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228 E. 45th St., Gr. Fl., Box 28
New York, NY 10007

Submission by Andrew Park
Senior Advisor, Inclusive Development
apark@outrightinternational.org

Submission by Outright International to the European Bank for Reconstruction and Development (EBRD) of comments on the Draft Gender Equality and Human Capital Strategy 2026–2030

Outright International welcomes the opportunity to provide input on the European Bank for Reconstruction and Development's draft Gender Equality and Human Capital (GEHC) Strategy 2026–2030, currently under public consultation. The Strategy represents an important effort to advance equality of opportunity and strengthen human capital across the Bank's countries of operation.

Outright International commends the EBRD's continued leadership in integrating gender equality into its investment and policy frameworks, particularly its emphasis on measurable outcomes, institutional change, and inclusive economic growth. The draft strategy is anchored in the objective of increasing productivity by expanding access to skills, employment, finance, and services. This approach presents a critical opportunity to ensure that economic growth is inclusive, including through the meaningful integration of lesbian, gay, bisexual, transgender, intersex, and queer (LGBTIQ) populations into EBRD priorities.

The GEHC should explicitly include LGBTIQ people in its gender analysis.

The draft GEHC Strategy appropriately recognizes the causal role of gender norms in constraining women's accumulation of human capital. It notes that disparities faced by women are "the result of deep-rooted structural barriers."¹ The GEHC emphasizes that "[a]mong the most persistent barriers are rigid social norms and entrenched stereotypes."² These insights reflect a well-established understanding that, for women, "restrictive social norms ... hinder their ability to invest in and realize their human capital."³

However, the draft Strategy does not extend this causal analysis to the exclusion of LGBTIQ people. While it acknowledges that LGBTIQ individuals face discrimination, the GEHC frames this exclusion primarily as a consequence of group-specific bias similar to exclusion faced by

¹European Bank for Reconstruction and Development, *Gender Equality and Human Capital Strategy 2026–2030*, February 2026., p.12.

² Ibid.

³ Ibid. at 19.

other intersectional identities,⁴ such as war-affected workers⁵ or those excluded because of age, disability, or geographical location. Missing from the analysis is the more fundamental point that the same gender norms identified as constraining women's human capital are also a primary driver of exclusion affecting sexual and gender minorities. The central premise of the gender strategy is that inclusive economic growth is constrained when segments of the population cannot fully participate due to social norms or structural barriers.

Treating LGBTIQ exclusion as parallel rather than as structurally linked to gender norms will limit the GEHC's impact. As the Strategy is currently written, a reader can easily conclude that discrimination against LGBTIQ people is collateral to, not part of, a gender analysis. The GEHC should explicitly recognize this link, making it part of the gender analysis that underlies project development and strategic discussions at the EDRB and among clients. Not explicitly including LGBTIQ people has economic consequences. The strategy's premise is that economic growth is constrained when segments of the population cannot fully participate because of social norms or structural barriers. To achieve its goals of inclusive economic growth, the EBRD must support activities that challenge the gender norms constraining the economic potential of LGBTIQ populations.

A growing body of development policy and research makes clear that gender norms restrict the capabilities of people across the full spectrum of gender and sexual diversity. As recognized in World Bank analysis, "[d]eep-rooted social norms and expectations related to gender and gender roles often lead to inequality for women and girls, as well as sexual and gender minorities. Just as gender inequality in labor markets comes at great cost, SOGI exclusion significantly impacts economies, including at the level of GDP."⁶ Even more relevant is the World Bank's gender strategy, which defines gender as "roles, behaviors, activities, and attributes that a given society at a given time considers appropriate for men and women, as well as encompasses the concepts of gender" diversity and gender identity."⁷

The Inter-American Development Bank explicitly groups gender and diversity in its corporate strategy documents, noting that "entrenched gender norms"⁸ and "long-standing cultural and social norms"⁹ link violence and discrimination against women and LGBTIQ+ people. Guidance

⁴ Ibid. at 43.

⁵ Ibid. at 19.

⁶ Clifton Cortez, Trishna R. Rana, Rudaba Zehra Nasir, and John Ioannis Arzinos, "Sexual Orientation and Gender Identity (SOGI) Inclusion and Gender Equality," Gender Thematic Policy Notes (Washington, DC: World Bank, 2023), 1, <http://hdl.handle.net/10986/40384>.

⁷ World Bank Group, "World Bank Group Gender Strategy 2024–2030: Accelerate Gender Equality to End Poverty on a Livable Planet" (Washington, DC: World Bank Group, 2024), 1, <http://documents.worldbank.org/curated/en/099061124182033630>.

⁸ Inter-American Development Bank, "Gender and Diversity Sector Framework Document" (Washington, DC: IDB, 2015), 6.

⁹ Ibid. at 17.

from the OECD Development Assistance Committee recognizes that “gender norms contribute to the discrimination, marginalization and violence faced by LGBTQIA+ persons.”¹⁰

The mechanisms by which these norms constrain human capital are well documented. In education, stigma shapes school environments in ways that undermine both access to learning and the returns on it. LGBTIQ students frequently experience bullying, harassment, and exclusion, which disrupt educational trajectories, reduce attainment, and weaken long-term skill formation. These effects are cumulative: early exclusion reduces incentives to invest in education and limits future economic participation.¹¹

Health is another critical channel. Social stigma and discrimination contribute to increased exposure to violence, chronic stress, and barriers to accessing health care. These factors lead to poorer physical and mental health outcomes, which in turn reduce individuals’ capacity to learn, work, and participate productively in the economy. At the same time, fear of discrimination can deter individuals from engaging with health systems altogether, further compounding disparities and diminishing human capital over time.¹²

In labor markets, these constraints persist and intensify. Discrimination in hiring, workplace harassment, and occupational segregation limit access to employment, reduce job stability, and suppress returns on education and experience. As a result, individuals are often unable to apply their skills in roles that match their capabilities, leading to underemployment and lower productivity.¹³ Across education, health, and employment, these dynamics create a cumulative process in which stigma reduces both the development of human capital and its effective use. Cumulatively, these costs add up to as much as 1 - 3percent of the GDP.¹⁴

GEHC mechanisms should include LGBTIQ populations

¹⁰ OECD, “Gender Equality and the Empowerment of Women and Girls: DAC Guidance for Development Partners” (Paris: OECD Publishing, 2022), 31, <https://doi.org/10.1787/0bddfa8f-en>.

¹¹ World Bank, “Equality of Opportunity for Sexual and Gender Minorities 2024” (Washington, DC: World Bank, 2024), 76–77, <https://doi.org/10.1596/978-1-4648-2118-9>; UNESCO, “Out in the Open: Education Sector Responses to Violence Based on Sexual Orientation and Gender Identity/Expression” (Paris: UNESCO, 2015), <https://unesdoc.unesco.org/images/0024/002447/244756e.pdf>.

¹² Ibid. at 77; G. Alencar Albuquerque et al., “Access to health services by lesbian, gay, bisexual, and transgender persons: systematic literature review,” *BMC International Health and Human Rights*, vol. 16, no. 1, p. 2, Jan. 2016, doi: 10.1186/s12914-015-0072-9

¹³ Sunaina Maji, Neha Yadav, and Priyanka Gupta, “LGBTQ+ in Workplace: A Systematic Review and Reconsideration,” *Equality, Diversity and Inclusion: An International Journal* 43, no. 2 (2024): 313–360, <https://doi.org/10.1108/EDI-02-2022-0049>.

¹⁴ M. V. Lee Badgett, Kees Waaldijk, and Yana van der Meulen Rodgers, “The Relationship between LGBT Inclusion and Economic Development: Macro-Level Evidence,” *World Development* 120 (2019): 1–14; M. V. Lee Badgett, Sheherazade Nezhad, Kees Waaldijk, and Yana van der Meulen Rodgers, “The Relationship between LGBT Inclusion and Economic Development: An Analysis of Emerging Economies” (Los Angeles: Williams Institute, UCLA School of Law, 2014), <https://williamsinstitute.law.ucla.edu/wp-content/uploads/lgbt-inclusion-and-development-november-2014.pdf>; M. V. Lee Badgett, “The Economic Cost of Stigma and the Exclusion of LGBT People: A Case Study of India” (Washington, DC: World Bank, 2014), <http://documents.worldbank.org/curated/en/527261468035379692>.

While the GEHC Strategy sets out important thematic priorities, the central mechanism for implementing the GEHC is the operational goal that at least 40 percent of projects promote gender equality. Projects that contribute to this target are those classified as gender projects under the Gender SMART framework, with the Gender Transition Impact and Gender Additional categories carrying the most weight.¹⁵ These classifications require that gender objectives be explicitly embedded in project design and supported by measurable indicators and monitoring systems.

These requirements are intended to ensure rigor and prevent the dilution of gender markers through overuse. However, they may also unintentionally exclude projects addressing the equality of LGBTIQ populations. From the outset of the design phase, the SMART process requires that projects have gender objectives aligned with the OECD DAC gender marker.¹⁶ The DAC gender marker is firmly grounded in a binary, sex-based conception of gender.¹⁷ Gender equality is operationalized in the DAC gender marker as equality among women and girls as compared to men and boys,¹⁸ and the data used to assess equality are disaggregated by sex.¹⁹ As a result, project objectives intended to benefit LGBTIQ people, or even those addressing the equality of gender minorities in particular, may not qualify as gender objectives under the SMART process. Consequently, they will not be seen as valuable to the EBRD or its staff, and they will not be counted toward the EBRD's 40 percent gender goal.

The SMART process requirement for measurable indicators may also disincentivize or exclude projects prioritizing LGBTIQ populations. Developing measurable indicators often depends on the availability of appropriate data. Although there is a growing body of empirical research by academic and nongovernmental organizations in EBRD countries of operation, very little of this data is representative of the population.²⁰ In all countries of operation, data collection has focused primarily on populations defined by binary gender norms. This creates a practical constraint: it is significantly easier for project teams to identify measurable indicators for populations that are already well-represented in national statistics and surveys.

The requirement of monitoring mechanisms that comply with the SMART process creates a similar dynamic. Few client countries have developed the methods or infrastructure to monitor development outcomes of LGBTIQ populations.

¹⁵ European Bank for Reconstruction and Development, "Gender Equality and Human Capital Strategy 2026–2030," 23.

¹⁶ *Ibid.* at 23.

¹⁷ See OECD, DAC Recommendation on Gender Equality and the Empowerment of All Women and Girls in Development Co-operation and Humanitarian Assistance, Adopted May 14, 2024, OECD/LEGAL/5022, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-5022> (Recommendations of the Development Assistance Committee that the gender marker be used to apply to non-binary genders).

¹⁸ OECD, "Handbook on the OECD DAC Gender Equality Policy Marker," OECD DAC Network on Gender Equality (Paris: OECD, 2025), 5–6, 12–14, 16–19.

¹⁹ *Ibid.* at 11, 16, 19.

²⁰ UNDP, "Human Development Report 2016: Human Development for Everyone" (New York: UNDP, 2016), 95, https://sustainabledevelopment.un.org/content/documents/25212016_human_development_report.pdf.

Taken together, the requirements for measurable indicators and monitoring mechanisms embed the same gender-based structural biases into the project cycle that the GEHC seeks to dismantle. Statistical systems and measurement tools have historically been built around populations that conform to dominant gender norms, resulting in greater visibility and easier measurement for those groups. Without adjustments, the Gender SMART framework may reinforce this imbalance by systematically favoring projects that align with existing data structures.

Outright International recognizes the value of a robust system for identifying projects that have a genuine impact on gender inequality. Our recommendations include adjustments to the ERDB process that can be implemented without weakening the SMART process.

Outright International recommends the following adjustments to the GEHC.

1. The EBRD should issue staff-facing practice notes and guidance that explain the development challenges affecting LGBTIQ people and provide operational guidance on incorporating responses and interventions to benefit LGBTIQ people into project objectives, design, and implementation.
2. The EBRD should explicitly affirm that gender is not limited to a binary concept. As a social structure, it consists of the norms, roles, expectations, and power relations that organize society; as an individual characteristic, it includes a person's gender identity, expression, and lived experience.
3. The GEHC, as well as institutional documents, project assessment materials, and training related to the SMART process, should make clear that project objectives that seek to benefit LGBTIQ people and/or advance their equality are considered gender projects. The GEHC should explain the causal relationship between gender norms and constraints on the human capital of LGBTIQ people and should model how the impacts of gender norms on LGBTIQ people can be incorporated into gender analysis.
4. The GEHC and other relevant materials should clarify that under the SMART process, acceptable measurable indicators include normative and institutional changes, such as the adoption of nondiscrimination policies, implementation of grievance procedures, stakeholder engagement, training of non-LGBTIQ staff and stakeholders, initiation of measures reasonably expected to increase access to LGBTIQ people, and measures to improve data collection.
5. Extend the use of a maturity-based assessment, accounting for clients' levels of awareness, capacity, and responsiveness regarding LGBTIQ issues, to all SMART requirements to calibrate expected outcomes to clients' stages of learning, capacity, and responsiveness.
6. Conduct training for EBRD staff regarding how the institution addresses LGBTIQ issues in its gender strategy and SMART process.