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How countries ensure the success of Citizenship by Investment programmes

By MoneyMarketing on November 15, 2017 in Financial Planning, Investing, News

James Bowling, CEO of Monarch&Co

CEO of Monarch&Co, James Bowling says there are various measures that countries implement to ensure the future sustainability of their Citizenship by Investment (CBI) programmes.

Aside from the fact that the various CBI programmes Monarch&Co offer are all well-regulated by being legally entrenched in law, the programmes are prudently managed by the respective countries' financial services authorities and governments so as to ensure that the respective countries:

do not exclusively rely on their CBI programmes for economic growth;

have other sustainable avenues of foreign direct investment and financial inflows in place;

continuously direct (or redirect) CBI programme revenues toward areas and sectors targeted for economic growth and diversification in a financially sustainable manner.

"All of the factors mentioned above help to secure the future economic growth of countries and as such the sustainability of their CBI programmes," says Bowling.

Latest statistics show that the United States' EB-5 Regional Center Programme brought in $3.816 billion in foreign direct investment (FDI) in the 2016 fiscal year. As at the end of April 2017, Portugal's Golden Residence Permit Programme had secured just over €3 billion in FDI since opening in late 2012 whilst Cyprus' Residency and CBI programmes have brought in €2,7 billion to the economy.

"Among the biggest aspects that can negatively impact on the future sustainability of CBI programmes in general, include rapid changes in immigration laws because of national security breaches like the 9/11 incident."

Bowling reassures that, should a country's CBI or similar programme close, it will only close to new applicants and not existing residents or citizens. This has been tested in a number of cases already.

Countries have, however, long come to realise that adequate due diligence and regular impact assessments on the overall economic performance and positioning of CBI programmes are integral for future success.

"Aside from the fact that easily accessible impact assessments add credibility through transparency, it enables policymakers to optimise the overall performance of CBI programmes in meeting government's fiscal and other objectives, i.e. the stringent vetting of applicants to not just reduce international security risks, but ensure that the overall integrity of the programme is maintained," notes Bowling.

Strict background and character checks are performed by international bodies with far reaching forensic abilities, to ensure that only high calibre individuals whose financial and tax affairs are in order are accepted into programmes.

Those under investigation by authorities – or those who do not have a clear criminal record, (unpaid speeding fines etc excluded) behind their names, will under no circumstances be allowed into any of the CBI programmes.

"With that said, CBI investors are known to usually be highly successful and skilled individuals that bring with them the business know-how, skills and funding that can positively contribute to society in the form of social upliftment, poverty reduction, business stimulus, revenue collection and job creation, amongst others," Bowling adds.