The Economic Cost of Homophobia

By Claire Thurlow
& the Peter Tatchell Foundation

#HomophobiaCosts
Foreword

It is my pleasure to present the Peter Tatchell Foundation’s report into an often ignored consequence of anti-LGBT+ criminalisation - *The Economic Cost of Homophobia*.

This report does not consider the important human rights arguments against criminalising homosexuality. Instead, it argues that *in addition* to the moral considerations, nations have a monetary and economic incentive to reform and repeal their anti-LGBT+ legislation.

We show that LGBT+ rights go hand-in-hand with economic development and thus governments that insist on maintaining the criminalisation of same-sex relations will continue to put their countries at a considerable economic disadvantage.

The examples in this report conclusively link the mistreatment of the LGBT+ community to the loss of tourism, a LGBT+ brain drain and diminished inward foreign aid and investment.

There are also a plethora of additional adverse economic effects stemming from a culture of intolerance, exclusion and discrimination, from access to global markets to national reputation, public health and corruption. The evidence put forward here argues that anti-LGBT+ laws are not only social and economic drawbacks for individual LGBT+ people, but their very existence impedes the wider economic development and long-term prosperity of a nation.

It is time for change and I believe this invaluable report can be a significant part of the conversation.

Jeremy N. Hooke, Esq DipFA MLIBF  Gill Butler
Chair  Secretary
Peter Tatchell Foundation  Peter Tatchell Foundation

P.S. If you feel impassioned by what you read in this report, please consider making a gift to help us continue our work. This is only made possible with the incredible support of our amazing donors – our success starts with your generosity.
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The Peter Tatchell Foundation (PTF) works for universal human rights with a strong but not exclusive LGBT+ focus.

The aims and objectives of the PTF are to raise awareness, understanding, protection and implementation of human rights, in the UK and worldwide. This involves research, education, advice, case work, publicity, lobbying and advocacy for the enforcement and furtherance of human rights law.

Through our case work, we are making a tangible and positive difference to the lives of people who have suffered discrimination and hate crime and who are seeking refugee status. We have assisted over 1000 people in the past five years and one of our great strengths is our ability to respond professionally and compassionately to calls for help wherever they are from.

The Foundation is now a registered charity and our success starts with our supporters kindness. Please consider contributing to our work. There is more, at the back of this report, on how we utilise your donation.

You can also follow the PTF on Twitter at @PT_foundation or ‘like’ the Peter Tatchell Foundation on Facebook.

Jason Jones and the number 71

Some of the sources linked to in this document say 37 Commonwealth countries ban same-sex relations and a total of 72 countries worldwide do likewise. However, these sources are from before April 2018, when Jason Jones won his case in the high court of Trinidad and Tobago, effectively decriminalising homosexuality. This brings the number of Commonwealth countries banning gay sex down to 36 and the global number down to 71.

Picture: In late April 2018, Jason joined Peter Tatchell and over a hundred other global LGBT+ activists to protest against systemic homophobia in the Commonwealth.
Anti-LGBT+ legislation is bad for the economy. This report highlights how the 71 countries that still criminalise homosexuality are losing out on the economic advantages that more progressive nations enjoy.

We examine the adverse economic impact of criminalising homosexuality, focusing on the three areas of (a) tourism, (b) aid and investment and (c) the economic power of LGBT+ citizens. We argue that nations more accepting of their LGBT+ communities are reaping the resulting economic benefits.

The first section of the report looks at the damaging effects of criminalisation on the tourism industry and the loss of potential LGBT+ tourists. In many emerging economies, travel and tourism is a growing industry and an important sector for boosting economic growth. Yet, many emerging economies have laws against the LGBT+ community. Countries that criminalise homosexuality are jeopardising their share of an LGBT+ travel market estimated to be worth US$211 billion per annum. Moreover, this market is characterised by discerning travel choices, LGBT+ individuals taking a greater number of trips and their increased spending power. Countries that criminalise homosexuality are further hampering their economic prosperity due to losing out on tourism’s ripple effects, including increased employment within tourism-related industries, higher tax revenues and extensive investment in infrastructure.

The second section of this report highlights the negative repercussions criminalisation can have on the amount of foreign aid and corporate investment countries receive. This report demonstrates the growing influence of LGBT+ rights as an explicit condition of foreign aid. This increased focus on the LGBT+ community has already produced meaningful change. Notably, in 2014 several European countries withdrew aid provided directly to the Ugandan government following the introduction of an anti-LGBT+ law (later annulled) which increased the criminalisation of LGBT+ relations and advocacy. The evolving standards that prompt donors to take a country’s human rights record into consideration will likely become an increasingly costly problem for anti-LGBT+ countries. Furthermore, governance issues, adherence to human rights laws and the risk of reputational damage are also deterring corporate investment in countries that criminalise same-sex relations.

The third and final section of this report concentrates on the harmful effects of criminalisation as a driver of the emigration of educated and skilled LGBT+ people, and the subsequent economic losses experienced by criminalising nations. The report discusses those LGBT+ citizens driven to leave their country of origin due to criminalisation and other discriminatory legislation, alongside educated non-LGBT+ citizens also choosing destinations with a culture of tolerance, diversity and inclusivity. It considers the tendency for these individuals to be well-educated and highly skilled which results in a ‘brain drain’ outflow of skilled labour, and subsequent financial losses from their home country. The report also considers the anti-LGBT+ prejudice, discrimination and violence faced by LGBT+ citizens who remain in their home country and how this constitutes further economic costs for a criminalising country.

We argue that in addition to human rights considerations, manifold economic disadvantages of criminalisation should further incentivise countries to repeal their anti-LGBT+ legislation. This does not replace human rights arguments as the primary impetus for change but adds to them, to appeal to those for who LGBT+ rights has no traction.

As the Human Dignity Trust report summarises, the business and economic arguments should complement those centred on the moral or ethical worth of decriminalisation but ‘reflect a reality where the voice of human rights can fall on deaf ears’.

Note: We use the initials LGBT+ throughout this report. This term aims to encompass the different gender identities and sexual orientations individuals use to identify themselves. We have shortened the initials from LGBTQQIAP for ease of reading, but we use LGBT+ to represent lesbian, gay, bisexual, transgender, queer, questioning, intersex, asexual and pansexual people. Please note that while we wish to highlight the economic impact of discrimination against the entire LGBT+ community, much of the cited research focuses only on LGBT (lesbian, gay, bisexual and transgender) or LGB people. Thus, the initials used will vary in order to reflect the focus of the research being discussed. It is imperative that more research is conducted which includes experiences from the entire LGBT+ spectrum to effectively investigate the far-reaching economic effect of anti-LGBT+ legislation.
Section One: Tourism

Introduction

There are currently seventy one countries that criminalise consensual same-sex relationships, and eight countries have the death penalty for homosexuality either across or in part of the country. Nearly 70% of Commonwealth countries (36 - previously 37 - of the 53 members) and 61% of African countries (33 out of 54 nations) continue to criminalise same-sex sexual activity. In addition, many criminalising countries are classified by the United Nations (UN) as being “developing nations” with nearly 60% of ‘Least Developed Countries’ (LDCs) classifying homosexuality as a criminal offence.

Tourism has been vital in transforming the economic standing of nations previously classed as “least developed”. Furthermore, in emerging economies, tourism accounts for 40% of service exports, compared to the global average of 30%.

The projected growth of the international tourism market is expected to rise over the coming decade suggesting that many developing nations could look to develop their tourism sector to grow their economies. This section of the report highlights how the LGBT+ international tourism market is experiencing sustained growth and projected expansion, further suggesting that there are great economic opportunities for developing nations in this area.

Countries with discriminatory laws banning same-sex relations are losing out on the global LGBT+ travel market, currently valued at US$211 billion annually. We have examined the available data on the tourism industry, and on LGBT+ specific tourism and travel preferences: it is evident that countries with homophobic, biphobic and transphobic legislation are experiencing, and will continue to face, a significant loss of potential revenue from global LGBT+ tourism.

As a result, LGBT+ tourists, and their heterosexual travelling companions, will tend to avoid travel to, and expenditure in, countries that criminalise and persecute the LGBT+ community.

The economic advantages of global tourism

Inter-governmental organisations such as the International Labour Organization, the World Trade Organization and The Organization for Economic Cooperation and Development (OECD) have consistently highlighted tourism’s major contributions to the world economy.

Recent figures from the World Travel and Tourism Council demonstrate the significant and growing economic contributions from the travel and tourism sector across the globe. Forecasts further exemplify that the industry ‘will continue to be at the forefront of wealth and employment creation in the global economy.’ Key findings from its ‘Travel and Tourism: Economic Impact 2017’ report (unless otherwise cited) are as follows:

“Mardis Gras is not just a celebration of freedom, acceptance and diversity, it adds to the well-being of our city, not just socially but economically. Tolerance has so many untold benefits.”

Cllr Clover Moore, Lord Mayor of Sydney 2004 - present
• In 2016, travel and tourism was worth 10.2% of global gross domestic product (GDP) equalling to US$7.6 trillion. These contributions are forecast to rise by 4% per annum and reach in US$11.5 trillion by 2027.

• It was anticipated that there would be over 1.29 billion international tourist arrivals globally in 2017. This figure has risen from 1.035 billion in 2012xx and is expected to total 2.042 billion by 2027.

• In-country spending by international tourists in 2016 was valued at US$1.4 trillion.

The role that tourism plays in generating employment is a particularly valuable driver of economic growth. The travel and tourism sector is a major global employer: in 2016, 108.7 million jobs were directly supported by the industry.xxi

Moreover, the industry’s wider impact ensured that in 2016 the total contribution to employment was 292.2 million jobs in 2016 or 1 in 10 jobs across the world (this covers direct and indirect jobs, alongside induced gains from investment and the supply chain).xxi

The positive, direct impact of tourism on the labour market is not confined to those working in hotels and resorts, or for airlines, travel agents and tour operators. It also encompasses food and beverage providers, museums, local guides, souvenir and handicraft shops and other recreational or leisure activities that cater to tourists.

There are also various secondary or “multiplier” effects from the sector that go beyond job creation. Government investment in infrastructure, increased tax revenues and purchases by suppliers to the tourism industry all contribute to a country’s GDP.xxx Furthermore, expenditure made by those employed either directly or indirectly in the tourism industryxxx is multiplied through these employees spending this money in different sectors across the domestic economy.xxx For instance, hotel management could invest their money in improving the swimming pool facilities or purchasing more up-to-date gym equipment, while hotel staff could use their income to purchase new clothes or household items.

As a result, links from the tourism sector to the wider job market and economy are stronger than in both the agriculture and construction industries,xxxi with travel and tourism yielding financial benefits across ‘agriculture, fisheries, construction, utilities and telecommunications’.xxxi

Globally, travel and tourism sector worth...

Source: World Travel and Tourism Council, 2017

Tourism and economic growth in developing nations

Tourism is a crucial source of income for developing countries, particularly those with small economies, and has already been integral to improving the economic standing of nations previously classed as “least developed”, such as the Maldives, Samoa and Cape Verde.xxii

In many developing countries, tourism is the primary source of export earnings and, for emerging economies, tourism accounts for 40% of service exports, compared to the global average of 30%.xxiii Moreover, a number of developing countries are emerging as increasingly popular travel destinations including Zambia, Tanzania and Vietnam.xxx

The UN designated 2017 as the International Year of Sustainable Tourism for Development. Tourism was chosen, in part, for its significant contributions to:xxxii

• Inclusive and sustainable economic growth, such as through its role in creating 7% of total world exports and 30% of world services exports.

• Social inclusiveness, employment and poverty reduction: tourism has almost double the number of female
employees compared to other sectors; and 57% of international tourist arrivals in 2030 are forecast to be in emerging economies.

- Exports, as tourism is the biggest export category for many developing nations.

The International Year also highlighted the important contributions sustainable tourism can make to the UN’s 2030 Agenda and Sustainable Development Goals (SDGs); a role also recognised by the Second UNWTO/UNESCO World Conference on Tourism and Culture held in December 2017.xxxii

Tourism is particularly well placed to play a part in achieving SDG 8.xxxiii which aims to ‘promote sustained, inclusive and sustainable economic growth, full and productive employment and employment for all’.xxxiv

Inter-governmental organisations and multilateral forums have recognised the need to acknowledge and raise awareness of the role of tourism in development and encourage more collaborative work across public and private sectors to promote the role of tourism role in achieving the SDGs. These campaigns provide ample evidence for how vital tourism is as a driver of economic growth in developing countries.

The labour-intensive nature of the industry combined with the significant multiplier effects from employment within travel and tourism demonstrates that it is imperative that these nations continue to develop and expand the industry to reap the benefits. Tourism is, and will continue to be, an important economic driving force bringing many positive consequences for developing nations, and its impact on development, both in economic and social terms, should not be underestimated.

**LGBT+ Tourism: Size of the LGBT+ market**

LGBT Capital, an LGBT asset management specialist, estimates that the LGBT population is 6.5% of the global population, or 483 million people, and has a purchasing power of $5.4 trillion per annum.xxxv

In the European market, research conducted by the international research company Dalia in 2016 found that 5.9% of Europeans identify as LGBT when asked directly, ranging from 7.4% in Germany to 1.5% in Hungary.xxxvi The Gay European Tourism Association (GETA) estimated an acknowledged or ‘out-gay community’ in Western Europe of approximately 5% and in Central and Eastern Europe of 1% and 0.25% respectively.xxxvii

Estimating the LGBT+ population is complex. The UK’s LGB population has been placed at 2.0%,xxxviii or just over 1 million people, significantly below other estimates which place the number of LGBT+ people at between 5% and 10% of the UK population.xxxix GETA emphasised that a country’s openly gay population depends on attitudes to

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**Globally, travel and tourism sector worth...**

US$7.6 trillion in 2016

US$11.5 trillion by 2027

Source: World Travel and Tourism Council, 2017

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**International tourist arrivals**

1.035 billion in 2012

1.29 billion in 2017

2.042 billion by 2027

Source: World Travel and Tourism Council, 2017

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**Worldwide, 1 in 10 jobs are in the travel and tourism industry**
the LGBT community. A central reason for these discrepancies are related to anonymity and the challenges LGBT+ people face in coming out, including fears of discrimination and abuse from their family and friends and wider society. In the GETA study, the tolerant and progressive outlook in many Western European countries may have encouraged more individuals to openly identify as LGBT; this helps to explain why the ‘out’ LGBT population in the predominately Catholic countries of Spain and Italy is below average. Estimates may also vary due to the growing tendency to view sexuality as a spectrum, rather than within the LGBT categories. The Dalia survey found that 10% of Europeans identify as ‘not only heterosexual’, nearly double the 5.9% of those who identified as LGBT. As a result, it is arguable that the true economic impact of LGBT tourism may be considerably greater than these studies suggest.

**LGBT+ Tourism Expenditure**

Using data from over 130,000 participants from 18 countries, Out Now’s LGBT2020 global research study in 2016 valued the global LGBT market at US$211 billion annually. The market has rapidly increased by US$44 billion from Out Now’s 2012 estimate of US$165 billion. Moreover, the LGBT travel sector continues to expand across the world and is growing at 2% per year on average, with annual growth rate as high as 5.7% in India and 4.7% in Colombia. The US market is the largest single contributor to this figure, comprising an estimated US$60.8 billion, followed by Brazil at US$26.4 billion and Japan at US$20.4 billion. Moreover, in 2014 Out Now estimated that European LGBT tourists would spend US$66.1 billion per annum on travel and tourism.

The UNWTO Global Report on LGBT Tourism in 2017 outlines that countries competing in the increasingly global marketplace of travel and tourism has encouraged more destination marketers to target emerging consumer demographics. The high-spending LGBT travel market epitomises the type of consumers countries should be aiming to attract as cross-border travel continues to grow exponentially.

The 2017 ‘22nd Annual LGBTQ Tourism and Hospitality Survey’ from Community Marketing Inc. (CMI) – which surveys 3700 ‘self-identified members of the LGBTQ community’ in the United States (US) – found that the LGBTQ population are considerably more active international travellers than the general population. 77% of the LGBTQ population has a valid passport, compared to 36% of the general US population. Among LGBTQs, 53% had used their passport for international travel in the last year. On average, participants took 3.7 round trip flights a year, 3.2 vacation/leisure trips, 1.4 business trips and 2.3 trips to visit family or friends. 25% were taking 5+ leisure trips a year, and 19% were taking 6 or more round trip flights a year.

LGBT Capital’s ‘LGBT GDP, Wealth & Travel 2016’ report outlines that ‘becoming an openly “LGBT accepting” country may significantly augment tourism income, both in absolute terms and on a per-visitor basis.’ The LGBT community tends to ‘travel more frequently and on relatively longer trips, and […] therefore have been credibly estimated to account for 10% of travel related revenues, significantly in excess of its population
share of 6.5% globally. Moreover, leisure travel by LGBT tourists has been highlighted as a high value tourism opportunity with travellers tending to spend 15% more per person, per day than their straight counterparts.iii

In addition to economic gains from international LGBT tourists, a country’s domestic LGBT market impact on GDP should not be underestimated. In 2015, CMI estimated that the American LGBT population spends US$75 billion per annum on domestic travel.iv

These figures exemplify the significant value of appealing to the LGBT demographic to boost economic growth both through domestic tourism and international LGBT travel. Countries face global competition in retaining and improving international and domestic tourism figures, and there are considerable ‘financial and brand-related risks’ associated with not being pro-actively LGBT-friendly.v The LGBT tourism market is a major source of revenue for all destination countries and one that nations with anti-LGBT+ legislation cannot afford to ignore.

**LGBT+ travel destinations**

Out Now’s LGBT2020 highlights the top countries for LGBT travellers in 2015, listing the USA, France, Australia, the UK and Canada as the top five locations.vi Given that all of these countries are renowned for LGBT+ inclusivity, including same-sex marriage laws,vii it is unlikely that countries with pervasive anti-LGBT+ legislation will be attractive destinations for LGBT+ tourists.

CMI’s 2017 ‘22nd Annual LGBTQ Tourism and Hospitality Survey’viii states current favourite international holiday destinations for US LGBTQ travellers are Canada, Mexico, the United Kingdom, France, Spain, Germany and Italy. VisitBritain’s ‘Love Is GREAT’ campaign, specially focuses on LGBT visitors from the US and Australia.ix These campaigns aims to showcase the UK as a welcoming, LGBT-friendly destination and entice would-be visitors through LGBT guides to various UK cities.x The branding and marketing strategies for destinations across the world could emulate the UK’s approach to effectively harness the economic power of the LGBT traveller.

Europe has been established as the top honeymoon destination for

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It can be no coincidence that the countries that have less discrimination attract far higher numbers of LGBT+ visitors.

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Average household income in the United States

Labour force participation

Source: The Williams Institute, 2013

People in heterosexual couples: 69%

People in same-sex couples: 82%
US LGBT travellers.\textsuperscript{lx} Kuoni, a British luxury travel and tourism firm, reported that same-sex honeymoon bookings have increased by 279\% from 2011-2016.\textsuperscript{lx} Catering to honeymooners is a particularly financially lucrative travel niche as there is a growing trend, amongst both same-sex and opposite-sex couples, to be ‘more ambitious and adventurous in their choice of honeymoon destination... a big-spend once-in-a-lifetime trip’.\textsuperscript{lx} There is also an increasing market for same-sex destination weddings, as the number of locations which have legalised marriage equality increases.\textsuperscript{lxii} Annually, same-sex marriages and wedding celebrations in New York City add US$200 million to the city’s economy, with newly-weds coming from across New York, the US and the world.\textsuperscript{lxiv} Same-sex couples anticipate using ‘an average of four different NYC-based wedding services for their event’ and typically spend nearly US$500 per guest.\textsuperscript{lxv} This is not just important in terms of the direct economic impact from hosting or providing services for same-sex wedding ceremonies, receptions or honeymoons but further benefits the tourism sector through ‘destination brand image’.\textsuperscript{lxvi}

LGBT+ travellers take certain factors into account when choosing an international travel destination. Local legislation that explicitly discriminates against LGBT+ people can also affect travel choices. Out Now’s LGBT2020 Study found that for 67\% of participants, travel destination plans are influenced either ‘moderately’ or ‘to a great extent’ by laws and rights for local LGBT people.\textsuperscript{lxvii} A similar percentage (66\%) of respondents from CMI’s 2017 ‘22nd Annual LGBTQ Tourism and Hospitality Survey’ selected LGBTQ laws or rules at the destination as a key determinant of holiday destination.\textsuperscript{lxviii} This is particularly impactful as homosexuality is often criminalised in areas that are heavily dependent on tourism. The 2015 Human Dignity Trust report\textsuperscript{lxix} highlights island nations in the Indian Ocean and
Caribbean as reliant on the financial gains from the tourism sector while having an especially poor record on LGBT rights. For instance, tourism accounted for 74.2% of GDP in Antigua and Barbuda in 2011, where homosexuality remains a criminal offence.

Safety as an LGBTQ person while on holiday and the destination’s political environment are additional issues that cause concern to the majority of would-be LGBTQ travellers. CMI’s 2014 Transgender Travel Survey reiterates that the local situation is crucial to LGBTQ travellers. 45% of respondents cited fear of verbal or physical violence – compounded by a culture of racism and transphobia – as a key travel concern; 22% mentioned rest room issues, such as the availability of gender-neutral rest rooms; and 12% were concerned with lack of protection, both under the law and due to a lack of police impartiality. In addition to this, countries that are biased against LGBT+ people also face destination boycotts from LGBT+ allies, although this is likely to a lesser extent.

As a result, changes in the legal situation can boost tourist figures. The UNWTO 2017 report emphasises that pro-LGBT marriage equality legislation ‘sends a powerful brand image of tolerance, respect, progress and open-mindedness, resulting in an increase in LGBT visitors, among others.’ Out Now anticipated that the US would see an increase in LGBT travellers from abroad after the 2015 Supreme Court ruling on gay marriage, predicting an increase of between 9% and 11% over the next three years as a conservative estimate. This includes 465,000 new LGBT+ visitors from Brazil spending US$1,280 million, 211,000 visitors from France spending US$730 million, and 168,000 visitors from the UK spending US$550 million.

A recent study from the Williams Institute at the UCLA School of Law, shows that countries with a free press, a functioning democracy and respect for the rule of law are fertile places for developing policies and social attitudes that accept LGBT+ people. These studies shed light on the effects of the so-called LGBT+ economy and clues on how to expand queer rights worldwide.

The studies themselves show three important things: first, that anti-LGBTQ attitudes increase acts of violence and discrimination against LGBT+ people; second, that public acceptance of LGBT+ people leads to greater LGBT+ rights; and third, that anti-LGBT+ discrimination actually hurts a country’s economic performance.
The preferences expressed by the respondents of these surveys clearly demonstrates that LGBT+ tourists will avoid those countries that have anti-LGBT+ legislation in place or that have a reputation for violence or discrimination that could jeopardise the safety of LGBT+ visitors. By avoiding these travel destinations, LGBT+ travellers are not only safeguarding their personal safety, but are ‘voting with their wallets’ and expressing their disapproval of the discriminatory and harmful anti-LGBT+ legislation and social attitudes in that country.

**LGBT+ disposable income**

Another motivation for repealing anti-LGBT+ legislation and focusing on attracting more LGBT travellers is that the LGBT tourist population has greater spending power than the general population: CMI has estimated that LGBT travellers from the US spend 57% more than their heterosexual counterparts while on holiday.\(^{lxxvi}\)

In the United States, average LGBT+ earnings are higher than those of the general population. The 2013 Census Bureau’s American Community Survey outlines that average household income for same-sex couples in the US is considerably higher than opposite-sex couples.\(^{lxxvi}\) Higher incomes are likely due, in part, to the higher levels of education among same sex couples. Same-sex couples in the US are more likely to be highly educated than heterosexual couples: over 46% of individuals in same-sex couples had a college degree, compared to 32% of individuals in different-sex couples.\(^{lxxvii}\) Another explanation is labour force participation: in the US, people in same-sex couples have a higher labour force participation rate of 82%, compared to 69% of those in heterosexual couples.\(^{lxxviii}\)

The discrepancy in pay also applies to lesbian women earning more than their straight counterparts. The ‘lesbian wage premium’\(^{lxxx}\) has been established by multiple research studies, with lesbian women having a 9% earnings premium over their straight peers. The average pre-tax annual earnings for lesbian women in the USA is $47,026 compared to $39,902 for heterosexual women.\(^{lxxx}\) Moreover, though a meta-analysis of studies published from 1995-2012 indicated that gay men had an 11% earnings penalty,\(^{lxxx}\) more up-to-date research found that in the US gay men earn $59,618 on average compared to $57,032 for straight men.\(^{lxxxii}\) Thus, the overall earnings premium for American gay men and women is 9%-10%.\(^{lxxxiv}\)

The increased spending power of LGBT travellers is not only indicated by their higher financial prosperity. The LGBT population has a greater disposable income than the general population - gay American men live in households that typically spend $6,256 per person per year on non-essential items, $1,000 more per person than households with a heterosexual man.\(^{lxxv}\) As two-thirds of lesbians and 42% of gay men live in a dual income household with no children have more time and greater opportunities in which to spend their disposable income.

**Conclusion**

From a purely economic perspective, the LGBT+ population evidently should not be underestimated as an important, financially secure market for tourist destinations to attract. Moreover, the considerations LGBT+ people make about local laws and the safety of the environment for LGBT+ people before choosing a travel destination, suggests an economic benefit for the reconsideration of anti-LGBT+ attitudes and legislation in destination countries. The priority LGBT+ individuals place on travel, and their tendency to spend more on holiday than the general population, provide further incentives for countries to appeal to the community and their significant spending power by decriminalising same-sex relations.
Section Two: Aid & Investment

Overview

In this Section, we consider the economic effects of anti-LGBT+ laws on foreign aid and foreign corporate investment. As the National Geographic outlines, ‘while laws in most affluent, secular countries have shifted in favor of acceptance, many anti-LGBT+ laws from a colonial past remain in the developing world’. lxxxviii

Foreign aid and foreign corporate investment are highly valued by these countries because the spending inflows form an important building block of economic growth.lxxxviii However, a combination of increased media and public interest and the evolution of LGBT+ rights as an explicit component of human rights in international law mean donor states and foreign corporations are increasingly mindful of the political, legal and social environment into which they invest. This Section focuses on the consequences of this rising awareness on the amount of aid and corporate investment received by countries that criminalise homosexuality.

Foreign Aid: What is foreign aid?

Foreign aid, also known as official development assistance (ODA), typically involves the transfer of resources from a wealthier country to provide assistance to those living in poorer nations. These resources can include indirect assistance such as debt relief, the direct injection of funds or other resources such as food, advice and training, medical assistance or military equipment.

Long-term foreign aid is designed to promote economic growth and enhance the livelihoods of people in developing countries through providing education and skills training to communities.

Aid can be distributed either bilaterally (from one country directly to another), via multilateral organisations such as the World Health Organisation or United Nations, or from charities, such as the Bill & Melinda Gates Foundation or Comic Relief, which are funded by private donors.xxxix

Foreign Aid in developing countries

In 2015, net ODA and official foreign aid received by developing countries was over US$152 billion.xc For individual recipient countries the aid represents differing proportions of their gross national income (GNI). The World Bank’s most recent data on foreign aid shows that the ODA as a percentage of GNI can range from 0.5% for Nigeria and 1.2% for Bangladesh, to 21.9% for Afghanistan and 22.6% for Sierra Leone, and up to astonishing figures of 62.4% for Liberia and 89.2% for Tuvalu.xci These are all countries that currently criminalise consensual homosexual sex and it is clear that, though some developing countries fall at the lower end of the scale, foreign aid remains a significant form of income across the developing world.

The majority of the countries that criminalise their LGBT+ population are nations that are in receipt of foreign aid. The UN currently lists 47 nations as ‘Least Developed Countries’ (LDCs), meaning they are ‘confronting severe structural impediments to sustainable development. They are highly vulnerable to economic and environmental shocks and have low levels of human assets’xii Homosexuality is a criminal offence in nearly 60% – 28 out of 47 – of LDCs, compared to 37% of 193 UN member states.xcii This lends support to the idea that decriminalising homosexuality is, in itself, a step toward economic growth – which is explored further in Section Three.
Guidelines for aid allocation

Another controversial topic is, whether the guiding principle of aid allocation should be for the alleviation of poverty alone or whether donors have a responsibility to use aid as a lever for human rights and evaluate how their funding might propagate discriminatory policies and social attitudes.

The High-Level Fora on Aid Effectiveness,xciv has focused on improving development co-operation and maximising aid effectiveness. These forums have at their heart the principle that recipient countries should control their own affairs and that donor countries should respect that position. It considers it essential that partnerships require that developing countries take ownership of their own development, and that donors countries align their aid with the development priorities and strategies of partner countries.xcv Nevertheless, the Third High Level Forum in Accra, and the subsequent 2008 Accra Agenda for Action, emphasised that development cannot be secured through aid alone but is also dependent on social progress and eradicating inequalities.xcvi

Following this, a list of ‘shared principles to achieve common goals’ from the 2011 Forum in Busan highlighted that ‘international commitments on human rights, decent work, gender equality, environmental sustainability and disability’xcvii should form the foundation of development partnerships. This argues, as a result, if aid partnerships are to be successful in promoting development, they must include targets to address inequality and human rights abuses.

Donor selectivity: the impact of anti-LGBT+ legislation on aid

It is not simply a country’s economic standing that influences aid decisions. Donors not only have their own governance standards and geopolitical considerations, but are increasingly aware of the risks to their reputation if they are perceived as condoning a government’s systematic abuse of human rights through maintaining aid contributions. The reaction of Western donors to decisions by Malawi and Uganda to enforce or strengthen their anti-LGBT+ laws highlights this point.xcviii However, the threat to cut aid can have little effect on deterring anti-LGBT+ legislation for more self-sufficient developing nations like Nigeria, whose budget is largely funded by oil exports.xcix In these instances, economic arguments for decriminalisation centre on the impact of these laws on tourism (Section One) and LGBT+ citizens’ productivity and labour force participation (Section Three).

In 2014, Uganda toughened its laws against homosexuality through passing the Anti-Homosexuality Act. This increased the penalties for same-sex actsci and criminalised the promotion or facilitation of homosexuality.cvi The draconian law was later annulled by Uganda’s Constitutional Court.cii

Uganda faced strong international backlash and significant economic penalties as a result of the 2014 law. All significant aid donors to Uganda strongly and publicly condemned the government’s anti-LGBT+ stance. Major Western donors withdrew or redirected their aid programmes,ci which is particularly damaging given that, before the fallout from the bill, Uganda relied on aid to fund roughly 20% of the annual state budgetxiv and that official development assistance accounted for 6.1% of gross national income in 2015.cv

In 2014, Uganda tried to toughen its already draconian laws against homosexuality by passing the Anti-Homosexuality Act, though this was later struck down by the courts on a technicality.
Denmark and Norway immediately suspended aid directly provided to the Ugandan government and reallocated the funds to non-governmental and civil society organisations, while Sweden cancelled all government-to-government funding, apart from research cooperation. The Netherlands also withdrew $9.6 million originally intended to improve Uganda’s legal system. Denmark’s Trade and Development Minister Mogens Jense stated: ‘We cannot distance ourselves too strongly from the law and the signal that the Ugandan government now sends to not only persecuted minority groups, but to the whole world’.

Sweden’s Finance Minister Anders Borg also warned that the new legislation and the resulting damage to Uganda’s reputation constituted a ‘financial risk’ for the country.

Further action taken in response to the passing of the new legislation included The World Bank postponing a US$90 million loan to the country to ensure that its development aims would not be hampered by the law. The United States (US) – the country’s largest donor between 2006 and 2010 – barred Ugandan officials implicated in human rights abuses from the US and either froze or re-directed its Ugandan aid budget, worth US$487 million in 2013. Moreover, the US announced it would relocate a planned National Health Institute to another African country and cancel a community-policing programme out of concerns that the Ugandan policy could be involved in abusive actions against LGBT+ people.

The Ugandan example highlights a growing understanding among aid donors that LGBT+ rights are human rights, and transgressors of these rights should pay the price in terms of cuts to aid. In 2011, British Prime Minister David Cameron outlined to his fellow Commonwealth leaders that receivers of ‘general budget support’ – one type of bilateral aid from the UK – needed to adhere to human rights standards, including ending bans on homosexuality. At that stage, Malawi’s stance on LGBT+ rights had already led to the suspension of some of its budget support. Nearly 70% of Commonwealth countries (37 out of the 53 members) continue to criminalise same-sex sexual activity in 2018.

The Obama Administration stressed the need for LGBT+ rights to be considered as human rights and US diplomatic and foreign policy objectives should incorporate the promotion of LGBT rights. In 2011, President Obama issued a Memorandum to the heads of all US government agencies entitled ‘International Initiatives to Advance the Human Rights of Lesbian, Gay, Bisexual and Transgender Persons’ which makes LGBT+ rights a central criterion for decisions on US aid allocation. The Memorandum called for all US agencies active abroad...
in US diplomacy and foreign assistance roles to strengthen efforts to combat the criminalisation of LGBT+ people and use their position to combat anti-LGBT+ discrimination and intolerance. In support of this, the United States Agency for International Development (USAID) – the agency responsible for foreign aid distribution – published LGBT Vision for Action outlining the agency’s strategy to fight the discrimination facing LGBT+ people in much of the developing world. USAID’s vision is to create a world ‘in which the human rights of LGBT persons are respected and they are able to live with dignity, free from discrimination, persecution, and violence’ in recognition that ‘the inclusion, protection, and empowerment of LGBT persons […] leads to more effective, comprehensive and sustainable development results.’

These examples demonstrate that at a time when there is increasingly prominent focus on improving LGBT+ rights on the international stage alongside an increase in legislative persecution of LGBT+ persons in some regions, countries in receipt of foreign aid may have to choose between decriminalising homosexuality or forgoing the aid that is crucial for to their economic development.

**Foreign Investment: Deterrents and motivations**

It is not just foreign aid that has been influenced by concerns over the criminalisation of homosexuality. Many large corporations are increasingly mindful of the political and social environment of the countries in which they operate. Increased global focus on LGBT+ rights has resulted in international businesses being reluctant to invest in countries where the human rights of a significant minority of the population are being violated.

Many intergovernmental and non-governmental organisations have published guidelines to advise businesses on human rights when investing overseas. One of the most influential is the UN’s Guiding Principles on Business and Human Rights, designed “to prevent, address and remedy human rights abuses committed in business operations”. This followed the 2011 Human Rights Council resolution 17/19 “Human rights, sexual orientation and gender identity” which explicitly confirmed that human rights law applies to the protection of LGBT+ persons. The Guiding Principles on Business and Human Rights outline the obligations for businesses and states to protect and respect human rights and fundamental freedoms. It further highlights that particularly attention should be paid

47.5% of UK and US consumers would support a boycott of companies that operate in countries with anti-gay laws

52% would be unlikely to work for company that does business in a country that has anti-gay laws

Source: Open For Business, 2015
to accommodating the rights and needs of more vulnerable or marginalised individuals or social groups. Moreover, businesses are encouraged always to base their practices on internationally recognised human rights standards, regardless of the domestic situation in the countries in which they are operating, and remain alert to the potential for businesses to be complicit in human rights abuses where the local context prevents businesses from fully upholding international standards.

As a result, the anti-LGBT+ legislation of certain states can place businesses in a complex legal position and therefore deter investment. This is especially true if an alternative investment options are available in more tolerant neighbouring countries whose standards did not conflict with international norms.

A foreign investment decision taken by any company will consider a variety of factors including the local environment, both in terms of legislation and social attitudes, and the safety and well-being of employees to whom they have a duty of care. These employees could be either local or foreign citizens brought in by the company to establish the new business and run day-to-day operations. Vulnerability of LGBT+ employees to arrest, persecution and attack in a host country will clearly act as a strong deterrent to possible investment.

In addition, the reputational risks of investing in countries with limited human rights protections for its citizens, and a history of human rights abuses, will be of importance to many businesses. The vast majority of people across Europe agree with the statement that ‘gay men and lesbians should be free to live their own lives as they wish’, with levels of acceptance of homosexuality amongst the general population as high as 90% in the Netherlands, Sweden and Denmark. Citizens living in developed Western economies are overwhelmingly pro-LGBT. These individuals represent international businesses’ core markets and main shareholders. It is their sentiments to which international businesses must most appeal. In that regard, surveys demonstrate that LGBT rights affect consumer preferences.

Customers are likely to develop a negative perception of a business that implicitly supports anti-LGBT+ legislation and a culture of discrimination and abuse through investing in new ventures where LGBT+ rights are openly disregarded. The 2015 Open For Business report found that 47.5% of UK and US consumers would support a boycott of companies that operate in countries with anti-LGBT+ laws, and 52% would be unlikely to work for a company that does business in a country that has anti-LGBT+ laws. Research has also demonstrated multinational corporations are deterred from investing in countries that have drawn criticism from human rights groups; thus public “shaming” of a country’s dismal human rights record has tangible economic costs through reducing levels of foreign direct investment in developing states.

Conversely, businesses are likely to be attracted to investment opportunities...
in countries with legislation that strongly defends human rights for several reasons. First, this could indicate good business decision-making as companies are able to maintain a positive brand image with consumers and other investors through demonstrating their social responsibility. Secondly, the 2015 Human Dignity Trust report outlines that a key deterrent to business investments is the lower productivity and economic growth associated with criminalisation. It argues that it makes economic sense for businesses to be pro-LGBT+: inclusivity boosts productivity by creating ‘a level playing field’ for the most talented employees to thrive.\textsuperscript{222} Wanting the best person to get the job without harassment or discrimination provides a personal incentive for pro-LGBT+ companies to avoid criminalising countries. Thirdly, the stability of the economy is important if corporations are to make accurate projections and sustainable future plans. Controversial legislation such as anti-LGBT+ laws is a source of potential instability. This has been seen in some African nations where discussions about strengthening anti-LGBT+ laws have seen the value of their currency plummet.\textsuperscript{223} A strong government record on supporting human rights can be taken to indicate the long-term political and economic stability of a country and legitimises the government as dependable and unlikely to renege on their commitments.\textsuperscript{224}

\section*{The impact of anti-LGBT+ legislation on investment}

Though lack of investment will inevitably lower a country’s economic growth, decisions not to invest in a particular country will rarely be made public which makes the loss of foreign direct investment to discriminating countries difficult to quantify. Despite this, in December 2013 Richard Branson, head of the Virgin group of businesses, stated that he would not be investing in, or doing business with, Uganda due to its discrimination against its LGBT+ community. He urged other businesses to follow suit.\textsuperscript{225}

In response to the potential introduction of legislation in various US states that would allow anti-LGBT+ discrimination on the grounds of religious belief to, say, refuse to serve a customer or to disregard non-discrimination laws, the CEO of Apple Tim Cook commented that such laws are ‘very dangerous’ and that, regardless of the behaviour that state law might permit, Apple will ‘never tolerate discrimination’. He further outlined that the ‘bills under consideration truly will hurt jobs, growth and the economic vibrancy’ across the US.\textsuperscript{226}

These examples make clear that the criminalisation of homosexuality and anti-LGBT+ legislation gives businesses and investors pause for thought. Increasingly, countries with anti-LGBT+ laws may have to decide whether to repeal discriminatory legislation or forgo the crucial boosts to employment, social development and sustainable economic growth that are secured through foreign investment.

Equal rights legislation for LGBT+ people creates an environment conducive to business, encourages an open, well-trained and economically-efficient society, and – as will be discussed in Section Three – enables LGBT+ people’s full potential to be realised to contribute to economic development.
Section Three: LGBT+ Citizens

Introduction

In Sections One and Two, this report looked at the adverse economic consequences of lost inward investment in countries that criminalise sexuality through tourism and foreign aid or foreign investment. However, adverse economic repercussions of anti-LGBT+ legislation also stem from government’s treatment of their own LGBT+ populations.

In the 71 countries that currently criminalise consensual same-sex relationships many LGBT+ individuals cannot and do not live openly or identify themselves as LGBT+ for fear of persecution and, as such, are impossible to identify or quantify. This continues to be a problem for those attempting to collect data on the ramifications of criminalising homosexuality. As was discussed in Section One, estimating the LGBT+ population is complex. However, various statistics from the UK, USA, Canada and Europe, the LGBT+ community is likely to be between 5% and 10% of the population of any particular country (see ‘Size of the LGBT+ tourism market’ in Section One for the various estimates), with often higher percentages of the millennial population identifying as LGBT+ As such, the LGBT+ community is a significant and growing proportion of the population and represents a substantial base, both as workers and consumers, for sustaining and boosting economic growth. This section focuses on the economic consequences at the domestic level of subjecting LGBT+ citizens to anti-LGBT+ legislation.

Patterns of LGBT+ migration

Due to the precarious position LGBT+ people are placed in as citizens of anti-LGBT+ societies, numerous LGBT+ citizens choose to seek a better life in countries that are more accepting of their sexuality and gender identity. Some will leave their home country as asylum seekers to find sanctuary in more tolerant nations. Globally, refugees only accounted for 8% of international migrants in 2015. The vast majority are not seeking refugee status but leaving their country of origin due to a variety of push and pull factors which encompass economic, cultural and environmental motivations.

Little or no data exists on the number of LGBT+ individuals migrating due to anti-LGBT+ laws. Across the world, there are unquantifiable numbers of LGBT+ citizens who have the means to move elsewhere and thus will seek to leave their homeland at the earliest opportunity for more tolerant destinations. They experience forced or voluntary migration either internally, from rural to more tolerant urban areas, or internationally to neighbouring countries which are often only marginally more socially tolerant and politically stable, or further afield to countries that offer complete legal recognition and greater protections from violence and discrimination.

Africa is a stark example of discriminating countries experiencing the regional loss of highly educated LGBT+ citizens to more tolerant neighbouring states. For example, homosexuality is currently illegal in Zimbabwe and Malawi; both of which experience amongst the highest rates of migration of LGBT+ citizens to South Africa. Relocating regionally is an attractive option for LGBT+ migrants due to their relative proximity and familiarity with their countries of origin, alongside positive LGBT+ equality laws.

Despite limited information on this demographic, the Organization for Refuge, Asylum and Migration (ORAM) has reported an increase in LGBT+ asylum seekers. In the UK alone, in the five years from 2009 to 2014, the Home Office saw a 400% increase in the number of people citing sexuality as their reason for seeking asylum. Pakistan, Jamaica, Nigeria and Ghana were the most common countries of origin for LGBT+ asylum seekers in the UK – all of these countries are also classified as developing economies by the UN.
The surge of sexuality-based asylum claims may be accounted for by the changes in how LGBT+ individuals’ claims are examined. Although obtaining asylum is still a route fraught with difficulty, the European Union (EU), Canada, Australia and the US have all taken steps to create a more inclusive procedure for addressing asylum claims from LGBT+ individuals, which are more sensitive to their experiences.

LGBT+ migrants’ education and earning potential

Statistics suggest that a significant percentage of the LGBT+ citizens who have the capacity to leave discriminating countries will be highly educated. This is known to be true of the migrant population emigrating from developing countries. For 95% of origin countries, the general emigration rate for highly skilled migrants is greater than the total emigration rate, with some countries experiencing an emigration rate of highly skilled workers more than twenty times the general emigration rate. Notably, 61% of African countries (33 out of 54 nations) criminalise homosexuality and Africa loses 10.8% of its highly educated citizens to OECD countries – the highest loss rate of any continent. The emigration rate of the highly educated does vary across the continent but all countries cited in the OECD study lose a greater proportion from their highly educated population to emigration than from their general population. Mauritius and Zimbabwe lose over 40% of their highly educated population to the OECD area. Similarly, 44.1% of highly educated people from Tonga and 46.3% from Jamaica emigrate, while 92.7% of Guyana’s highly educated emigrate to OECD countries. All these countries criminalise homosexuality. The percentage of migrants to OECD countries who are highly educated (to a tertiary level) has only increased over time. 30% of migrants in the OECD area had a tertiary level of education in 2010/2011, an increase of 70% over ten years.

LGBT+ migrants’ earning potential could also be indicated through studies from the US showing that the domestic LGBT+ population achieves greater levels of education and labour force participation than the population in general. Same-sex couples are more likely to be highly educated than heterosexual couples: over 46% of individuals in same-sex couples had a college degree, compared to 32% of individuals in different-sex couples. Same-sex couples also have a higher labour force participation rate of 82%, compared to 69% of those in heterosexual couples.

However, as these figures focus on the US, findings cannot be extrapolated to lower-income countries where it is much harder to assess LGBT+ individuals’ education levels and earning potential. A case study on India
by the World Bank\textsuperscript{cvii} outlines that a lack of evidence prevents an empirical analysis of discrepancies in educational attainment. As will be explored in the following sub-section, LGBT+ people do often suffer from discrimination and harassment in education settings; this dissuades students from pursuing higher education and has a stark economic cost for the country.\textsuperscript{cvii} However, the report also noted that analysing the effect of LGBT+ stigma on educational attainment is complicated by the possibility of LGBT+ people compensating for intolerance through obtaining further education, and using this personal educational investment as a means of mitigating discrimination. Further, individuals may develop LGBT+ identities within a higher education environment that is relatively accepting and tolerant or seek higher education in order to obtain jobs in more tolerant work places\textsuperscript{clix}

This report highlights that the cost of emigration due to systematic exclusion is an important direction for future research, given that the limited current research does not allow for accurate estimations. It notes that economies may be losing out on the ‘productive capacity of LGBT people’ migrating to, or seeking asylum in, more tolerant societies that actively promote equality. This also carries a social cost in cases where LGBT+ people receive their education in their country of origin prior to migrating.\textsuperscript{clx} This may particularly be the case for LGBT+ people motivated to pursue higher education as a means of overcoming the economic impact of discrimination and/or securing better jobs in more accepting and open environments. In this way, while LGBT+ people suffer domestic discrimination in education and the workplace, it could be that migration is easier and more attractive to those LGBT+ individuals with the wherewithal, education and skills to do so.

Furthermore, it is not just the ‘brain drain’ by LGBT+ people that will impact discriminatory countries’ economic prosperity, but also the ‘brain drain’ from their wider population and the unwillingness of highly educated workers from around the world to migrate to intolerant locations. The 2015 Open For Business report examined the push and pull factors for non-LGBT+ highly skilled migrants. The report outlines that the ‘brain drain’ from this demographic is a significant economic risk for discriminatory countries. Various reports are cited that claim substantial emigration has resulted from anti-LGBT+ environments in India, Jamaica, Uganda, Russia and Nigeria.\textsuperscript{clxi} It is acknowledged that while LGBT+ inclusion may not be primary motivation for many non-LGBT+ emigrants, there is a clear pattern of emigration from anti-LGBT+ countries to more diverse and open countries.\textsuperscript{clxii} This is also true for capital cities, which would usually be the hub of a country’s

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\caption{For each additional right granted to LGBT+ people, emerging economies and low income countries can expect a $1,400 increase in GDP per capita.}
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\textsuperscript{Source: The Williams Institute, 2014}

\textsuperscript{In the five years from 2009 to 2014, the UK Home Office saw a 400% increase in the number of people citing sexuality as their reason for seeking asylum. Pakistan, Jamaica, Nigeria and Ghana were the most common countries of origin.}
most highly skilled workers, with educated young citizens emigrating from cities such as Kuala Lumpur, Nairobi, Lagos and Kampala. Cultural attitudes do matter to highly skilled non-LGBT+ employees; some include the tolerance and inclusivity towards the LGBT+ community in their decisions about relocating to a city.

As a result, LGBT+ and non-LGBT+ citizens migrating away from countries with anti-LGBT+ legislation leaves discriminating countries with a depleted population and a potential “brain drain” through the loss of a significant component of their educated citizens. This type of migration will have profound economic consequences and hampers a government’s ability to provide basic services, removes working age citizens from the economy and slows overall economic growth. The studies on educational attainment from the US indicates that LGBT+ individuals have a strong potential to contribute to economic development in an inclusive society. Decriminalising homosexuality therefore offers huge opportunities for countries to boost economic growth through (a) encouraging domestic employers to utilise highly skilled LGBT+ individuals’ potential, (b) retaining non-LGBT+ citizens unwilling to stay in a discriminatory culture and (c) attracting highly skilled foreign workers who value living in an open and inclusive society.

**Those who stay: the domestic economic cost of homophobia**

By punishing LGBT+ citizens, countries with anti-LGBT+ laws are suppressing a section of their population that could, if given legal parity, make a very valuable contribution to the economy. While those LGBT+ citizens who are able and willing to move to more tolerant countries are likely to do so at the earliest opportunity, many others remain in their home country despite the discriminatory laws. For those who stay, their lives are often blighted by homophobia, biphobia and transphobia. This is not simply problematic on an individual level but also has negative consequences for the entire economy.

A 2014 report by The Williams Institute makes clear that equality for LGBTI people is an economic development issue. The report examined ‘the relationship between LGBT rights and economic development specifically within emerging economies and low-income countries’ some of which criminalise homosexuality and others which do not. A ‘clear positive correlation’ was established between LGBT rights and per capita income, as well as with a higher Human Development Index (HDI) value. The association with higher level of HDI suggests that ‘the benefits of rights extend beyond purely economic outcomes to […] educational attainment and life expectancy’ across the country. This positive relationship between LGBT+ rights and both higher per capita income and higher levels of well-being remains the case even when factors that influence economic development – such as employment and international trade, and a nation’s more broader commitment to gender equality – are controlled. This suggests that the violation of LGBT+ citizens’ human rights and the denial of their full participation in society is likely to have a damaging effect on a country’s level of economic development.

Legal rights for LGB people, specifically, were measured using the Global Index on Legal Recognition of Homosexual Orientation (GILRHO). The index ranks the legal position of LGB citizens using certain criteria such as the legality of homosexuality, age of consent equality, legislation against discrimination, adoption rights and equal marriage. For each additional right in the GILRHO, the countries measured could expect both a higher HDI value and an increase of $1,400 GDP per capita, which equated to 14.5% of the average GDP per capita. The Transgender Rights Index (TRI) has a comparable positive correlation with GDP per capita. Therefore, a state increasing its rights for LGBT+ people, is also increasing its wealth.

LGBT+ individuals’ economic potential is negatively affected through limits placed on their freedoms. Barriers that impact their ability to work and workplace productivity, which subsequently impede a country’s economic development, include.
(1) unjust treatment by the police, including arrests, beatings and extortions
(2) disproportionate rates of physical, psychological and structural violence
(3) workplace discrimination causing unemployment or underemployment
(4) mental and physical health issues
(5) discrimination against LGBT students in schools by teachers and fellow pupils, which hinders learning and prompts students to drop out.

This exclusionary and discriminatory treatment of LGBT citizens impacts levels of economic development and economic output across the society through factors such as ‘lost labour time, lost productivity, underinvestment in human capital, and the inefficient allocation of human resources through discrimination in education and hiring practices’. The human capital approach posits that LGBT people must be socially and legally included in wider society to allow them to obtain the education that leads to improved productivity, equality in the labour market and the fulfilment of their economic potential.

The study found the link between rights and development was particularly strong for anti-discrimination laws. Laws that specifically prevent discrimination based on sexual orientation are strongly correlated with GDP per capita. In fact, ‘an anti-discrimination law is associated with a $1,763 increase in GDP per capita – a noteworthy figure for developing nations. The particular importance of anti-discrimination laws in boosting economic development, compared to other laws related to LGBT rights, is likely due to the impact the laws have on the treatment of LGBT people in the workplace. It is important to note that the study did not find decriminalisation in itself was associated with a change in per capita GDP. One explanation for this discrepancy is that, while decriminalisation is fundamental for introducing anti-discrimination laws, it is anti-discrimination laws that directly affect the way LGBT citizens can contribute to economic development in a way that decriminalisation can not. In this way, decriminalisation is still a necessary step to secure the equal treatment under law for LGBT people that will lead to economic growth.

A Spotlight on India

An in-depth case study by the World Bank was conducted on the economic cost of stigmatising and excluding LGBT people in India. The study highlights the plight of LGBT citizens of a discriminatory country and how their contributions to the economy are diminished as a result. Same-sex sexual activity is a criminal offence under Indian law and there is no legalisation that explicitly bans discrimination against LGBT individuals. LGBT people face prejudice through structural and institutional exclusion. The case study does not estimate the total economic cost of stigma and exclusion of LGBT people in India due to a lack of reliable data.
but it suggests the figure would be considerable.\textsuperscript{256} Nevertheless, limited evidence suggests LGBT people face exclusion from education. This incurs economic losses through harassment, lack of support or unequal treatment dissuading LGBT people from pursuing higher levels of education or training. Once LGBT people reach the workplace, they face further discrimination and harassment which results in the underutilisation of human capital and reduces productivity. In order to assess the impact of stigma on productivity and labour hours, the report reference other studies that examined social exclusion. For instance, in India the cost of gender inequity is considerable. Increasing women’s pay through encouraging the completion of higher levels of education would raise GDP by 0.5%, while bringing rates of employment amongst young women up to the level of young men would add 4.4% to GDP.\textsuperscript{256} This amount would be in addition to the also unquantified expense of a portion of India’s LGBT population migrating to more tolerant countries.

LGBT+ people in India also experience health disparities compared to the general population regarding HIV infection, depression and suicide. Stigma and exclusion are likely to play a role in these disparities. LGBT people’s experience of violence and sexual assault impact their mental and physical health, and unequal access to healthcare due to economic barriers and a lack of social support, have economic costs through reducing an LGBT+ person’s ability to work or invest in other forms of human capital.

As this case study shows, there are multiple intersecting barriers to LGBT+ citizens’ full and equal participation as economic actors in India. Decriminalisation is a crucial step for countries to take to overcome the social costs and loss of productivity engendered by legally classing LGBT+ people as unequal. Interestingly, the study also notes that including and integrating the LGBT+ community into society can have positive economic effects beyond reversing the impact of exclusion. These include enhancing the desirability of the country as a destination for creative non-LGBT+ people to live and work, and changes to restrictive gender norms to allow women to fully realise their social and economic potential.

Though the case study focuses on India, discrimination, social exclusion and violations of human rights against LGBT+ people have been documented in every country studied. While the limited data on LGBT+ individuals and their lives make it difficult to make an accurate estimation of the economic cost of LGBT+ stigma and exclusion, it is clear that economic gains will be made from the eradication of homophobia. All countries must recognise the social and economic ramifications of discrimination and inequality. The Universal Declaration on Human Rights must be fully implemented to grant LGBT+ people the same freedoms as the rest of the population and to benefit from their realised potential.
Conclusion

This report illustrates the myriad economic penalties incurred by countries that criminalise homosexuality. With regard to tourism, the data available for the US and European LGBT+ travel markets makes clear that the economic benefit of LGBT+ tourists and their allies should not be underestimated. The greater inclination of LGBT+ people to travel and their higher spending power offers considerable financial opportunities for both developed and developing countries. The statistics strongly suggest that the existence of anti-LGBT+ legislation in many countries precludes LGBT+ people and allies from considering these as viable travel destinations, with the most popular destinations renowned for LGBT+ inclusivity, including same-sex marriage.

The loss to anti-LGBT+ countries of revenue from this market is substantial, particularly as travel and tourism has been highlighted as a valuable growth industry for emerging economies. Discriminatory countries will lose out on substantial economic advantages from LGBT+ people if they do not take notice of this profitable customer base. This report highlights the economic benefits for Governments that repeal anti-LGBT+ legislation and for societies that are more accepting of LGBT+ people.

We draw attention to foreign aid donors and foreign corporations who make investment conditional on the decriminalisation of same-sex acts. This stance is challenging for the recipient countries. They have to make a choice between higher economic growth and maintaining the status quo.

For donors and investors, the proliferation of human rights watchdogs and investment guidelines on navigating the intersection between business or aid decisions has led to greater focus on LGBT+ issues and a reluctance to cooperate with countries that continue to criminalise homosexuality. The last few years have seen this issue gain prominence. The inevitable conclusion is that the criminalisation of LGBT+ persons dissuades business and investment that are vital for economic development.

The loss of inward foreign investment to countries with anti-LGBT+ laws is certainly considerable. The brain drain from parts of the LGBT+ population and the damaging effects anti-LGBT+ sentiment has on both the LGBT+ community who remain, and the social and economic vitality of the entire country, is an additional and significant problem for criminalising nations.

Outlawing homosexuality is encouraging the emigration of highly educated LGBT+ individuals and impacting on tax receipts and innovation through deterring inward aid and investment. It has also been shown that the multiple forms of harassment and intolerance suffered by LGBT+ citizens within discriminatory countries leads to lost productivity in the workplace and damages mental and physical health - which ultimately burdens the state.

LGBT+ rights go hand-in-hand with economic development and thus governments that insist on maintaining the criminalisation of homosexuality will continue to put their countries at a considerable economic disadvantage.

This report shows how the mistreatment of the LGBT+ community is connected to lost tourism, inward aid and investment, and to the productivity of local citizens. These are the economic costs of criminalising homosexuality. There is a plethora of additional adverse economic effects stemming from a culture of intolerance, exclusion and discrimination, from access to global markets to national reputation, public health and corruption. The evidence put forward argues that anti-LGBT+ laws present not only social and economic drawbacks for individual LGBT+ people, but their very existence impedes the wider economic development and long-term prosperity of a nation.
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Pliny Soocoormanee
Simon Harris

and

Peter Tatchell