



Understanding Citizenship and Residence by Investment



What is Investment Migration?

Investment migration is a form of legal migration used by over 80 sovereign states globally.

Investment migration comprises various citizenship and residence by investment programmes which allow individuals to gain citizenship or residence rights in return for investments in their host countries.

Investment migration programmes are often structured around entrepreneurship potential – already

a well-established practice in general immigration policy used in many OECD countries.¹

The development of a globalised economy in recent decades has led to the further expansion of investment migration.

When managed effectively, this creates benefits to the individual, the host country, and wider society, thus facilitating integration and peace in an increasingly interconnected world.

¹ 'Welcoming talent? A comparative study of immigrant entrepreneurs' entry policies in France, Germany and the Netherlands', Tesseltje de Lange, University of Amsterdam

Drivers

Investment migration involves mainly three groups of actors:

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Individuals

Investor migrants come from across the globe. They may be celebrities, sportspersons, world-class doctors, businesspersons, or others generally looking to relocate and build a better life for themselves and their families. Security, better education, career opportunities, and greater mobility are the main reasons why individuals apply for citizenship or residence by investment.

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Sovereign States

Countries ranging from the largest and most powerful to smaller peripheral economies run investment migration programmes to attract much-needed talent, experience, and investment. It is increasingly argued that investment migration positively contributes to UN Sustainable Development Goals (SDGs).

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Professional Service Providers

The investment migration industry is serviced by law firms, due diligence providers, and professional consultants who assist governments and individuals, ensuring that appropriate checks are conducted on applicants and their sources of funds.

The Benefits



Benefits to Host Countries and Wider Society

Host countries benefit not only from the establishment of new businesses and an inflow of highly skilled individuals, but also from meaningful financial contributions to society and culture. For many host countries, such as those in the Caribbean, investment migration is critical in funding key government activities such as disaster relief and social programmes.



Benefits to Individuals

Individuals often use investment migration to start a new business in their chosen jurisdiction, to benefit from greater mobility, better education and job opportunities for their children, or simply to live in a country with greater political stability. They see themselves as part of a global community in which migration is sustainable and mutually beneficial.

Positive Impact



Investment and Development Finance

Investment migration generates billions of euros in direct and indirect revenues. In smaller countries on the global periphery this revenue is often a lifeline to foreign investment and development finance. The investments provide direct capital injections of non-debt liquidity to national balance sheets and thus also help reduce the debt burden in many countries.



Driving Local Economies

Investment migration programmes draw entrepreneurs who create business activity, which provides local employment and tax revenue. The skills and talent they bring help to modernise and diversify local economies, providing a more sustainable basis for a country's future.

Evidence



Research by the International Monetary Fund (IMF) shows that investment migration is critical to foreign direct investment and government revenues in smaller states - in some Caribbean states it can account for 10-20% of GDP.²



European Parliamentary Research Service (EPRS) research estimates that investment migration contributed 0.58% to Malta's GDP and 2.5% of Cyprus' GDP. (More than Cyprus' entire agricultural sector.³)

The EPRS also estimated that at least €9 billion has been invested through IM programmes across eight EU Member States in 10 years. The Irish programme alone has raised over half a billion euros since its launch in 2012.⁴



Investment Migration Research Papers are peer-reviewed multidisciplinary working papers of original research in progress dedicated to the analysis of investment migration around the world. The series aims to advance understanding of the law, politics, sociology, economics, and history of the topic. The papers analyse the processes and long-term implications of investment migration and examine how investment migration programmes function in different countries around the globe.

<https://investmentmigration.org/academic/>

² International Monetary Fund report: A Passport of Convenience, 2015, IMF Country Reports - see IMC 'Investment Migration In the World'

³ European Parliamentary Research Service report: Citizenship by Investment and Residency by Investment schemes in the EU, 2018

⁴ Irish Immigrant Investor Programme application data, 2019



The importance of improving standards



“ By implementing improved standards and regulation of the sector, we can ensure the benefits of investment migration are retained while minimising the risks of abuse.

The investment migration sector faces concerns around issues such as transparency, due diligence, and the potential for illegal activities that can occur when investment migration is abused. These abuses stem from a lack of common standards and regulation. They must be stopped.

This is a challenge for both industry and governments - one which is broadly acknowledged and understood by states and

companies across the entire investment migration sector. The Investment Migration Council (IMC), the authors of this briefing, are determined to collaborate with policy- and lawmakers to complete this task.

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Key Areas to Address

There are currently no common rules or standards governing investment migration and each state administers its own programme. We acknowledge recent criticism concerning the abuse of a minority of investment migration programmes.

To mitigate possible risks, we strongly support the development of **enhanced common due diligence standards** to ensure only bona fide applicants are approved across all investment migration programmes.

Further, investment migration programmes should not compete on their levels of due diligence.

The abuse of investment migration programmes to engage in criminal activity, while minimal, must be

stopped. As part of our cross-industry efforts to tackle minority instances of money-laundering or tax evasion, the IMC and its members call for regulation and cooperation between governments and industry to ensure **better risk management and oversight** of investment migration programmes.

The IMC was founded with the intention of raising standards across the international community and improving transparency across the industry. We therefore support **enhanced transparency and information-sharing mechanisms** for governments that operate programmes. Implementing adequate data reporting obligations and ensuring that funds invested through investment migration are put to good use for the benefit of society are of paramount importance.

The Role of the Industry

The IMC and its members are working proactively to develop:



Regulations

Effective regulation of investment migration will ensure the full benefits of programmes are realised while mitigating the risks of abuse. We believe the IMC has a crucial role to play in developing new rules and standards.



Mandatory Qualifications

A programme of **mandatory specific qualifications** is essential for all investment migration professionals to ensure standards are raised across the board - in line with other recognised professions.



Ongoing Gathering of Data

Gathering **better data and information** will lead to a well-informed policy debate on this important and fast-growing sector. The IMC is proactively working with industry stakeholders to provide independent research into key areas that we have identified as priorities including: Due Diligence in Investment Migration, Setting Global Standards, National Security and Investment Migration, and Societal Benefits of Investment Migration.

About the Investment Migration Council

The Investment Migration Council (IMC) is the worldwide association for investment migration, bringing together the leading stakeholders in the field and giving the industry a voice.

The IMC sets the standards on a global level and interacts with other professional associations, governments, and international organisations in relation to investment migration. The IMC helps to improve public understanding of the issues faced by clients and governments in this area and promotes education and high professional standards among its members.

The IMC is constituted as a not-for-profit association under Swiss law. Based in Geneva, it has representative offices in New York and London. Managed by a Secretariat under the direction of a Governing Board, the IMC also has a non-executive Advisory Committee, in which the most important industry stakeholders are represented.

The IMC is funded by membership fees, donations, and income generated by initiatives such as events, education, training, and publications.

The IMC was granted special consultative status with the United Nations Economic and Social Council (ECOSOC) in July 2019.

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Organisation in special consultative status with the Economic and Social Council of the United Nations since 2019

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