

# A GUIDE TO GLOBAL CITIZENSHIP THE 2018 CBI INDEX

in association with

CS GLOBAL  
PARTNERS 

# The 13 citizenship by investment jurisdictions





# CONTENTS

August/September 2018 pwmnet.com

cbiindex.com

## SPECIAL REPORT A GUIDE TO GLOBAL CITIZENSHIP THE 2018 CBI INDEX

### 04 INTRODUCTION

CBI schemes offer individuals freedom of movement while providing vital funds to what are often cash-strapped nations, yet continue to draw criticism

### 06 THE CBI INDEX 2018

Since last year, the citizenship by investment industry has seen significant changes, from programmes lowering their minimum investment requirements, to fostering accountability among stakeholders

### 07 A HISTORY OF CBI

St Kitts and Nevis was the first country to launch a CBI programme in 1984, while Jordan launched its scheme in 2018

### 08 DEMYSTIFYING CBI

The relationship that is formed between the state and the economic citizen lasts a lifetime, unlike the one that is established with economic residents

### 09 RECOGNISING POSSIBILITIES

Similarities exist among citizenship by investment programmes, yet each has its own flaws and virtues

### 10 REAL ESTATE

Insisting applicants purchase real estate is a common feature of CBI schemes, but it can bring drawbacks as well as benefits

### 11 FUTURE OF CBI

The first CBI schemes were launched in the 1980s, and the industry has been in a state of constant evolution ever since

### 12 THE CRYPTOCURRENCY CHALLENGE

Some jurisdictions have been quick to embrace cryptocurrencies while others have been wary to do so, yet all will have to deal with the phenomenon

### 13 DUE DILIGENCE

As more countries enter the citizenship market, due diligence will be a defining element of differentiation between their programmes

### 14 DUE DILIGENCE IN THE CARIBBEAN

The Caribbean CBI programmes are generally associated with far-reaching due diligence, explains Heyrick Bond Gunning, CEO of S-RM

### 16 METHODOLOGY

The CBI Index is built around seven pillars, designed to satisfactorily measure global citizenship programme features and jurisdictional desirability

### 20 KEY FINDINGS

The CBI Index's key findings present an evaluation of each country both overall and within the parameters of the seven pillars

### 24 INFOGRAPHIC

An overview of the seven pillars that form the CBI Index

### 26 PROGRAMME PROFILES

A closer look at the 13 citizenship by investment programmes which make up the CBI Index

### 34 COUNTRY SNAPSHOTS

Key information about the 13 nations that make up the CBI Index

Published by:  
Financial Times Ltd,  
Number One Southwark  
Bridge, London  
SE1 9HL  
+44 (0)20 7873 3000  
www.pwmnet.com

Staff members can  
be contacted by dialing  
+44 (0)20 7775 followed by  
their extension number.

**Editor-in-Chief**  
Yuri Bender 6376  
yuri.bender@ft.com

**Deputy Editor**  
Elisa Trovato 6374  
elisa.trovato@ft.com

**Chief Sub-Editor**  
Elliot Smither 6379  
elliott.smither@ft.com

**Advertising**  
James Newman 6332  
Commercial Director  
M: +44 (0) 7912163587  
james.newman@ft.com

Spencer Le Grys 6865  
Business Development  
Executive  
spencer.legrys@ft.com

Adrian Northey 6333  
Global Business Director  
adrian.northey@ft.com

**Senior Marketing  
Manager**  
Raj Rai 6340  
raj.rai@ft.com

**Senior Marketing  
Executive**  
Dimple Khatri  
+44(0)20 7873 4028  
dimple.khatri@ft.com

**Publishing Director**  
Angus Cushley 6354

**Design**  
Kostya Penkov 3255  
kostya.penkov@ft.com

**Production**  
Daniel Macklin 4120  
daniel.macklin@ft.com

**Printed by Wyndeham  
Group in the UK**

**Annual subscriptions:**  
£415 | €525 | \$675  
**Subscription Enquiries:**  
tel: +44(0)20 7873 4240,  
pwm@ft.com

**Change of Address  
Notification**  
pwm@ft.com

© Financial Times 2018

PWM is a trademark of Financial Times. "Financial Times" and "FT" are registered trademarks and service marks of the Financial Times Ltd. All rights reserved. No part of this publication may be reproduced or used in any form of advertising without prior permission in writing from the editor. No responsibility for loss occasioned to any person acting or refraining from acting as a result of material in this publication can be accepted. On any specific matter, reference should be made to an appropriate adviser. Registered Office: Number One Southwark Bridge, London SE1 9HL, UK

The Financial Times adheres to a self-regulation regime under the FT Editorial Code of Practice: [www.ft.com/editorial-code](http://www.ft.com/editorial-code)

# International critics fail to stem growing CBI industry

WRITTEN BY YURI BENDER

## INTRODUCTION

*CBI schemes offer wealthy individuals freedom of movement while providing vital funds to what are often cash-strapped nations, yet continue to draw criticism*

**T**he concept of citizenship by investment (CBI) – allowing wealthy individuals fast track to a second citizenship and passport in return for investment into real estate or a donation into a government fund – is becoming increasingly attractive as a gateway for non-EU citizens to access Europe.

Freedom of movement within the EU, especially in the wake of the UK's contentious Brexit referendum, is now central to the attraction and marketability of the schemes.

The thorny European question has been a key factor in boosting the industry's success, according to most commentators on the issue. "People in

the UK and Europe have become much more aware of dual citizenship post-Brexit," confirms Micha-Rose Emmett, CEO of CS Global Partners, specialising in residency, citizenship, immigration and foreign investment law.

"Freedom of movement is becoming a key factor at a time when immigration policies are getting more restrictive around the world," says Shelby du Pasquier, head of the banking and financial services practice at Geneva lawyers Lenz & Staehelin, one of Switzerland's leading experts in tax and wealth management. "It is not surprising there is so much interest from Russia and Asia."

CBI programmes, he believes, also offer an "alternative" back-up plan for nationals of jurisdictions threatened by political turmoil or instability. "Many of the people affected by these threats are looking for an additional citizenship as a precautionary measure in case the situation should worsen in their country of origin," says Mr du Pasquier.

But they have also become an important source of revenue and often a lifeline for the sponsoring countries, many of them Caribbean jurisdictions

**Freedom of movement is becoming a key factor as immigration policies are getting more restrictive**

SHELBY DU PASQUIER [LENZ & STAEHELIN](#)

Gateway to Europe: Malta's Individual Investor Programme is particularly attractive as it offers EU citizenship as part of its package

that have been subjected to natural disasters such as tropical storms, and smaller European island nations which suffered in the financial crisis. "For these sponsoring countries, CBI programmes are a welcome source of revenues and a pole of attraction of high net worth individuals and entrepreneurs who may in turn contribute to the development of the country," adds Mr du Pasquier. "Given their success, these types of programmes are unlikely to be stopped or curtailed in the near future."

Dominica, which has performed well in the CBI Index, is an excellent example of how such a scheme can be used to rebuild after the twin disasters of Hurricane Maria and Tropical Storm Erika devastated the island's infrastructure.

The country's list of economic challenges is not one for the faint-hearted. The Post Disaster Needs Assessment following Hurricane Maria identified total damage valued at \$930m and losses of \$380m. The sum of these two measures was equivalent to more than twice the GDP generated in 2016. The housing sector suffered the greatest damage, calculated at more than \$350m, with 44 per cent of buildings experiencing either major structural damage or being totally destroyed.

Many of the country's "rehabilitation projects" are funded with resources







from the Citizenship by Investment Programme. In fact, during 2017, the entire capital budget of \$222.9m was financed with CBI funds. CBI is directly funding housing and hotel developments, plus tourism and agriculture projects. Payouts to householders of \$34m and a government initiative to build 5,000 homes will likely be financed by CBI receipts.

All funds received by the government of Dominica and the nature of their use are disclosed to parliament and subject to audit. The names of all applicants approved under the CBI system are also published in the Dominica Official Gazette, a government bulletin available for a \$50 annual subscription.

### VOCAL CRITICS

But despite this economically vital work, like other Caribbean governments, which are increasingly co-operating under the regional CARICOM umbrella to co-ordinate their CBI initiatives, Dominica detects some international hostility to its programme.

“The main challenges to us are the continued misrepresentations of the CBI Programme,” says the country’s financial secretary Rosamund Edwards. These critics, she says, “do not realise the tangible benefits to our small countries in meeting our development objectives and in achieving international benchmarks such as the sustainable development goals committed by all of our countries at the UN.”

Although CBI programmes are generally available to citizens across the world, including Russia, the Middle East and China, it is often these jurisdictions that many clients come from. Representatives of some Caribbean jurisdictions report spending more than half of their time in Hong Kong and China, which they describe as “the most lucrative market” for CBI.

Ms Edwards sees opportunities for the possibility of not only broadening source markets, but also using openings provided by second citizenships to facilitate the expansion of business opportunities.

Residents of oil rich countries in particular are expected to subscribe for more second citizenships. “Residents of the Middle East are becoming more interested in these citizenship programmes in light of political instability at home,” confirms Natacha Onawelho-Loren, head of Legal, Trust and Fiduciary at the Salamanca Group in Geneva. Global families will continue to search for security, she believes, with political and economic stability across many regions accelerating this trend.

She points to Malta and Cyprus having particularly attractive programmes, as they offer EU citizenship as part of their package, with property ownership demonstrating a “durable link” to a host country through commitment to the local economy.

Broadly, due diligence processes are improving, believes Ms Emmett at CS Global Partners, with Caribbean countries running perhaps the more robust programmes, because their economies are more likely to depend on CBI income.

There is however some controversy in the Caribbean, as well as in other jurisdictions, about whether due diligence is as strong as it could be. There is an undoubted initiative from CARICOM to curb organised crime across the Caribbean region through its Implementation Agency for Crime and Security (IMPACS), which also provides recommendations on which applicants to accept or reject for CBI programmes

Hong Kong and China have provided many of the applicants for CBI programmes, though interest from Latin America, Africa and the Middle East is increasing

of individual countries, alongside advice from specialist international due diligence firms.

There have been rumblings from IMPACS that their recommendations are not always followed, as some countries will prioritise economic development and recovery over security.

Regulators insist they follow the recommendations to make sure only the highest quality applicants are accepted. Law firms suggest that additional due diligence, carried out by private experts like Exeger or Thomson Reuters, casts a wider net over applicants to Caribbean centres.

Keeping out “untoward characters” must always be a number one priority and challenge for promoters and regulators, believes Ms Emmett at CS Global Partners.

She is also expecting countries offering second citizenships to continue broadening their reach. “A lot of new markets are opening up as people are getting to understand what CBI is about. There is more interest now from Latin America, the Middle East and Africa. It’s not just about China anymore.”

One major concern is a “race to the bottom” among Caribbean countries engaged in “wholesale discounting of application and donation or investment fees,” says Christopher Ashby, chairman of Chanson D’argent Ltd, a Grenada-based property developer specialising in CBI projects.

“Though in many cases, there is an obvious business rationale for increasing the throughput of applications, the probability of the due diligence process being compromised increases exponentially with this practice.” [PwM](#)

# The CBI Index 2018

**N**ow in its second year, the CBI Index ranks and reviews today's active citizenship by investment programmes, providing a practical and comprehensive guide to persons wanting to compare the world's options for economic citizenship.

Since last year, the citizenship by investment industry has seen significant changes, from programmes lowering their minimum investment requirements, to fostering accountability among stakeholders. New challenges have also emerged, with cryptocurrency being a major talking point. The CBI Index reflects these changes, and seeks to provide a starting point for further discussion of these issues and the compelling questions they may raise.

The 2018 CBI Index has seen the

removal of Comoros from its list of citizenship by investment programmes, following the programme's termination. However, green shoots have emerged from Comoros' demise, as two new nations, Jordan and Turkey, launched their own citizenship by investment programmes. In so doing, these countries became the first Middle Eastern nations to fully develop an option for economic citizenship, setting a regional record and standing as a testament to the industry's growing popularity.

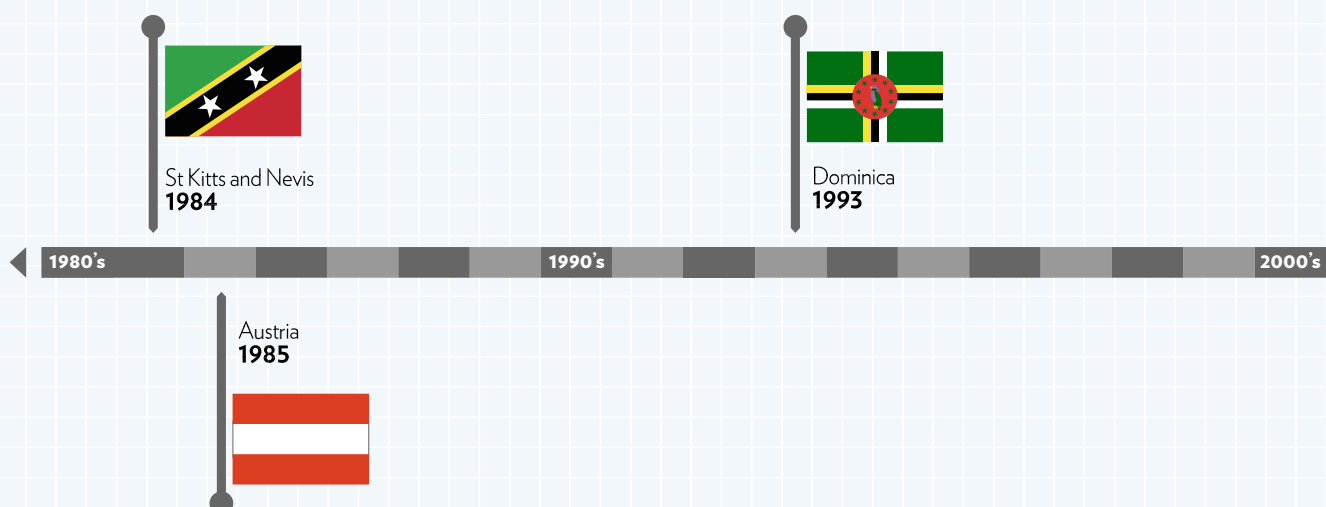
The CBI Index therefore now comprises an expanded total of 13 countries: Antigua and Barbuda, Austria, Bulgaria, Cambodia, Cyprus, Dominica, Grenada, Jordan, Malta, St Kitts and Nevis, St Lucia, Turkey, and Vanuatu.

Armed with new material gathered from countries' legislation, application forms and

guidance materials, official circulars and data channels, and direct communication with governments and their formal affiliates, the CBI Index dispenses the latest industry information. At the same time, it follows the format of the inaugural 2017 edition, measuring the value of each citizenship by investment country by its performance in seven categories, or 'pillars', and thereby delivering continuity to its readers.

Ranging from 'mandatory travel or residence' to 'due diligence', the CBI Index pillars give readers the opportunity to appraise programmes according to specific criteria rather than merely as a whole. However, for those who want to quickly determine the year's best and worst citizenship by investment options, individual pillar scores are also aggregated to produce a final, overall score. ●

## A TIMELINE OF CITIZENSHIP BY INVESTMENT



# A history of CBI

**R**egulating citizenship is a prerogative of the state, and the implementation of citizenship by investment is therefore a consequence of states adopting laws and creating the structures necessary to support a citizenship by investment programme.

With its 1984 Citizenship Act, St Kitts and Nevis became the first-ever state to allow persons to be registered as citizens after making a substantial investment. The move was a significant one, as the Citizenship Act defined what it meant to become a citizen of St Kitts and Nevis following its independence from Britain in September 1983. Also in the 1980s, Austria legalised granting nationality by reason of a person's actual or expected outstanding achievements. Thereafter a

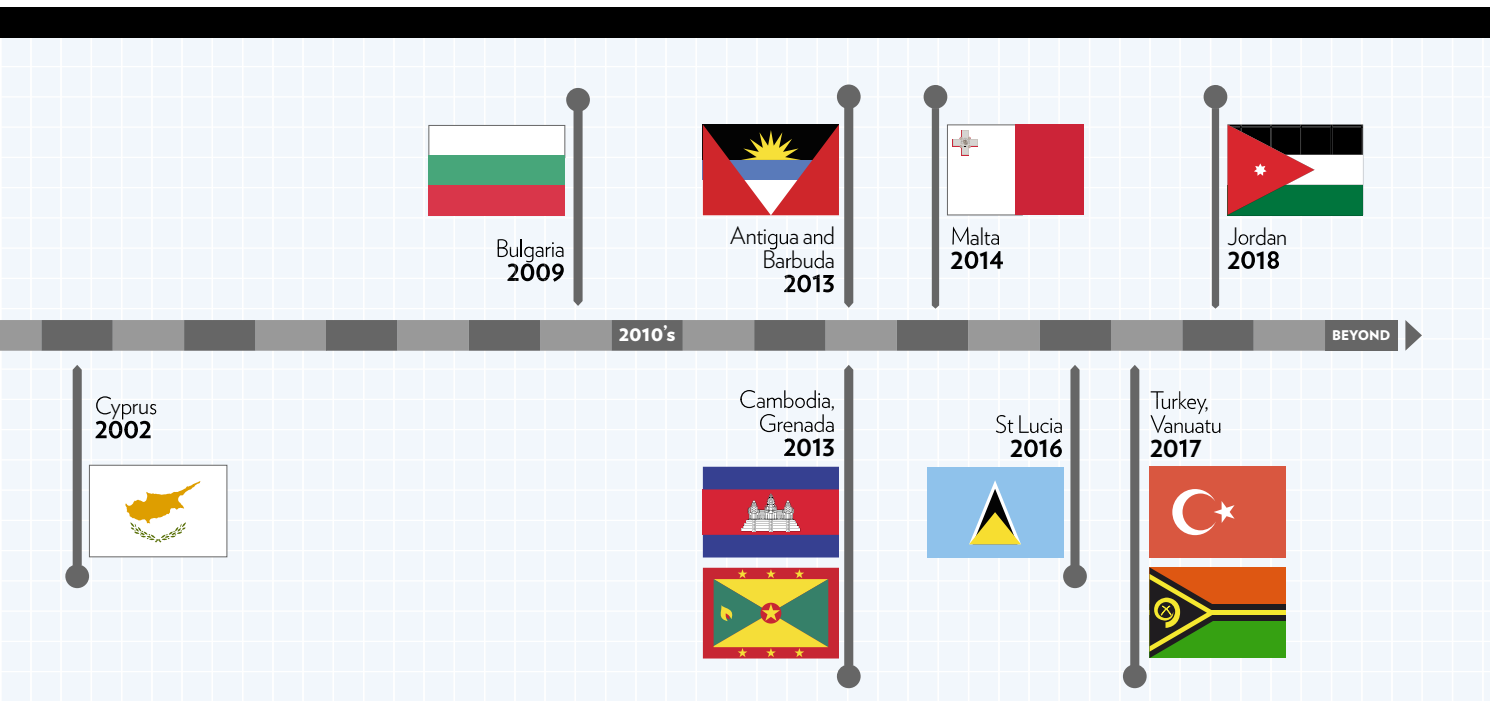
lull ensued, until the Commonwealth of Dominica established its own citizenship by investment programme in 1993. Cyprus followed in 2002, although the Cypriot programme as we know it today was designed more than a decade later. Vanuatu has a history of launching, terminating, and re-launching citizenship by investment programmes. Its most recent Contribution Programme became operational in 2017. 2013 was the most popular year for citizenship by investment, with two Caribbean nations and Cambodia instituting new programmes. 2017 saw the birth of the Middle East's first fully-fledged programme, set up by Turkey, and tailed shortly after by Jordan.

The citizenship by investment phenomenon is showing no sign of

Visit [pwmnet](#) for an expanded version of the CBI Index, including detailed profiles of all 13 citizenship by investment programmes

slowing down, particularly in Europe, where Moldova passed relevant legislation to make way for a programme, and where Montenegro appointed a government commission to oversee the creation of the Montenegro Special Investor Programme (MSIP), scheduled for October 2018.

Nearby Georgia is also rumoured to be considering citizenship by investment. Article 7 of Georgia's Law on Citizenship, for example, already contains provisions to bestow honorary citizenship to an alien who has made an exceptional contribution to Georgia and to mankind, or who has a profession and qualification which is of interest to Georgia, so long as bestowing citizenship would be in the country's national interests. ●



# Demystifying CBI: citizenship vs residence

## WHAT IS CITIZENSHIP?

The relationship that is formed between the state and the economic citizen lasts a lifetime, unlike the one that is established with economic residents

**A**lthough 'citizenship by investment' is now a major talking point for governments, international organisations and the media, confusion persists as to the unique nature of citizenship by investment and the qualities that set it apart from

other forms of investor immigration.

At the heart of the citizenship by investment process is the promise that a successful applicant will receive 'citizenship' – that is, membership of the nation under whose laws the application was lodged. With that membership comes an array of civil, economic and political rights and duties which, other than in extreme circumstances, are permanent and irrevocable. These can range from the right to work, to the obligation to respect and defend the constitution.

The relationship that is formed between the state and the individual – the 'economic citizen' – is one that

lasts a lifetime. This distinguishes the economic citizen from the 'economic resident'. Economic residents are those who, having applied under a residence by investment programme, receive a set of temporary and fluid rights, the most prominent of which is the right to live and work in a country. Loss of economic residence remains a real possibility for those who fail to abide by the conditions of their residence, which often include physical presence, the retention or development of an investment, and continued good behaviour.

Despite these significant differences, citizenship and residence by investment are often collapsed into a single category: investor immigration.

The result can be misperception. In February 2018 for example, the OECD likened citizenship by investment to residence by investment for its perceived susceptibility to abuse by wrongdoers seeking to conceal their tax residence.

In so doing however, it overlooked the fact that economic citizens do not automatically become residents of their country of citizenship, and that most citizenship by investment jurisdictions – particularly in the Caribbean – do not issue documents that indicate residence, let alone tax residence. It also did not draw distinctions between the robust due diligence processes that characterise the citizenship by investment industry and that allow it to stand above residence by investment.

The CBI Index sheds light on citizenship by investment both as a concept and as a process. Its goal is to dispel unfounded fears, to ensure assessments and critiques are based on fact, and to empower the prospective economic citizen through knowledge and education. ●

Confusion persists as to the unique nature of citizenship by investment and the qualities that set it apart from other forms of investor immigration





# Recognising the possibilities that lie ahead

## SELECTING A SCHEME

Similarities exist among citizenship by investment programmes, yet each has its own flaws and virtues

**A**n alternative citizenship can fundamentally affect a person's life, family, and interests. The decision to become a national of another country is, therefore, in and of itself worth careful consideration. This holds even truer for prospective economic citizens, who, unlike other citizens-to-be, have the privilege – and burden – of choice. There are 13 nations whose laws, and whose internal systems, have been sufficiently developed to sustain a working citizenship by investment programme.

By region, the Caribbean provides the highest number of citizenship by investment jurisdictions in the world. Each of its five citizenship by investment programmes is spelled out in laws and regulations, and dedicated government bodies, normally identified as 'units', process applications. Some can lay claim to decades of longevity and a high likelihood of continued success. Others, in contrast, have only been in place for a handful of years, and have yet to stand the test of time.

Europe offers four citizenship by investment options. Its most longstanding programme – that of Austria – is also its murkiest. Two islands, Cyprus and Malta, supply direct routes to citizenship, while Bulgaria presents a slower avenue to citizenship, which has led some commentators to characterise its programme as a hybrid between a residence and citizenship scheme. Importantly however, Bulgaria does not require physical presence – setting it



apart from countries with residence by investment programmes.

Vanuatu stands alone in the blue vistas of Oceania. Uniquely, it recently instituted both a citizenship by investment programme and an honorary citizenship programme. The CBI Index examines the workings of the former, particularly as it is unclear what the status of 'honorary citizen' may truly entail. Within Vanuatu, honorary citizens have no voting privileges and cannot participate in the political process, yet they are issued with a passport. Abroad, would nations that require renunciation of other citizenships view honorary citizenship as an exception to this rule?

Another standalone nation is Cambodia, this time presenting an option for Asian citizenship. Cambodia's programme is currently under intense government scrutiny.

The Middle East has only recently

*Jordan's CBI programme, which launched in 2018, has been met with widespread popularity among citizens of nearby countries*

embraced citizenship by investment. Turkey's experience was one of opening a programme with high investment thresholds, only to quickly announce it would reduce its requirements in light of low uptake. Jordan, on the other hand, has been met with widespread popularity, particularly among citizens of nearby countries.

While similarities exist among citizenship by investment programmes, each has its own flaws and virtues – and a regional approach alone will not, and should not, satisfy the prospective citizen. Delving into the CBI Index, on the other hand, will provide the close-up analysis necessary for an educated assessment of citizenship by investment across the globe, giving readers the tools necessary to make the best citizenship decision for themselves, their household, and their business and personal activities. ●

# Investing in real estate for citizenship

## REAL ESTATE

Insisting applicants purchase real estate is a common feature of CBI schemes, but it can bring drawbacks as well as benefits

**M**ost citizenship by investment jurisdictions incorporate a real estate component into their programmes. In some, like Cyprus, investment in real estate is mandatory, while in others, like the Caribbean island-nations, it is an option that applicants can weigh against monetary contributions, or, in some cases, business investments or the purchase of government bonds. Malta is unique in giving applicants the possibility to either purchase or rent a residential property.

From an applicant's perspective, having to provide evidence of a real estate transaction presents a programme shortcoming, as the applicant must inevitably attend to all the complex procedures associated with becoming a property owner or leaseholder. There is a silver lining to every cloud however, as applicants who are required to buy or rent real estate are generally given very few restrictions on location or property type. Generally, all that is required is a private residence.

From a country's perspective, the decision to provide flexibility within the framework of a fixed real estate requirement presents both benefits and drawbacks. This dichotomy is exemplified by Cyprus.

Under Cypriot law, successful applicants for citizenship by investment must purchase a residence worth at least €500,000 (\$585,000), which they must hold for the remainder of their lives. Most applicants also choose to make an additional three-year €1.5m investment in residential real estate – Cyprus' most affordable route to citizenship.

The result has been a surge in demand

A surge in demand for luxury apartments in Limassol has boosted the construction industry in Cyprus, but also priced locals out of the market



for homes, beginning with luxury apartments in waterfront areas and trickling down to the heart of the island. A report by PwC, based on information from the Department of Lands and Surveys, noted that sales of residential property worth €1.5m or more rose by 69 per cent between 2016 and 2017, and by more than 132 per cent between 2013 and 2017 (Cyprus relaunched its economic citizenship programme in 2014). On average, property sales across all of Cyprus increased by 24 per cent between 2016 and 2017. Of the 8,734 sales recorded in 2017, 27.5 per cent were made to non-Cypriots – a near-33 per cent increase from the previous year.

Growing demand for homes has inflated property prices and boosted construction, generating certainty for proprietors and incentivising their spending. At the same time however, Cypriot wages have failed to keep up, remaining stagnant for almost a decade. Those without the resources to purchase property have thus fallen back on rental properties, in turn increasing rent prices. This has caused distress to the locals who can no longer afford to buy, and

sometimes even rent, real estate in coastal Limassol and other desirable cities around the country.

Applicants for economic citizenship in the Caribbean are not required to invest in real estate, yet, should they decide to, their choice would be confined to government-approved projects, usually limited to shares of resorts and hotels, or units within those developments.

The Caribbean has no private residence requirement, and only a minority of programmes offer applicants a choice of apartments, houses, or condominiums. The consequence has been an unmistakable trend towards the contribution option, but, when real estate investments are made, they have had an overwhelmingly positive effect on local populations.

With each investment in a luxury resort come jobs – first in construction, and then in upkeep and services – new options for tourists, and a raised international profile, both for the nation itself and for the region overall. And, as the investor and the local citizen look to two different markets for their real estate, the impact on local purchasing power is far less direct. ●



# Adaptability as a mark of endurance and success

## THE FUTURE OF CBI

The first CBI schemes were launched in the 1980s, and the industry has been in a state of constant evolution ever since

Citizenship by investment can trace its roots back more than three decades, when St Kitts and Nevis passed Section 3(5) of its Citizenship Act, thereby enabling a person to be registered as a citizen if “cabinet is satisfied that such person has invested substantially in St Christopher and Nevis”. Yet longevity has not produced stagnancy, and the industry has been in constant evolution, with its momentum renewed by investor demand, stakeholder needs, and international oversight.

Examples are copious and diverse. In 2014, Malta introduced a one-year residence requirement under its Individual Investor Programme to alleviate EU concerns that economic citizens lacked a genuine link to the state. That same year, Dominica made a showing of support for

local property developers eager to get their projects underway by launching a second, \$200,000 real estate arm to its Citizenship by Investment Programme. In May 2018, yielding to European pressure, Cyprus announced that it would cap its programme at 700 per year and apply enhanced due diligence on all applicants, extending the expected processing time to six months.

By responding to direct calls for change from internal and external parties, citizenship by investment programmes have ensured their survival and retained their place in the modern immigration landscape. A different kind of response, not involving outsider appeals, has however also begun to shape the citizenship by investment industry. Indeed, in late 2017 and 2018, citizenship by investment jurisdictions began to take steps to modify their programmes in response to their shifting environment, with directives for amendment coming from the governments themselves.

One illustration is the speed with which certain Caribbean island-nations modified their existing programmes to overcome the impact of devastating climatic events in September 2017. In Antigua and Barbuda, the minimum investment amounts under

the National Development Fund were reduced by 50 per cent.

St Kitts and Nevis took the opportunity to establish a provisional route to citizenship: a Hurricane Relief Fund that, in the words of the prime minister, would enable “the country and its people to recover more quickly and to ensure that the infrastructure and people’s homes are fit and habitable where they have been damaged by this season’s hurricanes”.

More recently, St Kitts and Nevis unveiled a new, permanent citizenship option in the form of the Sustainable Growth Fund (SGF). The SGF marked a significant maturation in the citizenship by investment market, as the scope of the SGF was closely aligned to the 17 Sustainable Development Goals set by the United Nations to be achieved by 2030. The SGF, arguably today’s most popular option for economic citizenship despite its youth, stands as a primary case in point of how, by identifying global interests and taking active steps towards the pursuit of those interests, governments can create a strategy for citizenship by investment that enables their programmes not merely to last, but to thrive. ●

St Kitts and Nevis launched its citizenship by investment scheme more than three decades ago



Pic courtesy of St Kitts Tourism Authority



# The cryptocurrency challenge

## CRYPTOCURRENCIES

Some jurisdictions have been quick to embrace cryptocurrencies while others have been wary to do so, yet all will have to deal with applicants who have exposure to the phenomenon

Citizenship by investment is rapidly expanding and taking different shapes across the globe. In devising new economic citizenship programmes, governments must be mindful of the issues and doubts that their programmes could inherently generate. But even countries with tried-and-tested programmes must react and adapt to the challenges that come with the world's rapidly shifting socio-political, economic, and even technological landscape.

2017 and 2018 saw the rise of cryptocurrency – virtual currencies that enable financial transactions between persons without the need for banks, or other centralised financial intermediaries. Crucially, cryptocurrencies allow secure

transactions through advanced cryptography recorded on a blockchain ledger.

How have citizenship by investment jurisdictions responded to the cryptocurrency revolution?

In October 2017, Vanuatu was widely publicised as the first citizenship by investment nation to accept bitcoin – the world's most recognised cryptocurrency. Shortly after the media storm however, Vanuatu's Citizenship Office denied the reports, stating that Vanuatu would only accept payments in US dollars as prescribed by its regulations.

In July 2018, Antigua and Barbuda's Lower House of Parliament passed an amendment to the Antigua and Barbuda Citizenship by Investment Act, enabling receipt of payments via cryptocurrency. Forewarnings of the move had generated anxiety as to the projected use of bitcoin cash payments, the liquidity of large cryptocurrency assets, market volatility, and the complexities associated with tracing the origin of cryptocurrency.

In Malta, while cryptocurrency and citizenship by investment have yet to be formally intertwined, the government

has voiced its intent to be at the “frontline” of blockchain technology, something it described as a “crucial innovation”.

Just like countries considering cryptocurrency, countries adverse to mingling their economic citizenship programmes with digital currencies will have to contend with the ‘bitcoin millionaire’ and ‘bitcoin billionaire’ whose source of funds is an investment in bitcoin (or its equivalent).

A survey released in May 2018 showed that, out of more than 600 high net worth respondents, 35 per cent had already gained exposure to cryptocurrency or intended to gain such exposure by the end of the year. Countries will also need to contend with programme agents who accept cryptocurrencies and convert them into legal tender for purposes of fee payments.

Instituting strict due diligence checks on applicants and agents alike, including enhanced due diligence, is therefore essential to the sustainability of citizenship by investment in our cyber age: an old solution to a new problem. ●

In October 2017, Vanuatu was widely publicised as the first citizenship by investment nation to accept bitcoin – the world's most recognised cryptocurrency – but it subsequently denied the reports



# Developing due diligence

## DUE DILIGENCE

As more countries enter the citizenship market, due diligence will be a defining element of differentiation between their programmes

**T**he CBI Index treats due diligence as an asset. Within a citizenship by investment jurisdiction, a comprehensive background screening policy, applied both consistently and methodically, filters criminals and other morally questionable actors, as well as individuals who could otherwise become a liability or a financial burden to current citizens. Outside the jurisdiction, it provides certainty to other governments, which can trust economic citizens to have been fully vetted.

To the applicant, this translates into citizenship of a country with sound borders, strong national security, and high international standing. Essentially, it also means extensive visa-free travel rights, as other nations look positively on the citizenship by investment jurisdictions and those who become their citizens.

This theory finds its test in St Kitts and Nevis. In November 2014, the Federation lost visa-free travel rights to Canada, which expressed concerns about the country's passport and identity management. Since 2015 however, and in the wake of an extensive internal and external review of its practices, St Kitts and Nevis has been leading the charge in transparency and due diligence.

The result has been overwhelming support from the international community, evidenced by the Federation securing, in 2018, the highest number of visa-free destinations than any other Caribbean citizenship by investment jurisdiction. Some of the countries that recently signed travel treaties benefitting Kittitians and Nevisians include traditionally isolationist

Russia, as well as Moldova and Indonesia.

Some citizenship by investment nations have expanded their commitment to due diligence from a merely domestic realm, to one that considers, and includes, entire regions. With its Citizenship by Investment (Amendment) (No. 2) Act, 2017, for example, Grenada amended its laws to refuse citizenship to any applicant who "is denied citizenship by investment in another Caribbean jurisdiction".

Another call for unity was sounded with the establishment of the Citizenship by investment Programmes Association (CIPA), whose founding members, Antigua and Barbuda, Dominica, Grenada, St Kitts and Nevis, and St Lucia, aim to both harmonise and raise their standards and regulations.

Regard for global safety measures is a mainstay of several citizenship by investment jurisdictions. Malta, for example, bars any applicant who, without being able to demonstrate special circumstances, "has been denied a visa to a country with which Malta has visa-free travel arrangements and has not subsequently obtained a visa to the country that issued the denial".

Similar provisions exist across

A comprehensive background screening policy can mean extensive visa-free travel rights for applicants, as other nations look positively on the citizenship by investment jurisdictions and those who become their citizens

Caribbean legislation or are enforced by the relevant Caribbean citizenship by investment unit through custom – but not all citizenship by investment jurisdictions make a nod to the international community. Neither Cyprus nor Vanuatu, for instance, exclude applicants with a history of visa refusals.

Overall however, the trend among well-established citizenship by investment nations continues to be one of strengthening due diligence and international collaboration.

The 2018 Caribbean Investment Summit, held from 16 to 19 May, was conducted under the theme 'Unity in the Age of Division: Emerging Trends of CIPs in an Uncertain World'. On 21 May, 2018, Cyprus announced it would inaugurate an era of more enhanced due diligence, with application processing expected to last six months. On 22 May, 2018, Malta held its First Citizenship by Investment Due Diligence Conference.

As more countries enter the citizenship market, due diligence will be a defining element of differentiation between countries, their programmes, and the applicants who become their economic citizens. ●



# The due diligence process in the Caribbean

## CASE STUDY

The Caribbean CBI programmes are generally associated with far-reaching due diligence, explains **Heyrick Bond Gunning, CEO of S-RM**

**D**ue diligence varies dramatically across citizenship by investment (CBI) programmes – at one end of the spectrum only basic disclosure requirements are implemented, while at the other extreme there are transparent, thorough, and robust requirements. The quality of a CBI programme rests on its ability to embrace transparent and at times exacting due diligence processes, ongoing monitoring of applicants in case their circumstances change, and absolute clarity around the on-boarding decision-making process.

The Caribbean CBI programmes are generally associated with far-reaching due diligence, and with good reason. Indeed,

while their processes may not be completely interchangeable, they all follow the same structure: requirements for extensive disclosure compounded by supporting documentation, comprehensive investigation by independent and professional firms, and information exchange with both regional and international entities involved in crime detection. It is this structure that greatly dissuades individuals who may hope to use the Caribbean's CBI programmes to circumvent the Common Reporting Standard (CRS) or to conduct other illicit activity.

Growing interest in the topic of immigration, and investor immigration in particular, makes it essential to provide clarity on the steps that are taken to examine individual CBI applicants in certain jurisdictions. It is in S-RM's purview to provide that clarity with respect to the Caribbean, and to the reports that it provides to the CBI jurisdictions in that region. Each report covers the following areas:

**Address verification** – Each applicant is required to detail his or her residential history for at least the last 10 years. Verification of their current residential address is undertaken, either through a site visit or through contacts located in the country who are familiar with the applicant.

**Passport verification** – The passports of the applicant and any dependants are verified through an algorithmic check and by the respective issuing authority.

**Police clearance certificates** – Applicants and all dependants (above a certain age) are required to provide certificates evidencing no criminal records for each of the jurisdictions they have resided in within the last 10 years. If any further jurisdictions are identified, police clearance certificates are requested by the CBI jurisdiction. The authenticity of these police clearance certificates is verified with the issuing authorities.

Passport verification is an important component of the Caribbean programmes' due diligence process





**Business profile** – Applicants are required to detail all business interests and employment activity for at least the last 10 years. These positions are verified, and further searches are conducted to ensure there are no omissions. Investigations are undertaken to ensure the legitimacy of these entities, both in terms of registration and their business activities.

**Reputation** – A thorough analysis is conducted of the applicant's business reputation through online media and litigation searches, as well as through contact with professional acquaintances, competitors, industry bodies, and a variety of other sources, to certify that the applicant presents no reputational concerns.

**AML/CTF/ABC** – The applicant is required to provide supporting documents to validate reported financial information, including corporate filings (such as incorporation documents or annual accounts), title deeds for land or property assets, stock portfolios, and bank statements. This information is then analysed for any signs of illicit activity. The applicant's business interests are also investigated by in-country contacts to ensure there are no allegations of unlawful or otherwise dishonest activity. There is then a detailed assessment of anti-bribery and corruption (ABC), anti-money laundering (AML), counter-terrorism funding (CTF), and related reputational and integrity risks.

**Sanctions, wanted lists, and political exposure** – The applicant, as well as his or her family, corporate affiliations, and associates are checked through the global wanted lists and sanctions databases to which we subscribe. The same individuals are run through global compliance databases to ascertain any



political exposure. Information from in-country contacts is also used to determine any political links held and the risk they may present.

Due diligence is the most substantial contributing factor to a CBI programme's capacity to attract the right individuals as citizens. Exhaustive due diligence reports, such as the ones that are undertaken on behalf of Caribbean jurisdictions, should therefore be a staple of all CBI programmes that aspire to success and durability. ●

*Heyrick Bond Gunning is CEO of S-RM. S-RM is among the panel of due diligence providers that lend their expertise to jurisdictions with CBI programmes. S-RM provides these services for several CBI jurisdictions in the Caribbean and elsewhere around the world. S-RM also provides similar services to the banking and private equity sectors, corporate clients, and other governments. This has allowed S-RM to acquire a broad understanding of the levels of due diligence undertaken across a variety of sectors, and to be able to provide a sound opinion on their strengths.*

Exhaustive due diligence reports, such as the ones that are undertaken on behalf of Caribbean jurisdictions, should be a staple of all CBI programmes that aspire to success and durability

# Overview of the methodology

## METHODOLOGY

The CBI Index is built around seven pillars, designed to satisfactorily measure global citizenship programme features and jurisdictional desirability

**T**he CBI Index is a rating system designed to measure the performance and appeal of global citizenship by investment programmes across a broad range of indicators. Its purpose is to provide a rigorous and systematic mechanism for assessing citizenship programmes, to facilitate the decision-making process for individuals considering them, and to bring value to the citizenship industry.

The CBI Index assesses all countries with operational citizenship by investment programmes, which today include the following 13 nations: Antigua and Barbuda, Austria, Bulgaria, Cambodia, Cyprus, Dominica, Grenada, Jordan, Malta, St Lucia, St Kitts and Nevis, Turkey, and Vanuatu.

A primary methodological objective was to isolate factors that could satisfactorily measure programme features and jurisdictional desirability. Seven factors, or 'pillars', were identified for this purpose. The seven pillars that constitute the CBI Index include:

1. Freedom of Movement
2. Standard of Living
3. Minimum Investment Outlay
4. Mandatory Travel or Residence
5. Citizenship Timeline
6. Ease of Processing
7. Due Diligence

Arriving at an appropriate rating for the seven pillars involved a complex combination of benchmarking, statistical analysis, and comparative investigation.

Each of the seven pillars is scored out of a maximum of 10 points, calculated on an averaging basis from the scores of composite indicators and sub-indicators. The maximum attainable score achievable by a programme is 70, with all final scores expressed in terms of a percentage of the total points available. For example, a perfect, 70-point score would be expressed as 100 per cent.

It should be noted that, due to the vast number of statistics, indicators, and sub-indicators available for analysis, no single approach exists for the rating of citizenship by investment programmes. In framing the CBI Index however, reliance was only placed on official sources and publications from institutions of the highest international standing and on the specialised input of industry experts, whose contributions and responses were used to obtain and interpret both qualitative and quantitative data used in the construction of the CBI Index.

It should further be noted that, whenever possible, points were awarded on the basis of evidence from official sources and the letter of the law. Because announcements of changes to citizenship by investment programmes are often made many weeks and months in advance of their actual implementation, the CBI Index limits its evaluations to changes confirmed by governments themselves and associated legal facts.

### PILLAR 1: FREEDOM OF MOVEMENT

The Freedom of Movement Pillar measures a passport's relative strength by the number of destinations to which it allows travel without restriction, and by the amount of prime business hubs to which it provides access. It is assumed, for the purposes of this pillar, that the passport used for travel is an ordinary passport, and not a diplomatic or service passport.

“Reliance was only placed on official sources and publications from institutions of the highest international standing and on the specialised input of industry experts

Freedom of movement within and between countries is of paramount importance to any individual seeking second citizenship. This holds true whether the individual wishes to travel for work purposes, to visit family, or for leisure.

Emphasis was placed on the total number of countries and territories that may be visited without applying for a visa. This included both visa-free and visa-on-arrival destinations, as neither require persons to receive a visa in advance of travel. Government and other official sources, including data from the United Nations World Tourism Organisation (UNWTO), were used to obtain up-to-date information on visa requirements for holders of each of the 13 passports under evaluation.

As business travel is a prime consideration for prospective global citizens, a passport's ability to provide access to the world's leading economic and financial centres was also evaluated. The World Bank's Ease of Doing Business Index, Forbes' Best Countries for Business, the World Economic



Forum's Global Competitiveness Report, and other authoritative sources were used to arrive at a list of the top centres for international business.

For both indicators, points were awarded on a descending scale, with the highest score received by the passport with visa-free or visa-upon-arrival entry to the highest number of foreign countries or territories.

## PILLAR 2: STANDARD OF LIVING

The Standard of Living Pillar is a measure of the quality of life offered by the 13 citizenship by investment jurisdictions under assessment. This pillar is vital to those who yearn to relocate and to secure a prosperous and fulfilling lifestyle. Similarly, it is key to those wanting to take advantage of local business opportunities, or needing to transfer and safeguard their assets.

For this pillar, a wide range of official indicators were considered to allow for an accurate assessment. Consequently, establishing an appropriate benchmark was of paramount importance, as a country's score must be viewed both as an absolute value, and within the context of the other citizenship by investment countries – that is to say, as a relative value.

Reliance was placed on the United Nations Human Development Index (HDI) for factors such as life expectancy, education, security, and income.

Because past performance is not always a guarantee of future results in the field of economic growth in a rapidly developing world, a country's latest annual GDP growth statistics were used to indicate present-day economic circumstances as well as growth potential – a particularly important indicator for

Freedom of movement within and between countries is of paramount importance to any individual seeking second citizenship

investors. Data was sourced from the World Bank's Open Data Catalogue to ensure accuracy and consistency.

The Standard of Living Pillar also examines a country's ability to promote freedom, and to protect the rights of individuals to act and to express themselves without undue constraints. Civil liberties and political rights within a jurisdiction were rated as part of this exercise, using sources such as Freedom House's Freedom in the World Index.

## PILLAR 3: MINIMUM INVESTMENT OUTLAY

The Minimum Investment Outlay Pillar measures one of the most practical and foremost considerations of citizenship by investment: how much capital is required for the investor to become an eligible applicant for the programme of his or her choosing.

The cost of applying for citizenship by investment increases with the number of dependants – or qualifying family members – included in an application. In some jurisdictions this increase is proportional, while in others the cost only increases following the inclusion of multiple dependants. To remain consistent across all jurisdictions, it was assumed that one applicant was applying for citizenship alone. That is to say, that the application consisted of a 'single applicant'.

Where a citizenship by investment programme offers multiple investment options, the most affordable option was selected for evaluation. For example, Dominica offers a single applicant the choice between a contribution to the Economic Diversification Fund (EDF) and an investment in pre-approved real estate, with the latter being the more expensive alternative. The EDF option was therefore used to determine the minimum investment outlay for the Dominica Citizenship by Investment Programme.



This pillar considers pure investment requirements, exclusive of minor fees that may also apply. These may include application, processing, or due diligence fees that do not significantly alter the cost of a citizenship application.

The highest number of points was awarded to the country requiring the lowest minimum investment.

#### **PILLAR 4: MANDATORY TRAVEL OR RESIDENCE**

The Mandatory Travel or Residence Pillar examines the travel or residence conditions imposed on applicants both before and after the granting of full citizenship. Often busy with running a business or with international travel of their own, citizens of the world have little time on their hands to fulfil minimum stay requirements.

A careful examination of the laws, regulations, and policies pertaining to each citizenship by investment programme was undertaken. First, it was determined whether any travel or residence prerequisites applied. Second, post-citizenship requirements were examined, as well as the consequences of failing to fulfil those requirements. Third, the extent of the travel or residence requirements were analysed, with physical visits for the purposes of attending an interview, swearing an oath of allegiance, or giving biometric information all taken into account. Additionally, mandatory travel that could only be waived or eased following the payment of a costly fee was also given consideration.

In line with previous pillars, scrutiny focused on the main applicant rather than any dependants that may be included in the citizenship application.

As having year-round freedom to travel is a highly-valued liberty, programmes that waived residence and travel requirements achieved the best score, followed by those with minimal

requirements. The lowest scores were attained by programmes with extensive requirements.

#### **PILLAR 5: CITIZENSHIP TIMELINE**

The Citizenship Timeline Pillar looks at the average time it takes for citizenship to be secured by the applicant.

The speed at which application forms and supporting documentation are processed, and the steps involved in approving an application, vary from programme to programme. Therefore, a thorough inspection of applicable laws, regulations, and policies was made to determine the official processing times mandated by each jurisdiction.

Extensive reliance was also placed on first-hand experience from applicants, agents, and other stakeholders, whose contributions proved to be an invaluable tool in ascertaining citizenship timelines.

As one of the key merits of citizenship by investment programmes is their ability to provide a rapid route to second citizenship, the highest number of points was awarded to the programmes with the shortest turnaround times.

Additional merit was given to programmes offering fast-track processing options at an additional fee, as these provide an extra layer of certainty for the applicant who is urgently in need of his or her second citizenship.

#### **PILLAR 6: EASE OF PROCESSING**

The Ease of Processing Pillar measures the end-to-end complexity of the citizenship by investment application process. In some jurisdictions, the application process can be a labour-intensive and painstaking task that is time-consuming for the applicant; in others, it is streamlined and the applicant receives clear directives on how to proceed. For the ever-busy, internationally-minded individual, the

The speed at which application forms and supporting documentation are processed, and the steps involved in approving an application, vary from programme to programme

overall effortlessness of the application process is a particularly critical component and a smoother, hassle-free process can generate readiness to engage with a programme.

Multiple indicators were considered, commencing with entry qualifications such as previous business experience or fluency in a language. Knowledge of local history or culture assessments and interview requirements were also weighed.

By its very nature as a naturalisation process, citizenship by investment involves a significant amount of paperwork, including both forms and supporting documents. Having the support of an official government website and of a dedicated citizenship by investment unit to seek and obtain clarification was thus an influential factor in awarding points to a programme.

Extensive communication with advisors and legal experts is required where a jurisdiction mandates the purchase of real estate or other assets,



and hefty paperwork must also be submitted as evidence of that purchase. Therefore, countries with compulsory purchasing requisites were deemed to burden the application process.

The stability of each programme was also assessed, as applicants and service providers prize continuity throughout the application process.

Programmes with fewer demands placed on the applicant and with relatively straightforward procedures achieved higher scores for this pillar.

#### PILLAR 7: DUE DILIGENCE

The Due Diligence Pillar focuses on each nation's commitment to ensuring that their programme remains transparent and effective at evaluating potential candidates for citizenship. It is hence a measure of each programme's integrity.

The CBI Index focuses on the ability of governments to obtain information on and from applicants, such as by the performance of internal and external

due diligence checks. Further indicators included police certificate requirements – including the number of nations from which a certificate must be provided – as well as requests for fingerprints or biometric data.

Emphasis was placed on a country's ability to gather evidence on the applicant's source of funds, as this is a core step in preventing those profiting from, or involved in the financing of, illicit activity from obtaining citizenship.

Increasingly, strict anti-terrorism and anti-money laundering (AML) legislation has prompted some governments to exclude persons of certain nationalities from their programmes, or to restrict funds transferred from certain jurisdictions in order to ensure compliance with international sanctions. These trends are included among this pillar's indicators.

The greater a country's ability to perform background checks on applicants, the higher the score received. ●

The CBI Index focuses on the ability of governments to obtain information on and from applicants, such as by the performance of due diligence checks and requests for fingerprints and biometric data

## THE RESEARCHER

The CBI Index was created by James McKay, a research consultant with more than a decade's experience in the design and execution of complex research and data analysis projects.

Having read psychology and statistics at University College London, the founder of McKay Research provides market intelligence and consultation across a wide range of sectors, and actively works with some of the world's biggest independent providers of strategic market research across several industries including commodities, investment, pharmaceuticals, and consumer goods.

James, who used guidance from the OECD's Handbook on Constructing Composite Indicators, employed a three-stage process to produce the latest version of the CBI Index.

The first phase involved comprehensive primary and secondary research to chart all major developments in the world of economic citizenship over the past 12 months.

The second phase comprised a detailed exploration of official macroeconomic and programme statistics used in evaluating CBI Index country performance.

The third and final stage involved critically analysing and inputting all data collected throughout the research process, paying careful attention to maintaining the statistical continuity and integrity of the original index architecture.

Now celebrating its second anniversary, the CBI Index is rapidly becoming the leading tool for investors to accurately measure the performance and appeal of global citizenship by investment programmes.

# Key findings: Caribbean continues to dominate

## KEY FINDINGS

The CBI Index's key findings present an evaluation of each country both overall and within the parameters of the seven pillars

In providing both the overall programme ranking and the rankings by each of the seven pillars, the CBI Index affords readers the opportunity to either perform an overall review of the programmes, or complete an analysis of the pillar that is of greatest consequence to their individual requirements.

The following key findings emerge from the 2018 CBI Index ranking:

### PILLAR 1: FREEDOM OF MOVEMENT

The countries that scored the highest in freedom of movement were the four European nations included in the CBI Index: Austria and Malta, with a score of 10, and Cyprus and Bulgaria, with a score of 9. Austria and Malta are members of the Schengen Area, which, for the most part, operates under a common visa policy.

The Caribbean followed Europe, having access to numerous key financial centres and having worked extensively to forge closer ties with other nations to increase the number of destinations to which their citizens can travel visa-free. Despite its recent loss of visa-free travel to Canada, Antigua and Barbuda remained the region's top scorer. However, this year it was equalled by St Kitts and Nevis, whose work on expanding visa-free travel has been substantial.

Vanuatu ranked in tenth place, but above Cambodia and citizenship by investment newcomers Turkey and Jordan, largely due to its passport granting access to the Schengen countries. Cambodia and Jordan

in particular, received low scores both because of their poor overall ability to offer citizens visa-free travel, and because they lack the adequate travel treaties to ensure their citizens can easily access today's prime business centres.

### PILLAR 2: STANDARD OF LIVING

Standard of living saw Austria and Malta top the rankings. With the exception of GDP growth and expected years of schooling, Austria obtained a perfect score in all sub-indicators, owing to its highly developed public services, business infrastructure, and economic stability. Among European nations, only Malta scored better than Austria in terms of GDP growth, coming in first together with Cambodia and EU-hopeful Turkey on what is one of the most important indicators to gauge investment returns.

As Hurricane Maria, one of the Caribbean's worst natural disasters on record, devastated Dominica's agricultural and fishing sectors, this economic setback was reflected in the country's poor GDP growth.

The life expectancy sub-indicator revealed that, but for Austria, the longest lives can be enjoyed on the Mediterranean Sea. Close behind in second was Dominica – a lush island known for its abundant nature, vivacious atmosphere, and reliance on clean energy sources.

Expected years of schooling, another sub-indicator for a country's standard of living, saw Austria and Grenada obtain the top – but not perfect – scores. Living in a country with more than 30 public and private universities, it should come as no shock that young Austrian men and women remain in education for long periods of time. Less well-known is Grenada's devotion to education, which has also led to it receiving international praise for its St George's University – a leading medical and veterinary school.

Overall, Grenada placed best out of the Caribbean, followed by Antigua and

Barbuda. Turkey bisected the five Caribbean jurisdictions, receiving a score of seven and thereby outperforming Dominica, St Kitts and Nevis, and St Lucia. Island nation Vanuatu equalled Dominica, St Kitts and Nevis, and St Lucia, as did Jordan, a Middle Eastern country currently in the throes of rapid, government-initiated economic development. Cambodia received the lowest score, a result of, among other things, its relatively low level of political and civil rights; a characteristic it shares with both Jordan and Turkey.

As for the 2017 CBI Index, Cambodia was among the highest-ranking nations under the relative safety sub-indicator, which measures intentional homicide rate. The country matched Europe and Vanuatu, the latter of which is known to be one of the least dangerous destinations in Oceania. Jordan, a new entry in the 2018 CBI Index, was also among the nations with the lowest intentional homicide rates.

### PILLAR 3: MINIMUM INVESTMENT OUTLAY

Offering citizenship to successful single applicants for \$100,000, Dominica and St Lucia scored highest for the minimum investment outlay pillar. Both Dominica and St Lucia have been accepting contributions of \$100,000 for some time (St Lucia from the beginning of 2017), and were among a handful of Caribbean nations that did not lower their threshold requirements for single applicants in the wake of the September 2017 hurricane season. Although, as of November 1, 2017, Antigua and Barbuda nominally requires a \$100,000 contribution for a single applicant, a substantial \$25,000 government fee must also be added.

Outside of the Caribbean countries, Vanuatu and Cambodia were close runners-up, the former offering citizenship to single applicants for an investment of less than or equal to \$200,000 and the latter doing so for less than or equal to \$300,000.

With their substantially higher investment requirements, the European



THE CBI INDEX									
SEVEN PILLARS								FINAL RESULTS	
Country	Freedom of Movement	Standard of Living	Min Inv Outlay	Mandatory Trv/Res	Citizenship Timeline	Ease of Processing	Due Diligence	Overall Score (70)*	%
Antigua and Barbuda	8	7	9	7	6	9	10	56	80
Austria	10	9	1	8	2	4	4	38	54
Bulgaria	9	8	5	7	1	6	8	43	61
Cambodia	1	5	8	8	7	4	4	37	53
Cyprus	9	8	2	7	6	7	7	46	66
<b>Dominica</b>	<b>7</b>	<b>6</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>63</b>	<b>90</b>
Grenada	7	8	9	10	6	9	8	57	81
Jordan	1	6	3	10	9	5	3	38	54
Malta	10	9	3	2	3	8	10	44	63
St Kitts and Nevis	8	6	9	10	7	10	10	60	85
St Lucia	7	6	10	10	8	9	5	55	79
Turkey	4	7	3	10	9	5	5	43	61
Vanuatu	6	6	9	8	10	9	6	54	78

countries achieved lower scores. Bulgaria, Cyprus, and Malta extend citizenship for BGN1m (\$590,000), €2m (\$2.32m), and €880,000 respectively. Austria, whose requirements for citizenship are estimated to extend to several millions of euros, received the lowest ranking.

Interestingly, the new citizenship by investment programmes of Jordan and Turkey have pitched their investment requirements very much in line with Europe. Turkey requires a minimum real estate investment of \$1m, while Jordan requires a \$1m investment in small and medium-sized enterprises, resulting in their being ranked together with Malta.

#### **PILLAR 4: MANDATORY TRAVEL OR RESIDENCE**

In the Caribbean, Dominica, Grenada, St Lucia, and St Kitts and Nevis all achieved full scores under this pillar, as none of them require applicants to travel to, or reside within, their territory at any time prior to or after receiving citizenship. Indeed, these four jurisdictions rely on their stringent due diligence procedures to obviate any need to meet the applicant in

person. It is important to mention however that these countries are famed for being welcoming, and applicants are invited to spend time visiting the countries whenever possible. Also achieving a maximum score under this pillar were new CBI Index entries Turkey and Jordan, with accredited agents facilitating the application process remotely for interested investors.

A high score was given to Austria, Cambodia, and Vanuatu, each of which only requires one trip for purposes of signing the relevant oath of allegiance. In Cambodia, the applicant must also obtain good behaviour, health, and police certificates. Vanuatu provides some flexibility to the applicant, who may choose to either travel to Vanuatu or to Hong Kong. Antigua and Barbuda, Bulgaria, and Cyprus also received creditable scores.

Significantly below all other countries came Malta, whose more complex physical residence requirements placed it towards the bottom of the scoring scale. Malta's 'genuine link' test only provides some flexibility to how an individual can demonstrate residence on the island.

\* Each country's final score as displayed in the above table is not an aggregation of rounded-up sub-pillars but an overall performance score

#### **PILLAR 5: CITIZENSHIP TIMELINE**

With average processing times of under two months, Dominica and Vanuatu both received a perfect score under the timeline pillar. While on the surface a low citizenship timeline may suggest a lack of applicant background checks and other controls, it should be noted that Dominica in particular also scores highly in terms of due diligence, indicating that efficiency can be achieved without compromising quality. Jordan and Turkey also score highly, with minimum processing time for applications at two and three months respectively.

High marks were awarded to Cambodia, St Kitts and Nevis, and St Lucia. Several Caribbean nations fell in the rankings relative to 2017 due to administrative delays following the hurricane season. St Kitts and Nevis, whose temporary Hurricane Relief Fund (HRF) option proved highly successful, is currently contending with high volumes of applications submitted before the HRF's closure. In its ranking however, consideration was also given to the Federation being able to offer a secure timeframe for applicants willing to pay the premium fee associated with the

Accelerated Application Process (AAP). Cyprus, which previously administered applications in three months, recently announced that, moving forward, applicants should expect turnaround times of at least six months.

Malta and Austria each received very low scores due to their protracted processing procedures, although it was Bulgaria that scored the lowest, as citizenship of this nation can only be obtained within three to five years, depending on whether the applicant chooses the more expensive fast-track route.

#### PILLAR 6: EASE OF PROCESSING

As for 2017, the Caribbean showcased the most streamlined and clear procedures for economic citizenship. This reflects two important points regarding the region. Firstly, the requirements imposed on applicants in the Caribbean each follow the same model, and secondly, these nations have all committed to making their procedures transparent.

Small distinctions were however drawn between Dominica and St Kitts and Nevis

on the one hand, and Antigua and Barbuda, Grenada, and St Lucia on the other. These distinctions were based on the certainty of the citizenship by investment product presented by the five nations in question, with the first two relying on longevity and international praise, as demonstrated by awards and accolades such as the 'platinum standard' for St Kitts and Nevis. By contrast, for example, St Lucia presents a programme that is subject to political tension, with the opposition criticising the opacity of fund usage and calling for a review of all applicants. In March 2018, St Lucia issued its Citizenship by Investment (Revocation) Order, 2018, thereby depriving six applicants of their economic citizenship.

Vanuatu attained the same result as St Lucia, receiving equal points for all sub-indicators. Vanuatu therefore also performed less well than some of the other Caribbean nations because of the programme's more insecure position when seeking to deliver on its promise of citizenship. The certainty of Vanuatu's economic citizenship product is dented by

Austria received a low score for its Citizenship Timeline due to its protracted processing procedure

the country frequently terminating and re-launching its citizenship by investment programmes. Moreover, the reputation and durability of the Vanuatu Contribution Programme are harmed by locals denouncing its use of a single agent and of its foreign-based marketing agent.

Malta and Cyprus each scored below the Caribbean and Vanuatu. Their lower scores can be attributed, at least in part, to their rules on the mandatory purchase or rental of real estate – property transactions that inevitably come with hefty paperwork. With its requirement to acquire a bond portfolio, Bulgaria also failed to rank well. It is important to note that applicants must also demonstrate the completion of purchases in Jordan and Turkey, but that real estate purchases in the Caribbean are optional.

Cyprus received a lower score than Malta because it lacks a dedicated citizenship by investment unit. Lack of official and dedicated government channels for their citizenship by investment programmes, including accessible websites, put Austria, Bulgaria, Cambodia, Jordan, and Turkey at a disadvantage. Austria and Cambodia were further penalised by their enforcement of certain tests (such as Cambodia's requirement that the applicant learn Khmer) or compulsory interviews.

#### PILLAR 7: DUE DILIGENCE

Antigua and Barbuda, Dominica, Malta, and St Kitts and Nevis scored equally to take first place, owing to their unique data collection and due diligence features. Grenada and Bulgaria also scored well, thanks, among other things, to their thorough questioning of applicant information.

Due diligence was a major driver behind a recent decision by the Cypriot Council of Ministers to make changes to its Cyprus Investment Programme, and to begin utilising specialized due diligence foreign firms.

Vanuatu also improved its due diligence score, as it now excludes certain nationalities





Dominica, which was devastated by Hurricane Maria in 2017, attained the highest ranking in the CBI Index for the second year running

on grounds of national security. Turkey both bans certain nationalities and obtains biometric evidence from its applicants – two elements that worked in its favour.

Both Austria and Cambodia received low scores under this pillar. Despite its high investment threshold, Austria falls short of many other nations with respect to the level of due diligence it performs on its applicants, especially when exploring the source of the applicant's funds, using independent agencies to assess applicants, and evaluating criminal records.

The lowest due diligence score was given to Jordan. Still in its infancy, the Jordanian programme appears not to have the robust due diligence provisions seen in the more established Caribbean and European programmes, and this ought to undoubtedly remain a particular area of focus for Jordan, should it seek to elevate its profile in the citizenship by investment industry.

### FINAL SCORES: THE BEST PROGRAMMES IN THE 2018 CBI INDEX

The 2018 CBI Index saw continuity in its overall results, as the Caribbean was once again the most successful region with respect to the performance of its citizenship by investment programmes. Dominica remained the world's best economic citizenship option, coupling low investment thresholds with efficiency, speed, and the certainty of permanency. St Kitts and Nevis, a strong contender, improved its visa-free travel options and lowered its entry thresholds via the introduction of the

Sustainable Growth Fund, but must contend with the flipside of its enormous success with the Hurricane Relief Fund and work towards improving its processing times. Grenada and Antigua and Barbuda performed well, but also suffered from a slowing down of the application review process.

Vanuatu, which in 2017 received the same overall score as St Lucia, this year came in only one point behind it, however its new programme's low prices, straightforward application process, and fast turnaround times earned it a solid score in 2018.

Cyprus was, once again, the most successful nation in Europe. As compared to Malta, which came just below Cyprus, it has attractive travel and residence

THE FINAL SCORES (%)		
	COUNTRY	FINAL SCORE
1	Dominica	90
2	St Kitts and Nevis	85
3	Grenada	81
4	Antigua and Barbuda	80
5	St Lucia	79
6	Vanuatu	78
7	Cyprus	66
8	Malta	63
9	Bulgaria	61
9	Turkey	61
11	Austria	54
11	Jordan	54
13	Cambodia	53

requirements and a speedier citizenship timeline. Its score was also enhanced from 2017 as a result of its improved due diligence. Malta, in eighth position, shared the highest scores for freedom of movement and standard of living with Austria. Importantly for its long-term success, it counted a perfect score in due diligence – a distinction that was also attained by Antigua and Barbuda, Dominica, and St Kitts and Nevis. However, Malta suffered from low scores in other pillars as a result of its comparatively high investment requirements, travel and residence requirements, processing times, and the reputational damage suffered as a result of its programme being singled out for investigations by global anti-corruption groups.

In ninth position was Turkey, the higher performer of the two new Middle Eastern programmes, with Jordan down in eleventh position (together with Austria). Turkey has made a solid start in the industry, however, relatively high investment outlays, unexciting travel options, and an unproven track record in due diligence are but three factors that prevented a higher score. High minimum investment outlays also weighed on Jordan's score, which further suffers from poor freedom of mobility, a lack of transparency with regards to its application procedures, and lenient due diligence requirements.

Bulgaria equalled Turkey in the 2018 CBI Index, and continues to be outperformed as a result of its lengthy and expensive citizenship routes. In 2018, as for in 2017, the path to Austrian economic citizenship remains one of the least-trodden. Cambodia received the CBI Index's lowest possible score in freedom of movement, a measurement it shares with Jordan. Citizenship timeline, travel and residence requirements, and investment threshold remained its strongest points, although it seems likely that the Cambodian programme will become more expensive in the near future. ●



# The seven pillars of

## OVERALL RESULTS FROM THE CBI INDEX

90% Dominica

85% St Kitts and Nevis

81% Grenada

80% Antigua and Barbuda

79% St Lucia

78% Vanuatu

66% Cyprus

63% Malta

61% Bulgaria

61% Turkey

54% Austria

54% Jordan

53% Cambodia



### FREEDOM OF MOVEMENT

#### TOP COUNTRIES



Austria, Malta

Citizens of Austria and Malta can travel to 19 of the CBI Index's top international business centres. Both can travel to more than 180 destinations without a visa or with a visa-on-arrival



Bulgaria, Cyprus

Citizens of Bulgaria and Cyprus can travel to 18 of the CBI Index's top international business centres. Both can travel to around 170 destinations without a visa or with a visa-on-arrival



### STANDARD OF LIVING

#### TOP COUNTRIES



Austria, Malta



Bulgaria, Cyprus, Grenada

81.6

#### LIFE EXPECTANCY

Life expectancy in Austria is 81.6 years, the highest of any country in the CBI Index. Cambodia is the lowest, at 68.8 years



### EDUCATION

Austria and Grenada score highest for expected years of schooling



### MINIMUM INVESTMENT OUTLAY

#### TOP 2 COUNTRIES



Dominica, St Lucia

\$100,000

#### LOWEST FEE

Both Dominica and St Lucia require a \$100,000 contribution for a single applicant



### MOST EXPENSIVE

Austria, followed by Cyprus, is the most expensive citizenship by investment programme

# the CBI Index



## MANDATORY TRAVEL OR RESIDENCE

### TOP 6 COUNTRIES



Dominica, Grenada, Jordan, St Kitts and Nevis, St Lucia, Turkey



## RESIDENCE REQUIREMENTS

In Antigua and Barbuda, the physical residence requirement is 5 days within 5 years of obtaining citizenship. This requirement is waived for children until after they reach the age of majority at 18



In Malta applicants must complete 12 months of residence



## CITIZENSHIP TIMELINE

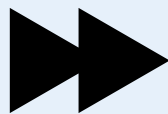
### TOP COUNTRIES



Dominica, Vanuatu



Jordan, Turkey



## FAST TRACK

St Kitts and Nevis is the only country to offer a fixed Accelerated Application Process (AAP), ensuring applications are processed within 60 days



## EASE OF PROCESSING

### TOP 2 COUNTRIES



Dominica, St Kitts and Nevis



Cambodia is the only country that requires applicants to take a culture or history test



Austria requires applicants to sit a mandatory interview



Cambodia carries out a language test



## DUE DILIGENCE

### TOP 4 COUNTRIES



Antigua and Barbuda, Dominica, Malta, St Kitts and Nevis



The best ranked countries for due diligence have a system which displays robust external due diligence including on-the-ground checks, plus assistance from international law enforcement agencies



Fingerprinting or other biometric data collection was an important factor

# Programme profiles

## PROGRAMMES

A closer look at the 13 citizenship by investment programmes which make up the CBI Index

### THE ANTIGUA AND BARBUDA CITIZENSHIP BY INVESTMENT PROGRAMME

The Antigua and Barbuda Citizenship by Investment Programme was established by the Antigua and Barbuda Citizenship by Investment Act, 2013, and was last modified in May 2018. Antigua and Barbuda offers three investment alternatives for successful applicants.

The first alternative allows applicants (up to a family of four persons) to make a minimum contribution of \$100,000 to the National Development Fund (NDF), a not-for-profit organisation created with the purpose of running both public and private projects as well as charitable initiatives such as improving access to healthcare and education.

The second alternative requires the applicant to make an investment of \$400,000 or more into one of the government's approved real estate projects for a period of five years. Such developments include leasehold schemes, hotels, and villas that add value to the nation's tourism sector. From May 1, 2018, until October 31, 2018, under a limited time offer, an applicant with no more than three additional family members may make a joint investment with a 'related party', with both the applicant and the 'related party' making a minimum investment of \$200,000. A 'related party' is one with the same licenced agent as the applicant.

The last alternative entails an investment of \$1.5m into an eligible, government-approved, business project. Applicants can apply as joint investors so long as each applicant makes a \$400,000 minimum investment into a project worth

at least \$5,000,000.

Government and due diligence fees apply for all three alternatives to citizenship, with the former starting at \$25,000 for any application of up to four persons applying under the NDF. Fees increase with the number of persons included in an application, and are higher for applications under the real estate and business options. In all cases, 10 per cent of the government fees are due upon submission of the application and are deemed non-refundable.

In the past year, there have been some delays in application processing, resulting in six-month turnaround times from the date of submission to the Citizenship by Investment Unit (CIU), the government body responsible for reviewing all applications under the programme. Due diligence procedures are strict, and a number of nationalities are excluded outright from the application process.

Although there is no mandated interview or knowledge-based test, Antigua and Barbuda requires applicants to travel to the nation, or to an embassy or consulate, to sign an oath of allegiance. Furthermore, once awarded, citizenship is conditional on the applicant spending five days on Antiguan or Barbadian soil within five years of obtaining citizenship. This requirement is waived for children until after they reach the age of majority at 18.

In June 2017, Antigua and Barbuda lost visa-free access to Canada, one of its most significant selling points. There were, however, some additions to the list of countries and territories to which citizens of Antigua and Barbuda may travel, including Monaco and the Ukraine. Antigua and Barbuda accepts dual nationality.

### CITIZENSHIP BY INVESTMENT IN AUSTRIA

The particulars of Austria's citizenship by investment procedures are not clearly codified in the laws of the nation. Rather, the scheme draws broad legitimacy from

Austria's scheme has operated intermittently, and only rarely are aspiring applicants successful

Article 10, Paragraph 6 of the 1985 Nationality Act, which gives leave to the Federal Government to grant citizenship where a person displays actual or expected outstanding achievements. The Federal Government may, by an order, lay down specific stipulations regarding the grant of nationality under Article 10, Paragraph 6. Its failure to fully do so has made the Austrian scheme one of the least transparent processes in the economic citizenship arena.

The outstanding achievement underlined in Austria's laws can be economic, and can cover those whose investments in Austria are sufficient to trigger the provision.

Exclusive and limited to those who can guarantee a positive attitude towards Austria, and who do not pose a danger to law and order, public safety, or other public interests, the scheme has operated intermittently, and only rarely are aspiring applicants successful. The scheme is also mindful of Austria's – and the applicant's – associations with other states, barring persons whose relations with foreign states would be detrimental to Austria, or who, upon becoming Austrian nationals, would damage the country's international relations. A person is also barred given the existence of certain criminal convictions, immigration orders, and affiliations with extremism.





The two-year process involves filing the application in person (unless the applicant is incompetent to act) and significant communication with various government representatives. Article 10(a)(2) exempts prospective economic citizens from having to demonstrate sufficient knowledge of the German language and basic knowledge of Austria's history and democratic system. An applicant who lives outside of Austria must however travel to the relevant Austrian diplomatic or consular authority to give the oath of allegiance (with some exceptions for those who cannot reasonably be expected to appear to deliver the oath).

Although Austria generally disallows dual nationality, Article 10, Paragraph 6 applicants are permitted to retain their original citizenship, bringing the scheme in line with those of other jurisdictions offering economic citizenship. Benefits of Austrian citizenship include the right to live and work in any country in the European Economic Area (EEA) and Switzerland, as well as facilitated travel to the United States and Canada.

### **THE BULGARIAN IMMIGRANT INVESTOR PROGRAMME**

The Bulgarian Immigrant Investor Programme (BGIIP) was created in 2009 with an amendment to the Foreigners in the Republic of Bulgaria Act. Designed as

a quick route to citizenship via a period of nominal permanent residence in Bulgaria, the BGIIP does not require the investor to physically spend time in Bulgaria while waiting for citizenship to be issued. This feature makes the BGIIP one of a handful of European citizenship programmes where prior physical residence in the nation is not compulsory.

There are two investment options under the BGIIP, the first leading to citizenship in five years, while the latter doing so in three years. Under the first option, the applicant must make a BGN 1m (\$600,000) guaranteed investment in government bonds, while under the second option the applicant must make a BGN 2m investment in government bonds or in a Bulgarian company. Either investment must be retained for a period of five years, after which time it is returned to the investor without any interest that may have accrued.

Applications under the BGIIP are first submitted to a local Bulgarian consulate, which redirects them to the Ministry of Foreign Affairs and issues a first-stage visa for the applicant to enter Bulgaria and file for permanent residence. Thereafter, processing is conducted by the Ministry of Foreign Affairs. These entities do not test applicants on their knowledge of Bulgarian or of local culture, nor do they assess applicants through interviews.

*The Bulgarian Immigrant Investor Programme does not require the investor to physically spend time in Bulgaria while waiting for citizenship to be issued*

The BGIIP is only available to non-EU nationals, who must make two formal trips to Bulgaria; once to file for permanent residence, and once to register permanent residence and receive the relevant identity documents. Permanent residence may be expected within six to nine months of submission, while citizenship rests on the option selected by the applicant.

The benefits of Bulgarian citizenship include free movement rights throughout all the member states of the European Union. Starting December 1, 2017, citizens of Bulgaria were granted the right to travel visa-free to Canada for up to six months, provided they obtain an Electronic Travel Authorization (eTA). Bulgaria has yet to join the Schengen Area, although it is taking steps towards membership. Dual citizenship is allowed.

### **CITIZENSHIP BY INVESTMENT IN CAMBODIA**

As early as 1996, provisions were made in Cambodia's Law on Nationality to allow foreigners to naturalise following an investment in the kingdom. These were further outlined, in their most recent form, by Sub-decree 287 of 2013. On June 11, 2018, the Cambodian senate approved a draft law that would, upon final approval by the constitutional council and assent by the monarch, alter Cambodia's economic citizenship landscape. The most significant

change is expected to be an increase in investment thresholds.

Until formalisation of these proposed amendments however, Cambodia continues to afford economic citizenship to persons who invest 1.25bn Cambodian riels (\$295,000) into the nation. The investment must be approved either by the Cambodian Development Council or by the Royal Government. Citizenship is also available to those who donate 1bn Cambodian riels for the restoration and rebuilding of Cambodia's economy.

Knowledge of Khmer history and language is required, and applicants must travel to Cambodia to obtain good behaviour, police, and health certificates, as well as to sign the relevant citizenship oath. Applicants who choose the investment option must register a residence in Cambodia at the time of the application, although they need not live there. This requirement is waived for applicants who choose to donate.

Applications are reviewed by the

Ministry of the Interior, although citizenship may only be granted by the King by Royal Decree. The entire process can take between three and six months to complete.

Citizenship of Cambodia brings visa-free travel rights to around 50 countries and territories, the majority of which are located in south-east Asia. As a member of ASEAN, Cambodia affords opportunities for facilitated trade and mobility among member states, including the right to work and live abroad for certain professionals. For those wishing to retain their citizenship of birth, Cambodia allows dual citizenship. Finally, as Khmer citizens, applicants may purchase real estate in the country – a privilege exclusive to Cambodians.

### THE CYPRUS INVESTMENT PROGRAMME

Grounded in Section 111 of the Civil Registry Laws of 2002-2013, the Cyprus Investment Programme has undergone

Citizenship of Cambodia brings visa-free travel rights to around 50 countries and territories, the majority of which are located in south-east Asia

several alterations. In its original form, it required a €15m (\$17.5m) investment – an exorbitant price that discouraged applicant participation. Many of the core aspects of the current programme were unveiled in 2014, and last amended in late 2016 by the nation's Council of Ministers. Finally, in January and May 2018, the Council of Ministers outlined new requirements for service providers, limited inflows to 700 applicants per year, and instituted more stringent forms of due diligence for applicants, resulting in longer processing times of six months.

Applicants under the Cyprus Investment Programme may apply either as individuals or through one or more companies, so long as they complete all required investments at most three years prior to applying, and hold those investments for a further three years following citizenship.

All applicants for economic citizenship must purchase real estate valued at €500,000 and declare that real estate as their permanent residence. They then must choose one of four €2m investment options.

The first option involves the purchase of or participation in a Cypriot company, resulting in the creation of five jobs for citizens of Cyprus or of the European Union who legally resided on the island for five years prior to the investment.

The second option entails transferring €2m in alternative investment funds (AIFs) established and investing in Cyprus. The AIFs must both be licensed and supervised by the Cyprus Securities and Exchange Commission (CySec).

The third option involves purchasing buildings, land under development, or infrastructure valued at €2m, whether these be residential or commercial. Applicants who select residential real estate under this option, however, need not spend the additional €500,000 to establish a permanent residence in Cyprus.

Combination investments – so long as







*Dominica's Citizenship by Investment Programme was launched in 1993 and is known for being one of the world's most efficient and transparent options for economic citizenship*

they amount to €2m – are allowed, and applicants who select this diversification option may also purchase government bonds valued at a maximum of €500,000.

Applications for economic citizenship are processed by the Ministry of Interior and are further subject to application and processing fees. The applicant must be a resident permit holder at the time of application. If not, an application for residency may be lodged at the same time as the application for naturalisation. Cyprus neither requires the taking of tests nor the sitting of formal interviews, but travel is compulsory.

Citizenship of Cyprus triggers the right to work and reside within the European Union, but it does not occasion membership of the Schengen Area. Citizens may avail themselves of visa-free travel to markets such as Canada and the United Arab Emirates, but not the United States.

### **THE DOMINICA CITIZENSHIP BY INVESTMENT PROGRAMME**

Dominica's Citizenship by Investment Programme was launched in 1993 and is known for being one of the world's most efficient and transparent options for economic citizenship. It plays a major role in promoting social and environmental

causes, particularly sustainable development.

The programme was reshaped by the Commonwealth of Dominica Citizenship by Investment Regulations, 2014 to include diverse investment options and even stricter regulation processes. The Programme's most recent regulations, issued in August 2017, modified some investment thresholds and fees.

The programme offers two investment opportunities: a one-time contribution into the Economic Diversification Fund (EDF), or an investment in government-approved real estate. Funds transferred to the EDF have been instrumental in Dominica's national development, particularly by the reconstruction of key infrastructure and public buildings, as well as by the financing of Dominica's offshore and agricultural sectors.

The EDF option requires a contribution of \$100,000 for a single applicant – a value that increases as family members are added to an application. The real estate option requires an investment amounting to at least \$200,000, to which a single applicant must add a \$25,000 real estate government fee. The real estate must be held for a period of three years, which increases to five years if the future

purchaser is also an applicant for citizenship by investment. Other applicable fees include due diligence and processing fees.

The Citizenship by Investment Unit (CBIU) is the government authority tasked with managing and processing applications for economic citizenship. To qualify for Dominica's Citizenship by Investment Programme, applicants must have a clean criminal record and prove they are of good character, as well as pass a series of due diligence checks.

By regulation, the CBIU must respond to an application within three months of its submission. Application processing is however often much faster, taking between 45 and 60 days. The CBIU maintained high competence levels even in the aftermath of Hurricane Maria in September 2017, garnering praise among industry specialists.

The application process in Dominica is straightforward, as there are no interview, travel, or residence requirements, either before or after attaining citizenship. Applicants also need not learn English, or show an education history or business experience.

Benefits of citizenship of Dominica include visa-free travel to more than 120 foreign destinations, dual citizenship, and





the opportunity to experience a different, eco-friendly lifestyle.

### THE GRENADA CITIZENSHIP BY INVESTMENT PROGRAMME

Created in 2013 by the Grenada Citizenship by Investment Act, Grenada's Citizenship by Investment Programme supports the nation's renewable and sustainable development initiatives, and stimulates foreign investment to promote tourism, construction, agriculture, and manufacturing. The Grenada Programme has gained recognition and trust thanks to its due diligence processes.

The Grenada Citizenship by Investment Programme offers applicants two investment options. The first option is a contribution into the National Transformation Fund (NTF), a government institution responsible for locating and financing alternative, economy-stimulating investments for the country. The second option is a \$350,000 investment in a government-approved real estate project, which applicants must retain for at least three years.

Applicants under either option are responsible for paying associated application, processing, and due diligence fees. A single applicant must make a \$150,000 minimum donation to the NTF, while families are responsible for making larger payments. Any application lodged by up to four family members requires payment of an additional \$50,000 government fee where the real estate option is selected.

Application review has slowed significantly in Grenada, with the

Citizenship by Investment Committee (CBIC) – the entity responsible for processing all applications for economic citizenship – having to issue circulars to apprise stakeholders of “prolonged delays”. Use of new application forms became mandatory on March 1, 2018, but no change was made to Grenada's policy of not requiring an interview, business experience, proficiency in the English language, and travel or residence.

Grenadian citizenship can benefit successful applicants by providing them with options for global mobility, particularly to China and the United States. Indeed, Grenadian citizens are eligible to apply for a renewable US visa through the country's restricted E-2 programme. Dual nationality is allowed.

### CITIZENSHIP BY INVESTMENT IN JORDAN

Jordan announced the commencement of its economic citizenship programme in February 2018, finding legal basis in the provisions of the Jordanian Nationality Law, 1954 (No. 6 of 1954), and particularly in Article 13(2), which removes the residence requirement for persons whose naturalisation is in the public interest or who are ‘Arab’ – that is, persons whose father was of Arab origin and who are nationals of a member state of the League of Arab States. It is also possible, if less desirable, for persons to obtain citizenship under Article 5, although such persons must relinquish all other nationalities. No more than 500 persons are accepted for economic citizenship per year.

Jordan announced the commencement of its economic citizenship programme in February 2018

Applicants have five options. First, they can decide to invest \$1m in Jordanian small and medium-sized enterprises, and hold that investment for a period of at least five years. Second, they can deposit \$1.5m in a non-interest-bearing account at the Central Bank of Jordan, again for a period of at least five years. Third, they can invest in treasury bonds worth \$1.5m, to be held for 10 years at an interest rate determined by the Central Bank of Jordan. Fourth, they can purchase securities from an active investment portfolio priced at \$1.5m. Fifth, they can invest \$2m in any project across the country, or \$1.5m in projects that are located in governorates outside of that of Amman, that create a minimum of 20 local jobs, and that remain active for no less than three years.

Applications for citizenship are lodged with the Jordan Investment Commission (JIC), an entity established in 2014 to succeed the Jordan Investment Board, which was first founded in 1995. The role of the JIC is to promote investment in Jordan and respond to emerging trends in the international and domestic economic environment. Successful applications must be approved by the Council of Ministers and the monarch, in a process that takes around two months.

Naturalised Jordanians are barred from political or diplomatic positions, from any public office prescribed by the Council of Ministers, and from becoming members of the State Council for a period of 10 years from the grant of citizenship. They are also excluded from participation in municipal or village councils for a period of five years from obtaining citizenship.

Loss of citizenship for naturalised persons is considered whenever a person commits or attempts to commit an act to endanger Jordan's peace and security, or when a person is found to have misrepresented evidence during the naturalisation process. Revocation of citizenship is also possible in certain

instances where a person enters foreign military or civil service, or the service of an enemy state.

### THE MALTA INDIVIDUAL INVESTOR PROGRAMME

As the European Commission's first recognised citizenship by investment programme, Malta's Individual Investor Programme (IIP) is a strong contender on the European scene. Moulded in its current form by Legal Notice 47 of 2014, the IIP must not exceed 1,800 successful main applicants.

The IIP has a single three-tier investment strategy for applicants interested in obtaining citizenship of the island.

First, the applicant commits to making a €650,000 (\$760,000) non-refundable contribution, of which €10,000 must be deposited prior to submission of the application. Of the €650,000 contribution, 4 per cent is given to the IIP's sole concessionaire, and 6 per cent is delivered to Identity Malta, which processes applications. Of the remainder, 70 per cent is distributed to the National Development and Social Fund, a separate legal entity administered by a board of governors which is tasked with using funds to advance education, research, innovation, social purposes, justice and the rule of law, employment initiatives, the environment, and public health. Finally, the residual 30 per cent is paid into the country's consolidated fund.

Second, the applicant either purchases real estate at a minimum value of €350,000 or rents property at a cost of at least €16,000 per annum. Whether the applicant chooses to purchase or rent, the real estate must be held for a period of five years, during which time it may not be let or sublet.

To complete the investment portfolio, the applicant must also acquire government bonds, stocks, or special purpose vehicles for a value of €150,000,

to be retained for a period of five years.

As well as completing the three-part investment, an applicant must also pay the due diligence fees used to assess suitability for citizenship, and purchase global health insurance (to be prolonged indefinitely).

Under the IIP, citizenship is – at best – a one-year endeavour, as applicants must show 12 months' residence on Malta. A residence card is issued to enable applicants to live on the island during this time.

Maltese citizenship does not come at the price of one's previous nationality, as dual nationality was allowed in 2000. It brings a number of benefits including the right to live and work in the European Union, and visa-free travel to the Schengen Area and the United States.

### THE ST KITTS AND NEVIS CITIZENSHIP BY INVESTMENT PROGRAMME

As home to the world's most longstanding economic citizenship programme, the Federation of St Kitts and Nevis has a 34-year history of leading the field of economic citizenship. Indeed, the St Kitts and Nevis Citizenship by Investment Programme has earned multiple awards and a reputation as the 'platinum standard' of citizenship by investment.

To qualify for economic citizenship, applicants are invited to invest in either the Sustainable Growth Fund (SGF), the Sugar Industry Diversification Foundation (SIDF), or pre-authorised real estate. Due diligence fees apply under all options.

The SGF is a new and permanent feature of the programme, having been established by regulation in March 2018. The SGF substituted the Federation's Hurricane Relief Fund (HRF), a temporary citizenship route that came into existence to tackle damage caused by the September 2017 hurricanes that struck the Caribbean. Under the SGF, a

As home to the world's most longstanding economic citizenship programme, the Federation of St Kitts and Nevis has a 34-year history of leading the field of economic citizenship

single applicant must make a minimum donation of \$150,000.

SIDF applicants who prefer to pursue St Kitts and Nevis' traditional route to economic citizenship can continue to contribute a non-refundable sum of \$250,000. Contributions are redirected to projects that facilitate the country's transition from an economy specialised in sugar production, to one that offers a variety of services and products.

There are two branches to St Kitts and Nevis' real estate option. Under the first branch, the applicant must buy property worth at least \$400,000, and keep it for five years. Under the second branch, the applicant must make a joint investment with another applicant, with each investment worth at least \$200,000. The investment must be retained for a period of seven years and is exempted from stamp duty. A \$35,000 real estate government fee is applicable for single applicants irrespective of the branch they select.

The Citizenship by Investment Unit

(CIU), which processes all applications for citizenship by investment, normally issues approvals or denials within two months. Because of the extraordinary success of the HRF however, the CIU is currently registering delays of around six months. These are expected to be short-lived, and unlikely to characterise the programme in the long run. A VIP Accelerated Application Process (AAP), available at a premium fee, allows applicants to receive their passport within 60 days of submitting their application. There is no interview, language, education, or business requirement for any of the options chosen. Travel to the twin islands is not obligatory, and no minimum residence stays apply either prior to or after citizenship is obtained.

Benefits of citizenship of St Kitts and Nevis include visa-free travel to a growing number of worldwide destinations – now the highest of any citizenship by investment country in the Caribbean. Citizens are allowed to hold multiple nationalities.

### THE ST LUCIA CITIZENSHIP BY INVESTMENT PROGRAMME

Inaugurated in January 2016, St Lucia's Citizenship by Investment Programme is the newest economic citizenship programme to emerge from the Caribbean, and is its most politically divisive. Early changes to the contribution thresholds under the Programme, as well as the removal of unique features such as the \$3m net worth requirement and the 500-applicant annual cap, opened the programme to criticism within St Lucia's political establishment. It also generated uncertainty, as the opposition pledged to review all successful applications for citizenship – and potentially ask for larger contributions – upon returning to power.

St Lucia has four investment options. The fastest option is a contribution to St

Lucia's National Economic Fund (NEF). Moneys deposited into the NEF are funnelled into progressive local development projects, selected by the minister of finance with the approval of parliament. Originally set at a \$200,000 contribution, on January 1, 2017, the government reduced the entry threshold to \$100,000.

The second option under the programme asks applicants to make a minimum investment of \$300,000 into a government-approved real estate project. To date, the Government has designated one real estate project for selection under this option, which, upon purchase, must be held for a period of five years.

Applicants may also acquire government bonds worth at least US\$500,000. The bonds must be held for five years and cannot return a rate of interest.

Under the Programme's final option, applicants can make a minimum investment of US\$3,500,000 into a Government-approved enterprise project. Projects, which may be initiated by applicants themselves, can range from the building of a port to the establishment of a university, and must result in the creation of at least three permanent jobs. Applicants may partner with others to launch a joint venture, so long as a total minimum investment of \$6m is made, with each investor contributing no less than \$1m. At least six permanent jobs must be generated as a result of the joint venture.

Due diligence and processing fees apply under all options, while administration fees apply only to the real estate, government bond, and enterprise project options. The latter start at \$50,000 for a single applicant.

Applications are processed by the Citizenship by Investment Unit (CIU), and are returned with an approval or denial within three to five months of submission. There is no need for

St Lucia's Citizenship by Investment Programme is the newest economic citizenship programme to emerge from the Caribbean, and is its most politically divisive

applicants to learn English, or to prove any business skills or education. Applicants are also not required to attend an interview, reside in St Lucia, or travel to the island.

Citizenship of St Lucia offers a viable alternative for anyone seeking a relaxing lifestyle and global access to around 130 countries and territories. St Lucia has no restrictions on holding dual nationality.

### CITIZENSHIP BY INVESTMENT IN TURKEY

Turkey's economic citizenship programme was launched in January 2017. It finds its basis in Turkey's Citizenship Law, Act No. 5901, as amended, and in Regulation 2016/9601, passed by the Council of Minister on December 12, 2016. Article 12 of the Act specifies that a person may obtain Turkish citizenship for "outstanding service in the social or economic arena" provided this creates no obstacle to "national security and public order".

Applicants interested in obtaining





citizenship of Turkey may do so by choosing one of five routes. The first three routes each entail retention of the investment for a period of three years. They are: purchasing property valued at \$1m, depositing \$3m in a Turkish bank, or investing \$3m in government bonds. The applicant must ensure recognition of the investment by either the Ministry of Environment and Urbanisation, the Council of Bank Audit and Regulation, or the Undersecretariat of the Treasury, according to the nature of the chosen investment. The remaining two routes to citizenship are an investment of \$2m in fixed capital, to be acknowledged by the Ministry of the Economy, or the creation of 100 jobs in Turkey, to be acknowledged by the Ministry of Labour and Social Security.

Although there are plans to reduce the \$1m real estate investment threshold to \$300,000, these have yet to become law.

The application process, which normally takes three months, does not require applicants to learn Turkish or to attend a mandatory interview. There is also no requirement to reside in Turkey, and the applicant may apply remotely.

There are no restrictions on an applicant's country of origin, making the Turkish citizenship by investment route a popular option for those who are banned from partaking in the programmes of other nations.

Turkey allows dual nationality, and is considered a moderate country within the context of the Middle East. Despite various attempts at obtaining visa-free travel to the Schengen Area, including by the making of an agreement with the European Union on the flow of refugees, Turkish nationals must obtain visas to enter the Schengen member states. They must also apply for visas to Canada and the United States.

### THE VANUATU CONTRIBUTION PROGRAMME

The Vanuatu Contribution Programme (VCP) is one of two active citizenship by investment schemes in the Pacific island of Vanuatu. Codified in 2016, it became operational in 2017 following the closure of the Vanuatu Economic Rehabilitation Programme (VERP). The VCP coexists with the Development Support Programme (DSP), but while the former

Although there are plans to reduce Turkey's \$1m real estate investment threshold to \$300,000, these have yet to become law

offers full citizenship, the DSP offers honorary citizenship only, meaning that DSP citizens cannot vote or participate in political life.

A single applicant under the VCP, and up to a family of four, must make a minimum contribution of \$130,000. To that, they must add \$25,000 in other processing and due diligence fees due to the government. Twenty-five per cent of the total is due prior to submission. Additionally, the applicant must show a minimum net worth of no less than \$250,000.

Applications under the VCP are processed by the Citizenship Commission, which normally takes between six and eight weeks to return an application, although it may legally take up to a period of three months. Applicants need not learn any of Vanuatu's three official languages (English, French, and Bislama), sit an interview, or study the culture or history of the island. They must, however, travel either to Vanuatu or to Hong Kong to take the required oath of allegiance. Receipt of the citizenship certificate and passport is normally scheduled for the same day.

Despite its youth, the VCP has already been the subject of some criticism. At home, it has been denounced by some locals for being controlled and marketed by a single agent and its affiliated exclusive marketing agent, based in Hong Kong. Internationally, Vanuatu made headlines in late 2017, when it was suggested that the country would accept bitcoin payments in exchange for economic citizenship – a development that was later denied by the government.

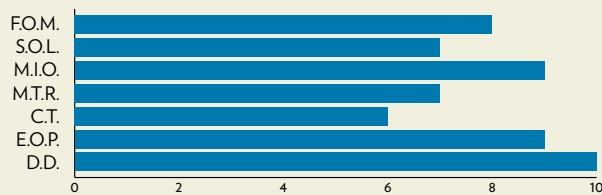
Vanuatu allows its VCP citizens to hold dual citizenship, and is the only provider of citizenship by investment in Oceania. Its citizens may travel without a visa to the Schengen Area and Hong Kong, although a visa is required for mainland China. ●

# Country snapshots

## ANTIGUA AND BARBUDA



**CAPITAL CITY**  
St John's  
**POPULATION (2018)\***  
102,012  
**OFFICIAL LANGUAGE**  
English  
**CURRENCY**  
Eastern Caribbean dollar

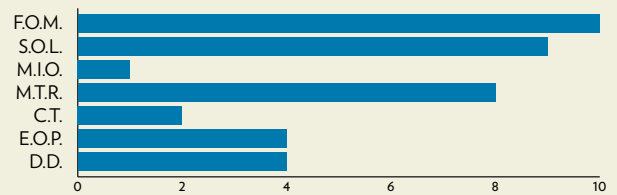


Final score 80%

## AUSTRIA



**CAPITAL CITY**  
Vienna  
**POPULATION (2018)\***  
8,809,212  
**OFFICIAL LANGUAGE**  
German  
**CURRENCY**  
Euro

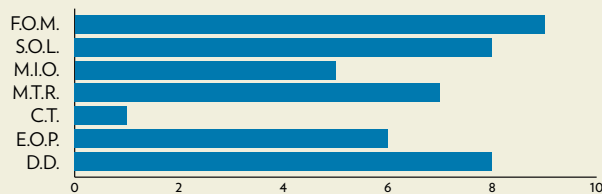


Final score 54%

## BULGARIA



**CAPITAL CITY**  
Sofia  
**POPULATION (2018)\***  
7,075,991  
**OFFICIAL LANGUAGE**  
Bulgarian  
**CURRENCY**  
Bulgarian lev

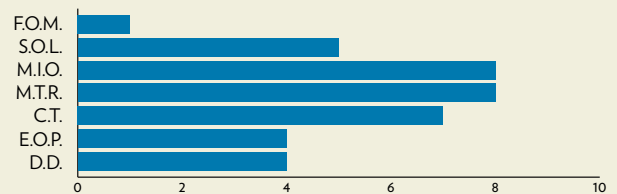


Final score 61%

## CAMBODIA



**CAPITAL CITY**  
Phnom Penh  
**POPULATION (2018)\***  
16,005,373  
**OFFICIAL LANGUAGE**  
Khmer  
**CURRENCY**  
Cambodian riel

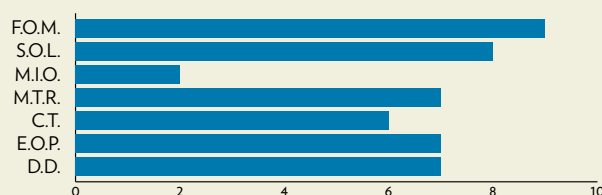


Final score 53%

## CYPRUS



**CAPITAL CITY**  
Nicosia  
**POPULATION (2018)\***  
1,179,551  
**OFFICIAL LANGUAGE**  
Greek, Turkish  
**CURRENCY**  
Euro, Cypriot pound

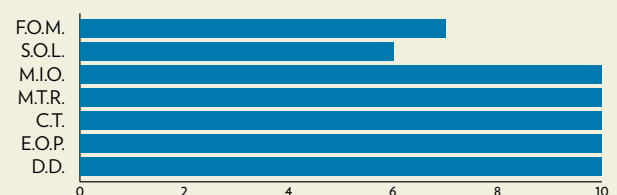


Final score 66%

## DOMINICA



**CAPITAL CITY**  
Roseau  
**POPULATION (2018)\***  
73,925  
**OFFICIAL LANGUAGE**  
English  
**CURRENCY**  
Eastern Caribbean dollar



Final score 90%

## GRENADA



## CAPITAL CITY

St George's

## POPULATION (2018)\*

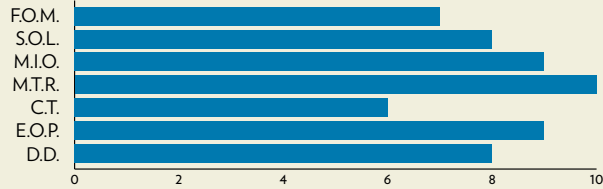
107,825

## OFFICIAL LANGUAGE

English

## CURRENCY

Eastern Caribbean dollar



Final score 81%

## JORDAN



## CAPITAL CITY

Amman

## POPULATION (2018)\*

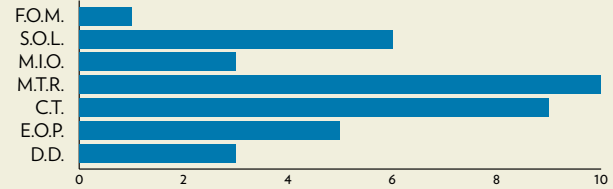
9,702,353

## OFFICIAL LANGUAGE

Arabic

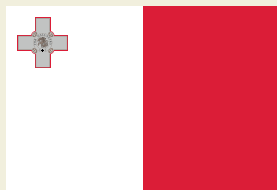
## CURRENCY

Jordanian dinar



Final score 54%

## MALTA



## CAPITAL CITY

Valletta

## POPULATION (2018)\*

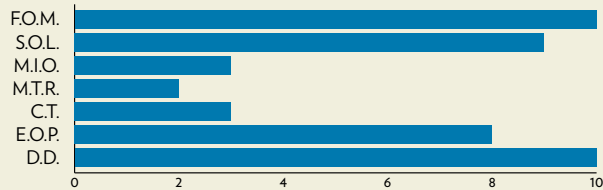
465,292

## OFFICIAL LANGUAGE

Maltese, English

## CURRENCY

Euro



Final score 63%

## ST KITTS AND NEVIS



## CAPITAL CITY

Basseterre

## POPULATION (2018)\*

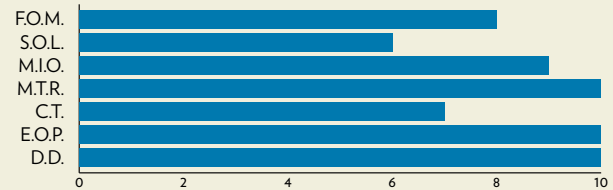
55,345

## OFFICIAL LANGUAGE

English

## CURRENCY

Easter Caribbean dollar



Final score 85%

## ST LUCIA



## CAPITAL CITY

Castries

## POPULATION (2018)\*

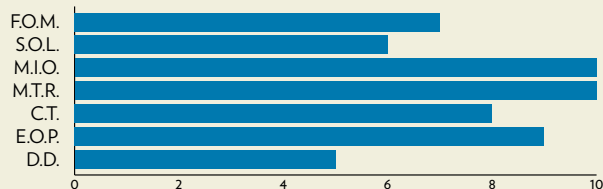
178,844

## OFFICIAL LANGUAGE

English

## CURRENCY

Eastern Caribbean dollar



Final score 79%

## TURKEY



## CAPITAL CITY

Ankara

## POPULATION (2018)\*

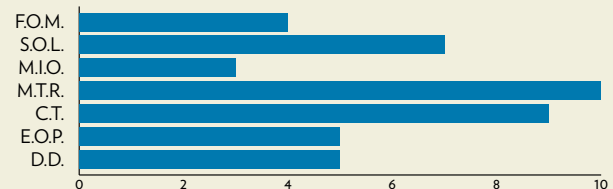
80,745,020

## OFFICIAL LANGUAGE

Turkish

## CURRENCY

Turkish lira



Final score 61%

## VANUATU



## CAPITAL CITY

Port Vila

## POPULATION (2018)\*

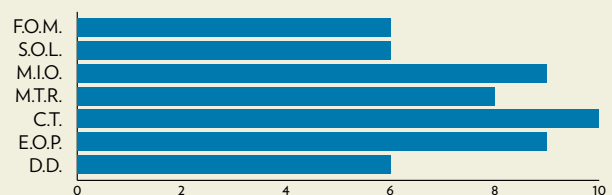
276,244

## OFFICIAL LANGUAGE

English, French, Bislama

## CURRENCY

Vanuatu vatu



Final score 78%

\* Source: the World Bank Data Bank



