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**QNI** Quality of  
Nationality  
Index

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**EXPERT COMMENTARY**

Citizenship-by-Investment

By: Christian H. Kälin

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**HP** Henley & Partners

*Dimitry Kochenov*

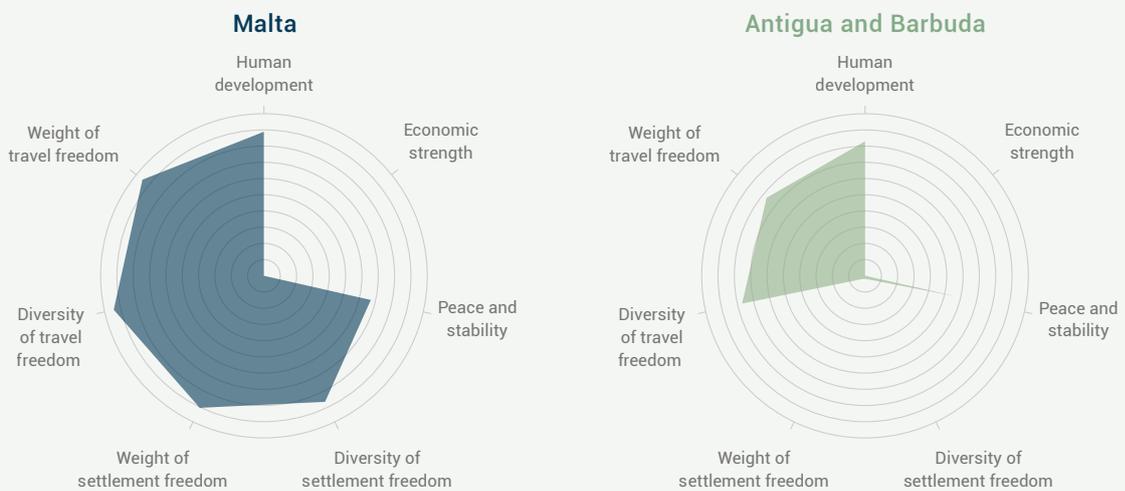
## Citizenship-by-Investment



**Christian H. Kälin**  
*Henley & Partners,*  
*UK/Malta*



The acquisition of citizenship-by-investment is an accelerating global trend. Rather than through the lengthy periods of residence, language tests and other requirements typically part of naturalization procedures, countries increasingly offer foreign individuals the option to become citizens if they make a significant direct contribution to the country. A few countries have permitted citizenship-by-investment for many years, including Austria and St. Kitts and Nevis, and in recent years increasingly many countries have started to introduce such options. The following looks at how such countries are positioned in the QNI.



As expected, the European nationalities – Austrian, Cypriot and Maltese – come out very high, both in the overall ranking as well as in the very relevant Settlement Freedom ranking. The Austrian nationality is in the top 10 in the General Ranking every year (ranked 7<sup>th</sup> in 2016 and scoring 79.9% as an Extremely High Quality nationality), while all three are in the top 15 in the Settlement Freedom ranking. This is no surprise, as EU citizenship is exceptionally strong: it gives the right of free movement and settlement in one of the world’s wealthiest regions and largest economic areas, with over 500 million people.

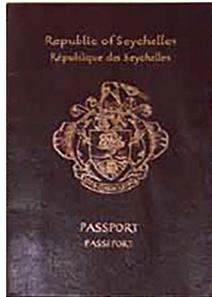
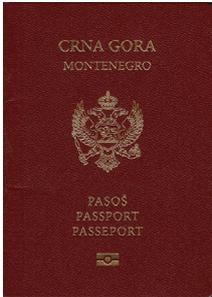


Accordingly, these three countries also have the highest requirements: in Austria, no specific amount is set in law or by regulation, but current practice requires several million Euros in the form of a donation for public purposes or investments which create employment. Malta requires a donation to its National Development and Social Fund of at least EUR 650,000, plus investments in government bonds of EUR 150,000 and real estate of EUR 350,000 or the rental of an equivalent property for at least five years. The least expensive option in Europe is currently Cyprus, which requires a recoverable real estate investment of EUR 2 million.

There are now five Caribbean countries which run citizenship-by-investment programs: Antigua and Barbuda, the Commonwealth of Dominica, Grenada, St. Lucia, and St. Kitts and Nevis. They are all part of the CARICOM, which provides (conditional) mutual freedom of settlement.<sup>1</sup> The nationalities of the Commonwealth of Dominica, Grenada and St. Lucia improved significantly in 2016 due to the Schengen visa liberalization, being among the top five risers in 2016, along with the nationalities of Timor-Leste and St. Vincent and Grenadines. The nationality of the Commonwealth of Dominica rose 25 places in 2016 (ranked 68<sup>th</sup>, scoring 38.2%), Grenadian nationality rose 24 places (ranked 67<sup>th</sup>, scoring 38.9%), and St. Lucian nationality rose 22 places (ranked 64<sup>th</sup>, scoring 39.6%). The nationality of Antigua and Barbuda was ranked 56<sup>th</sup> in 2016, scoring 42.0%, which is a two-place improvement and up 4% over the previous year. Similarly, the nationality of St. Kitts and Nevis rose two places and 3.8%, ranking 57<sup>th</sup> and scoring 41.5% in 2016. The improvement in the nationalities of Antigua and Barbuda and St. Kitts and Nevis is due to their improved Travel Freedom in 2016. A Caribbean passport can be acquired through contributions to national development funds or the

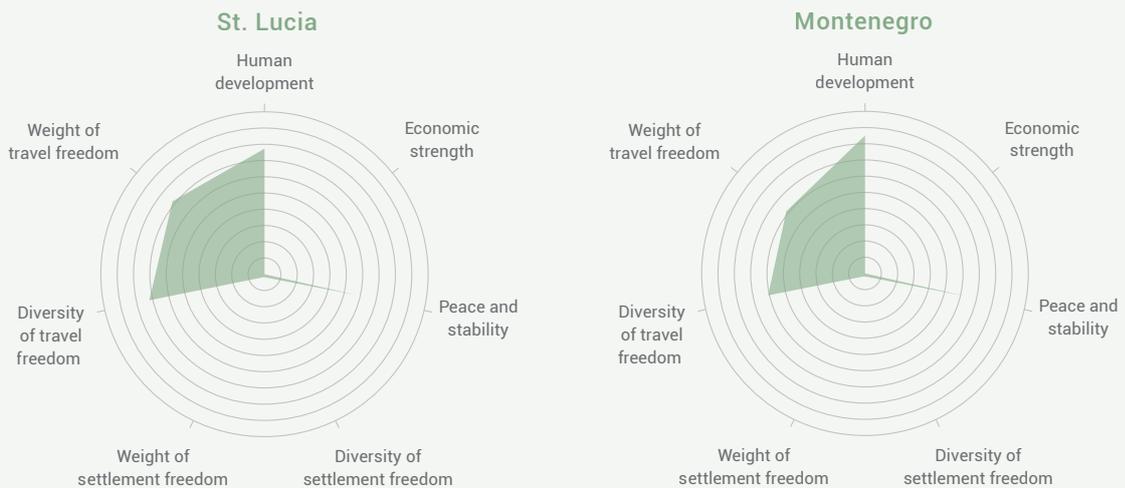


<sup>1</sup> As a CARICOM citizen, you also need a skills certificate along with your passport to avail yourself of the freedom of movement. Nationality alone does not qualify



Treasury (ranging from USD 100,000 to USD 250,000 for a single applicant, more if dependants are included) or through real estate acquisition (starting at USD 200,000) and is thus one of the best options in the world in terms of 'value for money'.

Other nationalities of countries with citizenship-by-investment provisions in their laws, such as Montenegro (High Quality nationality, ranked 69<sup>th</sup>) and the Seychelles (High Quality nationality, ranked 55<sup>th</sup>), are also relatively well positioned in the QNI. In the Commonwealth of Dominica and St. Lucia, single applicants can acquire citizenship for USD 100,000, making these currently the most affordable nationalities. Montenegro and the Seychelles both have such provisions in the law but are very restrictive in its application, although Montenegro has indicated that it wishes to expand its programme and has issued a public tender in this regard which concluded early this year. As a country on the path to NATO and EU membership, and whose nationality is already quite well positioned in the 2016 QNI, Montenegro has the highest potential for improvement of all citizenship-by-investment countries: once Montenegro joins the EU, it will leapfrog in the quality of its nationality to the top tiers alongside other EU countries.



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The concept of residence and citizenship planning was created by Henley & Partners in the 1990s. As globalization has expanded, residence and citizenship have become topics of significant interest among the increasing number of internationally mobile entrepreneurs and investors whom we proudly serve every day.

The firm also runs a leading government advisory practice which has raised more than USD 6 billion in foreign direct investment. We have been involved in strategic consulting and the design, set-up and operation of the world's most successful residence and citizenship programs.

**Antigua and Barbuda**  
+1 869 465 6220  
antigua@henleyglobal.com

**Australia**  
+61 3 8658 5994  
australia@henleyglobal.com

**Austria**  
+43 1361 6110  
austria@henleyglobal.com

**Canada**  
+1 514 288 1997  
canada@henleyglobal.com

**Croatia**  
+385 21 321 027  
croatia@henleyglobal.com

**Cyprus**  
+357 2531 1844  
cyprus@henleyglobal.com

**Dubai (UAE)**  
+971 4 392 77 22  
dubai@henleyglobal.com

**Grenada**  
+1 473 443 4000  
grenada@henleyglobal.com

**Hong Kong**  
+852 3101 4100  
hongkong@henleyglobal.com

**Jersey/British Isles**  
+44 1534 514 888  
jersey@henleyglobal.com

**Latvia**  
+371 66 05 1009  
latvia@henleyglobal.com

**Lebanon**  
+961 76 834 632  
lebanon@henleyglobal.com

**Malaysia**  
+603 2731 9340  
malaysia@henleyglobal.com

**Malta**  
+356 2138 7400  
malta@henleyglobal.com

**Philippines**  
+632 669 27 71  
philippines@henleyglobal.com

**Portugal**  
+351 213 970 977  
portugal@henleyglobal.com

**Singapore**  
+65 6438 7117  
singapore@henleyglobal.com

**South Africa**  
+27 21 850 0524  
southafrica@henleyglobal.com

**South Korea**  
+82 10 5147 2300  
korea@henleyglobal.com

**St. Kitts and Nevis**  
+1 869 465 6220  
stkitts@henleyglobal.com

**St. Lucia**  
+1 758 458 9777  
stlucia@henleyglobal.com

**Switzerland**  
+41 44 266 22 22  
switzerland@henleyglobal.com

**Thailand**  
+662 041 4628  
thailand@henleyglobal.com

**Turkey**  
+90 212 373 9588  
turkey@henleyglobal.com

**United Kingdom**  
+44 207 823 10 10  
uk@henleyglobal.com

**Vietnam**  
T +848 3911 1667  
vietnam@henleyglobal.com