



# STRENGTHENING ECONOMIC GROWTH THROUGH INVESTMENTS IN PEOPLE WITH DISABILITIES

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People with disabilities bear a disproportionate burden of poverty. Empowering people with disabilities has multiplier effects for economic growth and global prosperity. One billion people—15 percent of the global population—live with a disability<sup>1</sup> and at least 785 million are of working age.<sup>2</sup> The economic costs of excluding people with disabilities are known<sup>3</sup> yet many barriers remain that prevent people with disabilities from accessing labor markets. Investments in people with disabilities enhance economic growth through increased productivity and well-being, reduced stigma and discrimination in the workplace and reduced welfare burden.

## THE ECONOMIC MARGINALIZATION OF PEOPLE WITH DISABILITIES RESULTS IN LOWER GDP GROWTH

- Approximately 785 million women and men with disabilities are of working age, but most do not work or are underemployed.<sup>4</sup> This impacts gross domestic product (GDP) growth in low- and middle-income countries and reduces the tax base.
- Productivity loss due to long- and short-term disabilities costs the global economy an estimated \$2 trillion<sup>5</sup> and it is estimated that in low- and middle-income countries, approximately \$286.5 billion in annual value of GDP is lost due to disability.<sup>6</sup>
- An International Labor Organization (ILO) pilot study in 2009 of ten low- and middle-income countries, found that excluding people with disabilities from the labor force results in estimated GDP losses ranging from 3-7 percent.<sup>7</sup>
- The opportunity cost of excess unemployment among individuals with cleft lips and palates translated to between \$8 million and \$9.8 million in lost tax revenue for the Philippines Government.<sup>8</sup>

## THE ECONOMIC MARGINALIZATION OF PEOPLE WITH DISABILITIES RESULTS IN INCREASED POVERTY AND LOWER EMPLOYMENT RATES

- People with disabilities face higher risks of poverty than people without disabilities because of low employment rates and poorly paid work.<sup>9</sup>
- A survey of 51 countries found that only 53 percent of working-age men with disabilities and 20 percent of women with disabilities were employed, compared to 65 percent of men and 30 percent of women without disabilities.<sup>10</sup>
- Women with disabilities are at greater risk of poverty than men with disabilities<sup>11</sup> and tend to earn less than men with disabilities.<sup>12</sup><sup>13</sup> A survey in Zambia on living conditions finds that 54.5 percent of women with disabilities were unemployed, compared to 42 percent of women without disabilities.<sup>14</sup>
- When employed, people with disabilities are more likely to have low paid jobs with poorer career prospects than people without disabilities.<sup>15</sup><sup>16</sup> In Latin American and the Caribbean, 80-90 percent of people with disabilities are unemployed or outside the work. Most employed people with disabilities receive little or no monetary remuneration, for example, in Brazil, approximately 30 percent of people with disabilities who work receive less than minimum wage.<sup>17</sup>

- Studies from Sierra Leone find that average earnings and employment potential tend to be lower for people with disabilities than for people without disabilities of the same age groups.<sup>18</sup>

## INVESTMENTS IN PEOPLE WITH DISABILITIES TO ACCESS LABOR MARKETS INCREASES GDP, ECONOMIC GROWTH AND POVERTY REDUCTION

- Studies from Pakistan find that supporting people who are blind to access mainstream economic activity leads to an estimated \$71.8 million of gross aggregate gains in household earning per year, which equates to per annum productivity gains of 0.74 percent of GDP.<sup>19</sup> Studies from Ethiopia find that the provision of wheelchairs led to significant time reallocations away from begging and towards income-generating activities, resulting in an average income increase of 77.5 percent for these individuals.<sup>20</sup>
- Anecdotal evidence indicates that people with disabilities working in the information technology-enabled services are loyal and hard-working<sup>21</sup> and reports from South Korea find that although labor productivity of people with disabilities working in the electronics industry is approximately 70 percent of the productivity of people without disabilities, companies report near-zero defect rates in products which makes up for the productivity disparity.<sup>22</sup>
- Supporting market access for people with disabilities provides primary caregivers with increased available time to pursue productive education or work.<sup>23</sup>

## INVESTMENTS IN PEOPLE WITH DISABILITIES CAN REDUCE WELFARE DEPENDENCY AND THE COST OF PUBLIC SUPPORT PROGRAMS

- For OECD countries in 2007, an average of 1.2 percent of GDP was spent on disability welfare payments, covering six percent of the working-age population. When including sick benefits, spending reaches two percent of GDP, equivalent to almost 2.5 times the spending on unemployment benefits.<sup>24</sup> In the last two decades, the number of recipients of public spending has significantly risen, creating fiscal concerns about affordability and sustainability of public support programs.
- In the United Kingdom, every £1.00 spent on a supported employment project led to savings of £5.87, due to decreased need for disability/welfare benefits and increased tax income.<sup>25</sup>
- Some countries are taking steps to reduce disability benefits dependency and foster labor market inclusion of people with disabilities, resulting in positive impacts for individuals and the economy.<sup>26</sup>

## INVESTMENTS IN ELIMINATING DISCRIMINATION AND STIGMA IN THE WORKPLACE CAN INCREASE EMPLOYMENT OPPORTUNITIES AND PRODUCTIVITY

- Removing stigma in the workplace, supporting equal employment opportunities<sup>27</sup> and supporting people with disabilities to access labor markets can lead to productivity gains.

- Studies find that lower employment rates of people with disabilities are not simply due to lower levels of interest in work or reliance on disability income programs; there are high rates of job seeking among people with disabilities. High levels of stigma and discrimination towards people with disabilities lead to their exclusion in society and in the workplace.<sup>28</sup>
- Employers are reluctant to employ people with disabilities even where they have identical qualifications to applicants without disabilities<sup>29</sup>. Discriminatory attitudes and beliefs about what people with disabilities can and cannot do limit employment opportunities<sup>30</sup>. Assumptions about capabilities can limit the types and hours of work people are offered. For example, evidence shows employers may reduce the working hours of people with disabilities without consulting the employee.<sup>31</sup>
- There are few incentives to hire people with disabilities and often support programs do not meet needs. Studies in the Middle East and North Africa (MENA) find that regional social security systems often suffer from low coverage, a lack of financial sustainability, administrative inefficiencies and poor governance. This leads to excessive protection for some (with a low degree of incapacity) and little or no protection for others (with more severe incapacity).<sup>32</sup> The research finds little legislative support for people with disabilities to access the labor market and when in place, a lack of enforcement.<sup>33</sup>
- In 2011, the ILO published a report outlining the business case for the employment of people with disabilities, citing evidence that people with disabilities make good employees; that they represent an untapped source of skills and talent; that disabled people, their families and friends are a neglected market segment that offers unrealized economic potential; and that hiring people with disabilities can contribute to the overall diversity, creativity and morale of the workplace and enhance a company's image.<sup>34</sup>
- Studies show that changes in the workplace environment can narrow the gap between the actual and potential productivity level of a person with a disability.<sup>35</sup>
- Studies in high-income countries indicate that with effective job matching, employees with disabilities have equal productivity levels to employees without disabilities.<sup>36</sup>

## INVESTING IN EDUCATION FOR PEOPLE WITH DISABILITIES IMPROVES ECONOMIC GROWTH

- Education creates the necessary human capital to achieve sustainable economic development: it improves the livelihoods of family members, changes attitudes and helps integrate people with disabilities into economic life to sustain economic growth.<sup>37</sup>
- People with disabilities who remain in school longer tend to be engaged in full-time or white-collar jobs, associated with greater income stability.<sup>38</sup>
- People with disabilities who are educated receive between 19.3-25.6 percent higher wages than those who are not.<sup>39</sup>
- A study across 13 low- and middle-income countries found that each additional year of schooling completed by an adult with a disability reduced the probability that their household belonged to the poorest two quintiles by two percent to five percent.<sup>40</sup>
- Disability inclusive education provides positive effects on the academic development of children with and without disabilities.<sup>41</sup> UNICEF's State of the World's Child Report found



that children with disabilities provided with assistive devices were more likely to complete primary school compared to those who did not receive any support.<sup>42</sup>

## PEOPLE WITH DISABILITIES ARE PREVENTED FROM ACCESSING EDUCATION AND QUALITY WORK

- People with disabilities are frequently excluded from education and vocational training, resulting in negative impacts on the individuals and their families, as well as on overall inclusive growth and sustainable development.<sup>43</sup>
- An estimated 40 million of the 115 million children out of school are people with disabilities.<sup>44</sup>
- People with disabilities have educational attainment rates well below national averages.<sup>45</sup>
- The World Health Organization's World Health Survey across 51 developing countries found that 51 percent of boys with disabilities completed primary school, compared with 61 percent of boys without disabilities. Girls with disabilities reported 42 percent primary school completion, compared with 53 percent of girls without disabilities.<sup>46</sup>
- More limited opportunities for education and skills training for girls and women, compared to their male counterparts, is a contributory factor to lower rates of employment for women with disabilities than for men.<sup>47</sup>
- Barriers to education, skills training and transportation reduce productivity of employed people with disabilities.<sup>48</sup>

## LIMITED INFRASTRUCTURE AND INADEQUATE TRANSPORTATION LIMIT WORKFORCE PARTICIPATION OF PEOPLE WITH DISABILITIES

- Poorly designed buildings and facilities prevent access for people with disabilities. Inaccessible transportation and pedestrian sidewalks prevent people with disabilities from traveling to and from workplaces, markets and educational and other facilities.<sup>49</sup>
- Lack of suitable housing near workplaces provides further challenges, and the lack of access to assistive devices, technology and support inhibits people with disabilities from accessing employment and enhancing productive capacity.<sup>50</sup>
- Violence and the threat of violence limit women's mobility, access to economic opportunities, and the ability to move into higher-paid or more secure jobs.<sup>51</sup> Women and girls with disabilities are twice as likely to experience gender-based violence as women without disabilities.<sup>52</sup>

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