminority stress from within the gay community and gay and bisexual men's mental health. *Journal of Personality and Social Psychology*, 119(3), 713-740.

⁵ Lam-lynti Chittara Neralu (LCN) (2020). At Home at Risk Survey. Available from: <http://www.jagori.org/covid-19>

⁶ LGBT Foundation (2020). Hidden Figures: The Impact of the Covid-19 Pandemic on LGBT Communities. Available from: https://lgbt.foundation/coronavirus/hiddenfigures?_cf_chl_jschl_tk__=804bf9da18f7721c1c4a4bce3b608772ce64d74d-1619076673-0-AeR_xoAGSoiR5au9RoSTQeV_Dy3PVrpBK6dNTrx6tAGrc9mAhKNNclveD4JemndJiQTuK_o_t5slcliW-UW0P0fN4TF-5ADnQE24H9f6w0t30LVZk-ASe6EFFwPPekHUSdB6NQhhNduDxUTINKXB8u3e_zC9N2aQ5bZPmP0bCgDwwMCZCxx4zh9uGPIPTiW-rj-9tjJhOjmg1xGhcNv5i4boU8aQj9YDSvw1TCwX15UrX46QN3sMOKDs_vhqPIBf8mQ3ECS39CAHsyvYqvcHJx1xHHwm91zKbCoxf9nw7M5Gmzr-IFLdePMXpJ5fvOxbwQ3l6b3LlNgYY-NizDmGeMKftVvX77uQjTu_xxM7wMxkwnY1VPQlRCBDGJGQmXwQjccmJfQeYcKtvTDWoOoral2nsZlaMznlrqwesO-GaMKeg

⁷ MoHR and UNDP (2020). Social inclusion of vulnerable transgenders in times of COVID-19. Available from: <https://www.pk.undp.org/content/pakistan/en/home/stories/social-inclusion-of-vulnerable-transgenders-in-times-of-covid-19.html>

⁸ Homosexuality is a criminal offence in the following Commonwealth member states (those with an asterisk* do not enforce the law): Cameroon, Ghana, Kenya, Nigeria, Eswatini, Tanzania, The Gambia, Uganda, Zambia, Bangladesh, Malaysia, Maldives, Pakistan, Singapore, Grenada, Guyana, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Papua New Guinea, Solomon Islands, Brunei, Mauritius,* Sri Lanka,* Samoa,* Malawi,* Namibia,* Sierra Leone,* Antigua and Barbuda,* Barbados,* Dominica,* Jamaica,* Kiribati,* Tonga,* and Tuvalu.

⁹ United Nations Human Rights Office of the High Commissioner (2020). An LGBT-inclusive response to COVID-19. Available from: <https://www.ohchr.org/EN/Issues/SexualOrientationGender/Pages/COVID19LGBTInclusiveResponse.aspx>

3. ANALYSIS

INCLUDING CASE STUDIES

Over the last two decades, the economic development argument for LGBTI+ inclusion has been elaborated through several mutually reinforcing theoretical perspectives and supported by a number of empirical studies. Four key theoretical approaches have been deployed by economists and policymakers.^{10 11}

The first theoretical approach is the **human capital approach** rooted in labour economics. Human capital is the set of skills, ability, knowledge, and health that increases individuals' productivity and contributes to economic development. Inclusion of LGBTI+ people expands the economy's stock of human capital by increasing their access to education, skills building, livelihood opportunities, nutrition, health services, and social welfare provisions. This in turn improves their ability to earn higher incomes, leading to higher per capita income and GDP.

A parallel approach is the **capabilities approach**, which suggests that greater rights and freedoms improve individual well-being by expanding individuals' capabilities to be and do what they value. It considers a higher income not as an end in itself but as a means to a fuller realisation of an individual's potential and is reflected in a higher HDI score.

"I know someone who has a medical degree and is unable to find a job, partly for reasons of being a transgender woman. There's not just a personal economic cost to her exclusion, but also a cost in terms of the lives that she could save and what those lives saved could translate into in the form of economic benefits accruing to the patients and further on to society. Again, if you're looking at LGBTI+ people who haven't been able to even complete their schooling because of bullying and discrimination, there's an economic cost in terms of the occupations they would've taken up, had they completed their education."

DR. L. RAMAKRISHNAN

Vice President

SAATHII, a non profit that promotes universal access to health and social justice in India

A third theoretical perspective, based in political science, reverses the cause-and-effect direction of the first two approaches and argues that when countries develop economically and become more economically secure, they are more likely to value minority rights. This **post-materialist values hypothesis** says that once a country acquires greater economic security, the priorities of its citizens can shift away from a limited set of individual concerns around sheer survival towards values of self-expression, autonomy, and respect for minority rights. Thus, this approach says that economic prosperity acts as a driver for greater LGBTI+ inclusion as much as the other way round.

¹⁰ Badgett, Lee & Nezhad, Sheila & Waaldijk, Kees & Rodgers. (2014). The Relationship between LGBT Inclusion and Economic Development: An Analysis of Emerging Economies.

¹¹ Badgett, M., Waaldijk, K., and van der Meulen Rodgers, Y. (2019). The relationship between LGBT inclusion and economic development: Macro-level evidence. World Development. 120:1-14.

Finally, there is the **strategic modernisation** approach that links LGBTI+ inclusion with economic development through strategies that enhance both inclusion and development. For instance, a policy of greater social tolerance leads to inclusion and positive visibility of LGBTI+ people and signals an environment that welcomes innovation and creativity. This may lead to greater inflow of tourists and foreign direct investment, which can have a beneficial effect on the real GDP and HDI.^{12 13}

“Since 1996 sexual orientation has been a prohibited ground of discrimination in the Canadian Human Rights Act, along with race, national or ethnic origin, colour, religion, age, sex, marital status (same-sex marriage has been legal across the country since 2005). Gender identity and gender expression were added to the Act in 2017 . . . So most exclusion [in Canada] in terms of hiring, promotions, the awarding of contracts, etc., tends to be unstated and subtle . . . Rejection may not always come from outright homophobia, but can take the form of stereotyping and incorrect assumptions about a person’s interests or skills.

For example, as someone who’s made my name as a ‘gay’ journalist, but who’s covered many topics, I’ve been asked to write about LGBTI+ topics for mainstream outlets. On a few occasions, I’ve suggested to the editors that I could cover non-LGBTI+ topics for them. ‘I’ve never thought of you for anything other than gay stuff,’ one of them told me. Beyond the LGBTI+ realm, I’m also more likely to get lifestyle or arts assignments, topics associated with gay men, rather than those about business or traditionally ‘masculine topics’. I don’t think this is homophobia, per se, but a case of putting writers in a box. It hasn’t been horrible for me . . . but I’ve probably lost some income because of this subtle stereotyping.”

As shared by a Canadian journalist with nearly 30 years of experience in writing about LGBTI+, arts, business, politics and public policy issues

Before we look at the empirical evidence of how LGBTI+ inclusion translates into higher numbers for real GDP and HDI, let us take a look at what is lost ‘on the ground’ because of LGBTI+ exclusion. Several surveys and human rights reports provide evidence that:

- Police officers have been known to arrest, detain, jail, beat, humiliate and even extort LGBTI+ people. Many government authorities do not entertain their complaints of violence committed by family members, community members or intimate partners. These incidents have an economic cost. LGBTI+ people are removed from productive employment by being detained, injuring and demoralising them, and even ‘outing’ them to their employers. In Sri Lanka, for instance, LGBTI+ individuals who are victims of sexual assault or other hate crimes cannot report these crimes to the police without fear of being exposed at home or at the workplace, leading to further discrimination, marginalisation and, potentially, prosecution given that the country’s laws still criminalise LGBTI+ people.¹⁴
- Violence related to gender identity, gender expression, sexual orientation, and sex characteristics – including domestic violence perpetrated by family members or intimate partners in the form of physical and emotional abuse, financial exploitation, confinement, or eviction from home – also has an economic impact. Physical injuries and trauma can be costly and restrict the ability to work.

¹² Badgett, Lee & Nezhad, Sheila & Waaldijk, Kees & Rodgers, Yana (2014). The Relationship between LGBT Inclusion and Economic Development: An Analysis of Emerging Economies.

¹³ Badgett, M., Waaldijk, K., and van der Meulen Rodgers, Y. (2019). The relationship between LGBT inclusion and economic development: Macro-level evidence. World Development. 120:1-14.

¹⁴ Equal Ground Sri Lanka (2014). Human Rights Violations Against Lesbian, Gay, Bisexual, and Transgender (LGBT) People in Sri Lanka: A Shadow Report. Available from: https://tbinternet.ohchr.org/Treaties/CCPR/Shared%20Documents/LKA/INT_CCPR_ICO_LKA_15986_E.pdf

- Workplace discrimination by employers and colleagues causes LGBTI+ people to be less productive in the workplace and leads many to be denied or avoid seeking higher-skilled jobs because of employer bias. Many LGBTI+ people end up resorting to informal sector employment where labour rights such as minimum wages and employee benefits are not respected. For example, a study in South Africa found that gender nonconforming LGB individuals were less likely to be employed than gender-conforming heterosexual individuals (14.9% and 46.4% employed, respectively).¹⁵
- LGBTI+ people face multiple barriers to physical and mental health, including high HIV prevalence rates, lack of competent and affirming healthcare providers, and denial of quality and inexpensive gender-affirmative care. Recent evidence from the UK has shown that 42% of young LGBTI+ people in the country had sought medical help for anxiety or depression, compared to only 29% of their heterosexual and cisgender counterparts.¹⁶ In 2014, UNAIDS reported that transgender women worldwide were 49 times more likely to acquire HIV than all adults of reproductive age.¹⁷ In India, HIV prevalence among trans feminine populations was around 13 times the overall national rate.¹⁸
- The future careers — and by extension their economic potential — of LGBTI+ people are limited when LGBTI+ students face stigma and discrimination in schools and colleges by teachers and other students, which hampers their learning and encourages them to drop out. In 2011, India's census enumerated transgender populations for the first time, and reported that literacy among transgender persons was only 56% compared to the national literacy rate of 74%.¹⁹ As a result, the vast majority of transgender persons in the country have few employment opportunities.
- In addition, criminalisation acts as a driver of emigration of educated and skilled LGBTI+ people towards countries with greater tolerance and inclusivity. This contributes to economic losses experienced by the criminalising countries. LGBTI+ specific emigration data is difficult to access but information on overall trends is available. For example, 61% of the 54 African countries criminalise homosexuality, and Africa loses 10.8% of its highly educated citizens to the Organisation for Economic Co-operation and Development countries, the highest loss rate of any continent.²⁰ While this cannot be seen as a direct causal link, it is worth considering findings that demonstrate a link between LGBTI+ rights and national economic output within the context of wider factors highly skilled workers consider when facing decisions of where they can derive the greatest economic benefit.²¹ To put it simply, any factor (i.e., LGBTI+ specific criminalisation or discrimination) that negatively impacts national economic output can lead to a ripple effect with substantial unforeseen consequences.

¹⁵ Nyeck, S. and Shepherd, D. (2019). The Economic Cost of LGBT Stigma and Discrimination in South Africa. Available from: <https://williamsinstitute.law.ucla.edu/wp-content/uploads/Impact-LGBT-Discrimination-South-Africa-Dec-2019.pdf>

¹⁶ Metro (2014). Mental Health Crisis for LGBTQ Young People Charity Warns. Available from: <https://metrocharity.org.uk/news/2014/jan/13/mental-health-crisis-for-lgbtq-young-people-charity-warns>

¹⁷ UNAIDS (2016). Prevention Gap Report. Available from: <https://www.unaids.org/en/resources/documents/2016/prevention-gap>

¹⁸ National AIDS Control Organisation (NACO) (2016). Annual Report 2016-17. <http://www.naco.gov.in/sites/default/files/NACO%20ANNUAL%20REPORT%202016-17.pdf>

¹⁹ India Census (2011). Literacy in India. Available from: <https://www.census2011.co.in/literacy.php#:~:text=After%20the%202011%20census%2C%20literacy,rate%20is%20about%209%25%20higher.&text=Today%2C%20the%20female%20literacy%20levels,literacy%20rate%20is%20over%2080%25>.

²⁰ Peter Tatchell Foundation (2018). The Economic Cost of Homophobia. Available from: <https://www.petertatchellfoundation.org/wp-content/uploads/2018/06/report-a4-lo-res-1.pdf>

²¹ Badgett et al. (2014). The Relationship between LGBT Inclusion and Economic Development: An Analysis of Emerging Economies. Available from: <https://williamsinstitute.law.ucla.edu/wp-content/uploads/LGBT-Inclusion-Economic-Dev-Nov-2014.pdf>

The costs to the economy of just these five types of exclusionary treatment at the micro level include: lost labour inputs, lost productivity, underinvestment in human capital, and the inefficient allocation of human resources through discrimination in education and hiring practices. The decreased investment in human capital and suboptimal use of human resources in turn act as a drag on economic output and development at the macro level.²² A question that may be raised is how we know that the relationship being claimed between LGBTI+ inclusion and economic development is not due to chance, or specific to just a few countries or particular time periods. The remainder of this paper will review the following supporting evidence:

- **Two cross-country quantitative indicators developed by economists to evaluate (and quantify) the relationship between LGBTI+ inclusion and economic development over long periods of time.**
- **Case studies from India, South Africa and other countries published over the last decade that elaborate on and measure the costs of LGBTI+ exclusion to economic development.**

The Global Index on Legal Recognition of Homosexual Orientation (GILRHO) and Transgender Rights Index (TRI) are based on information about legal rights and protections afforded to LGBTI+ people in countries across the globe. The GILRHO includes measures of legality of homosexual activity; equal age of consent; employment anti-discrimination; goods and services anti-discrimination; adoption by same-sex partner(s); and various forms of recognition of same-sex relationships. The TRI is based on the online results of a project called Transrespect Versus Transphobia Worldwide (of the organisation Transgender Europe) and includes measures of legal recognition; legal protection; legal discrimination; hormone therapy access; and availability of gender-affirmative surgery. Both indexes are works in progress but provide support for a link between LGBTI+ inclusion and economic development.^{23 24}

Relying on these indexes, a study which investigated the link between LGB inclusion and economic development in 2019 looked at the legal and economic data of 132 countries (including 37 Commonwealth countries) over the period from 1966 to 2011.²⁵ It found that the average GILRHO score rose from 0.5 (out of a maximum of 8) in the late 1960s to 2.2 around 2011 as more and more countries adopted LGB socio-legal inclusion. Detailed analysis revealed a positive and statistically significant relationship between the GILRHO (as representative of LGB inclusion) and real GDP per capita globally.²⁶ On an average, a country gained \$2,065 USD in real GDP per capita for each additional index point of the GILRHO. This did not mean that adding one new legal right would necessarily add \$2,065 USD to a country's real GDP per capita, but simply that a strong and mutually reinforcing association existed between legal rights for LGB people and real GDP.

A 2014 study applied the GILRHO to 39 emerging economies and countries of interest (five of them Commonwealth countries) over 1990-2011 and also found a positive association with HDI.²⁷ From 2000 to 2011, each additional index point of the GILRHO enhanced the HDI value by 3%. The same study applied the TRI to a subset of 18 countries (out of the larger set of 39) that participated in Transrespect Versus Transphobia Worldwide found a positive and statistically significant association between transgender inclusion and real GDP per capita and HDI values.

²² Badgett et al., (2014). The Relationship between LGBT Inclusion and Economic Development: An Analysis of Emerging Economies. Available from: <https://williamsinstitute.law.ucla.edu/wp-content/uploads/LGBT-Inclusion-Economic-Dev-Nov-2014.pdf>

²³ Ibid

²⁴ Badgett, M., Waaldijk, K., and van der Meulen Rodgers, Y. (2019). The relationship between LGBT inclusion and economic development: Macro-level evidence. *World Development*. 120:1-14.

²⁵ Ibid

²⁶ A statistically significant relationship implies that data showing an association between two variables or factors are consistent and not merely 'accidental'.

²⁷ Badgett et al. (2014). The Relationship between LGBT Inclusion and Economic Development: An Analysis of Emerging Economies. Available from: <https://williamsinstitute.law.ucla.edu/wp-content/uploads/LGBT-Inclusion-Economic-Dev-Nov-2014.pdf>

Notably, both studies conducted a series of checks that confirmed that the GILRHO and TRI continued to have a positive and statistically significant association with the real GDP per capita and HDI even after accounting for other factors that favourably impact economic development. For example, population size, labour force size, levels of employment and investment, international trade, and gender equality (measured by the proportion of women parliamentarians in a country). The studies found that even after these factors were left out, LGBTI+ inclusion, on its own, had a strong association with GDP and HDI.

“The cost of LGBTI+ exclusion is manifested in many ways. From a personal perspective as a queer Indian citizen, I don’t have the right to get married to a person of the same gender; I can’t avail of a joint home loan with my partner and avail of better interest rates. As a single person, the interest rate would be higher and I may not even opt for the loan. On the one hand, the loan would’ve benefited me; on the other, the government’s losing out on revenue because of short-sightedness when it comes to inclusion.”

DEBJYOTI GHOSH

Human rights lawyer from India, post-doctoral researcher at the University of Pretoria in South Africa, earlier lecturer at the Asian University for Women in Bangladesh

CASE STUDY:

INDIA

The economic impact of productivity loss and health disparities suffered by LGBTI+ people were elaborated in an India case study prepared by the economist M. V. Lee Badgett for the World Bank in 2014. The case study argued that homophobia and economic development in India were closely connected through multiple links. Homophobia — or social exclusion as reflected in violence, imprisonment, job loss, discrimination (including workplace discrimination), family rejection, harassment in school, and pressure to marry — contributed to a number of individual-level inter related outcomes like lesser education, lower labour force participation, lower productivity (through loss of workdays and lesser-paying jobs than deserved), lower earnings and more poverty, and poorer health and shorter lives.

The case study outlined that 56% of LGBTI+ people employed in white-collar jobs reported discrimination, 64% of Kothi-identified individuals earned less than \$70 USD per month and 66% of men who have sex with men (MSM) earned less than \$1.5 USD per day, and 20% of urban lesbians experienced suicidal ideation at some point in their lives.²⁸ At the economy level, the outcomes were in terms of higher healthcare and social welfare costs, fewer incentives to invest in human capital, and lower economic output (GDP).

²⁸ Kothis are males who show varying degrees of femininity and who often (but not always) play a receptive role in sex with other males. They are generally from lower socioeconomic strata and many engage in sex work for survival. Some kothi communities have strong links with hijra clans, and in some parts of India, kothi is how hijras identify themselves as. But kothis do not live in intentional communities that are common among hijras. Besides India, kothi or similar communities exist also in Bangladesh, Nepal and Pakistan.

FOCUS ON THE COST TO GDP FROM HEALTH DISPARITIES:

This case study also found that the rates of depression among MSM in India were 6-12 times higher than the overall population rate of 4.5% measured by the World Health Organization (WHO); suicidal ideation rates among LGBTI+ people were 7-14 times the population rate of 2.1% among developing countries; and HIV prevalence among MSM and transgender women together was 19 times the population rate of around 0.3% measured by the National AIDS Control Organisation. Reviewing the disability-adjusted life years (DALYs) lost per health condition and LGBTI+ workforce population estimates, Badgett calculated the 'excess DALYs' suffered by LGBTI+ people. Even considering a range of possibilities for LGBTI+ population estimates, disease prevalence rates and DALY values, the cost to India's GDP from only three health conditions in 2012 was determined to be 0.04% to 1.3% of GDP.

NOTE:

Details drawn from *The Economic Cost of Stigma and the Exclusion of LGBT People: A Case Study of India* by M. V. Lee Badgett, October 2014.

CASE STUDY:

SOUTH AFRICA

LGBTI+ South Africans experience exclusions not just along the axes of sex, gender and sexuality, but also of race, religion and disability, among others. Apartheid – the colonial system of institutionalised racial segregation that started in 1948 – ended more than 25 years ago (in 1994). The country adopted a new constitution in 1996 that promised to advance the rights of all its diverse communities, including LGBTI+ people. The South African Constitution is one of the few in the world that explicitly forbids discrimination based on sex, gender or sexual orientation, and the country has one of the most progressive legal landscapes for LGBTI+ people in the Global South. The GILRHO score for South Africa has been estimated at the maximum of eight.²⁹ An estimated 634,000 South African adults self-identify as lesbian, gay, bisexual or 'other' than heterosexual/straight, and 1.1% of cohabitating couples report that they are living in same-sex marriages/partnerships to survey collectors (similar data being rarely available for countries in the Global South).

Yet, South Africa has one of the highest levels of inequality in the world, and LGBTI+ South Africans still experience sizable barriers to socio-economic inclusion. In 2011, unemployment rates for black, coloured, and white same-sex households were at 30.9%, 16.7%, and 4.2%, respectively, as compared to 26.4%, 14.1%, and 3.8% for different-sex households (the unemployment rate for black same-sex households was eight times higher than that for white different-sex households). In 2015-16, the monthly earnings of gender non-conforming heterosexual men and gay and bisexual men were, on average, 30% lower than that of gender-conforming heterosexual men, accounting for socio-demographic characteristics and job types. In 2002-04, estimates of suicidality among LGBTI+ people, ranging from 17-21%, far exceeded the lifetime suicide attempt rate of 2.9% observed in the general population. Similarly, in 2017, HIV prevalence among men who have sex with men was estimated at 26.8%, compared to 18.9% amongst the general population, and may be twice as high among transgender women.

²⁹ LGBTI+ stands for lesbian, gay, bisexual, transgender and intersex; the 'plus' sign is inclusive of asexual, pansexual, gender fluid, questioning, queer and other non-normative gender and sexuality groups.

Annual economic costs to GDP because of these LGBTI+ exclusions were estimated to be:³⁰

- \$316.8 million USD because of wage discrimination and unemployment related to sexual orientation and gender expression.
- \$3.2 — \$19.5 billion USD because of health disparities experienced by LGBTI+ adults.
- \$10.5 — \$64.8 million USD because of sexual assault experienced by LGBTI+ adults.

NOTE:

This case study is primarily based on a paper titled *The Economic Cost of LGBT Stigma and Discrimination in South Africa* authored by S. N. Nyeck, Debra Shepherd, Joshua Sehoole, Lihle Ngcobozi, and Kerith Conron in December 2019 with support from the Williams Institute, UCLA School of Law, Los Angeles. The paper draws information from two primary data sources: the 2015 and 2016 South African Social Attitudes Surveys and the 2011 South African Census.

A cursory reading of the statistical data presented in the studies that have deployed the GILRHO and TRI demonstrate a positive association between the indices and GDP per capita or the HDI across the countries in a given sample. But there can be exceptions to this association between countries. For instance, in 2011, Malaysia had a GDP per capita of more than \$10,000 USD and a GILRHO score of zero (the minimum possible, out of a maximum of 8), while the figures for South Africa were around \$7,000 USD and 8 (the maximum possible). Similarly, in 2012, South Africa had an HDI of more than 0.6 and a TRI score of less than 8, while India's HDI and TRI were at around 0.55 and close to 10, respectively.

These variations may point at country-specific situations that may be beyond the scope of this paper to analyse. In addition, some economists and LGBTI+ activists emphasise the role of income inequality. They caution that the association between real GDP per capita or the HDI and LGBTI+ inclusion indices may not reflect non-universal or selective inclusion of LGBTI+ people in a society. LGBTI+ people with already high incomes are often better able to enjoy the fruits of legal rights compared to those with lower incomes. This has been strongly evident in the case of India where the decriminalisation of LGBTI+ people in 2018 (reading down of the British-era Section 377 of the Indian Penal Code) has led to greater economic inclusion opportunities for urban dwelling and English-educated individuals (particularly the LGB sections), while their semi-urban and rural counterparts (particularly the gender non-conforming individuals) have continued to depend on unrecognised labour like sex work and to face family and community violence and police harassment.³¹

“There are many countries that are not democratic and inclusive which have had high economic growth. Having said that, when it comes to certain other democratic countries, where legal inclusion of LGBTI+ people has gone hand in hand with the GDP going up, it's primarily because there's been a systematic social change, which is also systemic. For instance, there've been interventions across the board, better availability of gender recognition in the workplace, in universities and educational institutions and so on and so forth.”

DEBJYOTI GHOSH

Human rights lawyer from India, post-doctoral researcher at the University of Pretoria in South Africa, earlier lecturer at the Asian University for Women in Bangladesh.

³⁰ Badgett, M., Waaldijk, K., and van der Meulen Rodgers, Y. (2019). The relationship between LGBT inclusion and economic development: Macro-level evidence. *World Development*. 120:1-14.

³¹ Varta Trust (2020). Available from: <https://vartagensex.org/about-varta/>

3.1 ECONOMIC COST OF IMPACT OF COVID-19 PANDEMIC ON LGBTI+ LIVES

The argument for LGBTI+ inclusion and addressing socio-economic inequalities experienced by LGBTI+ people has only been strengthened by the COVID-19 pandemic. Some snapshots from different Commonwealth countries of how the pandemic worsened LGBTI+ exclusions:

- In Canada, online surveys showed that LGBTI+ people reported more stress than the average Canadian, and were more likely to know someone who needed medical treatment or had COVID-19 symptoms. Some survey results even showed that LGBTI+ people, in particular those who were black, indigenous, or people of colour, were more affected by work layoffs and reduced hours than the general population – with more of them reporting being worried about being able to pay their house rent or mortgage.³²
- In some parts of India, though the state (regional) governments announced measures for universal and free access to food rations for transgender people, this intervention came several months into the lockdown, and proved to be discriminatory because the quantity of food grains made available per transgender person was lower than that provided for other citizens.³³
- In Sri Lanka, the government made the natal family the unit for provision of relief measures, which left out LGBTI+ people who were living separately from their natal families due to a lack of acceptance or unsafe domestic environments.³⁴
- An activist-journalist focused on LGBTI+ and sex worker rights in Kenya reported: ‘From losing work and opportunities, shutting down of schools, as well as business losses, LGBTI+ people have immensely suffered from the lockdowns, ban on travel, and remote working. This has meant that most aren’t able to pay rent and fees, buy food or afford decent healthcare. Many individuals have used up resources and savings during this emergency time. We’ve had zero help from the government, and not just us, but the majority of Kenyans. Most LGBTI+ organisations have had to close their offices and service provisions (such as clinics or legal aid offices). Organisations have been forced to re-align budgets to cover for emergencies and increased demand for social services by their members.’
- In Jamaica, an online survey of 213 LGBTI+ people carried out in April 2020 by Kingston-based advocacy group J-Flag found almost 25% had lost their jobs as a result of the pandemic and 29% were unable to pay house rent and other bills. Despite a quick response by the government, communities like transgender sex workers fell through the cracks, possibly because they were not part of the formal economy and therefore beyond the government’s oversight. Many lost their earnings from sex work, which stalled their access to health insurance that would normally pay for hormone therapy or other gender-affirmative care.³⁵
- Police attitudes towards LGBTI+ people continued to be stigmatising and discriminatory during the pandemic. Reports from several countries including Ghana, Cameroon and Botswana have described cases where LGBTI+ people were blamed by the larger public for the onset of COVID-19 itself (in the same manner they were earlier stigmatised for being ‘HIV carriers’).³⁶

³² Meyer, C. (2020). The pandemic hit LGBTQ Canadians differently. Researchers want to know why. The National Observer. Available from: <https://www.nationalobserver.com/2020/09/24/news/pandemic-hit-lgbtq-canadians-differently-researchers-want-know-why>

³³ Banerjee, D., & Rao, T. (2021). “The Graying Minority”: Lived Experiences and Psychosocial Challenges of Older Transgender Adults During the COVID-19 Pandemic in India, A Qualitative Exploration. *Frontiers in psychiatry*, 11, 604472. <https://doi.org/10.3389/fpsy.2020.604472>

³⁴ Ghosh, D., Mata, J., and Dhall, P. (2020). Transgender rights in South Asia: Trends, crises and opportunities. Available from: <https://vartagensex.org/happenings/2021/02/transgender-rights-in-south-asia-trends-crises-and-opportunities/>

³⁵ Chappell, K. (2020). ‘Work to do’ as coronavirus hits LGBT+ Jamaicans hard. Thomson Reuters Foundation News. Available from: <https://news.trust.org/item/20200630115436-7xlzp/>

³⁶ We know scapegoating is/was an issue, but can we be more precise than “many countries in Africa and Asia” and also provide a citation? We could even use the TCEN report as one, as these two points came out anecdotally variously in Ghana, Cameroon and Botswana. Another anecdotal source would be the OutRight report.

CASE STUDY:

UGANDA

In most cases, the absence of relevant data makes it difficult to quantify the monetary costs of such exclusions, and by extension, the economic losses to the national incomes. But the following example provides scope for making an estimate. In Uganda, 20 young homeless LGBTI+ people were arbitrarily arrested from a shelter in March 2020 and detained for more than 40 days on grounds of non-compliance with COVID-19 social distancing rules. During that time they were not allowed access to medical or legal recourse, and were, in fact, in greater danger of being infected and transmitting the COVID-19 virus in the prison (Human Rights Watch, 2020). According to Penal Reform International, an NGO working globally to promote criminal justice systems that uphold human rights for all and do no harm, in 2019-20, Uganda allocated a budget of €3.08 EUR per person in prison per day (Hirschberger, 2020). Assuming that the actual expenditure equalled the budgeted amount, a rough estimate of the cost of imprisoning the 20 LGBTI+ youth for 40 days works out to be €2,464 EUR or around 10.74 million Ugandan shillings. Was this money well spent, especially during a resource-constrained period such as the pandemic?

More future research would be worthwhile to quantify the economic losses suffered by LGBTI+ people during the pandemic and associated lockdowns. As much as the direct impact of COVID-19 itself on LGBTI+ people, it will be pertinent to estimate the losses they suffered because of the heightened exclusions during the pandemic, and thereby also the losses to the national incomes and national exchequers.

4. CONCLUSION

The business case for LGBTI+ inclusion is strongly evident from the data at hand. Moreover, embedding LGBTI+ inclusion within development discourses need not be an 'additional burden'. It can actually be an 'investment' in good practices. There may be a financial cost to facilitating inclusion in the immediate term, but this can be minimised if the emphasis is on decriminalisation, ensuring non-discrimination in existing policies, laws and programmes, and bringing in new provisions to address specific needs such as gender-affirmative care for transgender persons.

If there ever was a 'right time' to create progress for LGBTI+ inclusive policies and laws, it is now, when wide-ranging efforts are being made to recover from the impact of the COVID-19 pandemic; LGBTI+ inclusion should be made integral to these efforts. Potential areas of focus include:

- Reduce stigma through structural changes that prevent discrimination, harassment and violence against LGBTI+ people in educational settings, to encourage them to enrol for and continue formal education and/or skills-building courses. Facilitating norm change by embedding learning on gender and sexuality diversity in school and college curricula in an age-appropriate manner is a further intervention to consider.

“Ground zero for LGBTI+ inclusion is ensuring inclusion in the education system. People aren’t really going to be able to avail of socio-economic opportunities if they’ve been excluded from education. So get people into school, make schools inclusive environments that promote inclusivity. Diversity in education is the key to addressing socio-economic inequalities and ensuring that the fruits of economic development pan out to a wider set of people.”

As shared by [DR. PAUL BOYCE](#), lecturer in anthropology and international development at the University of Sussex in the UK, and who has worked extensively with LGBTI+ community groups in India and other countries on economic inclusion and public health issues

- Reduce time, cost and bureaucratic barriers for transgender people in accessing gender-affirmative identity documentation that is universally recognised (without making such access contingent on any surgical intervention or physical screening process in violation of one’s right to privacy and dignity).

“Laws against discrimination are important – Canada has pretty good ones – but they only catch overt, formal exclusions, not the ‘pink ceiling’ that resembles the glass ceiling that’s been an obstacle for women, people of colour and other minorities. It has to be a matter of hearts and minds – teaching decision-makers to think outside the box and helping them understand the opportunities they’re losing by failing to diversify their workforce. Stereotypes and lost opportunities cost everybody money.”

As shared by a Canadian journalist with nearly 30 years of experience in writing about LGBTI+, arts, business, politics and public policy issues

- Foster LGBTI+ inclusive work environments, in all forms of formal/informal sector wage employment, through human resources policy initiation or changes; sensitisation of organisational leadership, management and staff members; inclusive sanitation facilities; and mechanisms for grievance redress. Also, institute training and access to financial resources for encouraging self-employment among LGBTI+ people, especially to help resolve the immediate livelihood crisis caused by the pandemic.
- Improve access to stigma-free, inexpensive and competent healthcare for all LGBTI+ people, with specific focus on concerns around mental health and gender-affirmative care.
- Adopt policies and laws to support all of the above through decriminalisation, anti-discrimination, social welfare measures, and protection of LGBTI+ people from all forms of violence (including violence related to coronavirus vigilantism).

“At least in the area of livelihood, measures for LGBTI+ inclusion, specifically transgender inclusion, should emphasise mainstreaming rather than setting up exclusive programmes. In the long run what really needs to happen is integration of transgender persons, along with cisgender men and women, in every field, in every vertical. Such an approach will not require a massive budget allocation. Of course, the integration must be such that transgender people are able to avail of the opportunities in the gender identity of their choosing. This calls for easily accessible gender-affirmative identity documentation. The Indian government has set up a national online portal for the purpose, which is a good move. But the government must keep in mind issues of digital media affordability and literacy, and provide handholding support to the applicants.”

DR. L. RAMAKRISHNAN

Vice President, SAATHII, a non profit that promotes universal access to health and social justice in India

- Conduct census studies and other demographic analyses where sexual orientation, gender identity and expression, and sex characteristics as included as key variables for data collection.
- Conduct further research on the lived experiences of LGBTI+ people to gain a better understanding of the ground-level reach and impact of policies and legal developments aimed at promoting inclusion. This will allow for more accurate measures of the link between inclusion and economic development. Such research will also provide insight which in turn can help design inclusion initiatives that are weighted towards the most disadvantaged sections and lead to better all-round results for national income.

“I think it’s important to research the multiple realities of LGBTI+ people, because we don’t live in a single paradigm, we live in intersections of caste, class, sexuality and gender. So each LGBTI+ population is affected differently . . . In the COVID-19 context, a quick study needs to be done to assess the needs of different LGBTI+ communities. It may not be conclusive, but if it’s not done soon enough, we’ll lose a lot of lives along the way. COVID-19 has already claimed several LGBTI+ lives, just on the basis of finances, or mental and emotional health. I don’t think we can afford to lose any more lives.”

DEBJYOTI GHOSH

Human rights lawyer from India, post-doctoral researcher at the University of Pretoria in South Africa, earlier lecturer at the Asian University for Women in Bangladesh

- **A CAUTIONARY NOTE ON ‘PINKWASHING’:** Token LGBTI+ inclusion is often termed as ‘pinkwashing’, which essentially means inclusion on paper rather than in concrete terms in the day to day lives of LGBTI+ people. Corporate human resource policies that tick all the right boxes but are poorly implemented or not at all are an example. At the social level, LGBTI+ inclusion programmes should not be seen as an undiscerning measure to attract tourists or foreign direct investment flows to enhance GDP. If such programmes only help to deflect attention from other exclusions like those of sex workers, child labourers or ecologically vulnerable communities, then the beneficial impact of LGBTI+ inclusion will be cancelled out and is likely to be short-lived. LGBTI+ inclusion therefore needs to be part of a commitment towards a larger set of social inclusions made by governments, corporate bodies, civil society and citizens.³⁷

³⁷ Rao, R. (2015). Global Homocapitalism. *Radical Philosophy*, 194, 38-49.