

CITIZENSHIP BY INVESTMENT PROGRAMS IN THE CARIBBEAN: AN EXAMINATION OF THE ECONOMIC
AND POLITICAL IMPACTS

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A Thesis submitted to the School of Graduate Studies in partial fulfillment of the requirements for the
degree of

Master of Arts in Political Science
Memorial University of Newfoundland

October 2020

St. John's Newfoundland and Labrador

ABSTRACT

After Malta decided to offer its citizenship “for sale” in 2013, interest in the topic of citizenship by investment (CBI) programs suddenly peaked. However, long before Malta, Caribbean states have been “selling” their citizenship as well. Employing a case study methodology, which takes as its case a “family of nations” –i.e. the five Caribbean countries running CBI programs—, this paper unpacks the conditions which foster the implementation of CBI programs and discusses their ability to support economic development. It also examines how third parties (e.g. foreign governments) see citizens of CBI-granting countries, contending that external political costs, stemming from a concern of threats posed through possible misuse of these countries’ citizenship, may outweigh the economic benefit.

Keywords: citizenship, citizenship by investment, investor citizenship, Caribbean

ACKNOWLEDGEMENTS

I would first like to thank Dr. Amanda Bittner who encouraged and gently nudged me into undertaking a thesis project and who was instrumental in my being awarded the Queen Elizabeth II Diamond Jubilee Scholarship, for which I am also grateful. Secondly, I would like to thank my thesis supervisor, Dr. Isabelle Côté, who was always available to provide guidance whenever I ran into a roadblock or had any questions pertaining to my research or other academic matters. I must thank my interview participants who took the time to reflect on their views of citizenship by investment and to share them with me. I also express my very profound gratitude to my mother who served as my editor and also steered me in the direction of some research materials which I may have missed otherwise. Finally, I must extend my sincerest thanks to the rest of my immediate family. This accomplishment would not have been possible without their support and encouragement.

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LIST OF ABBREVIATIONS

ATG – Antigua and Barbuda

CARICOM – Caribbean Community

CBI / CIP – Citizenship by Investment

DMA – Dominica

ECCB – Eastern Caribbean Central Bank

ECCU – Eastern Caribbean Currency Union

FDI – Foreign Direct Investment

GDP – Gross Domestic Product

GND – Grenada

IIP – Immigrant Investor Program

IMF – International Monetary Fund

KNA – St. Kitts and Nevis

LCA – St. Lucia

OECS – Organization of Eastern Caribbean States

CHAPTER 1. INTRODUCTION

1.1. Introduction to Citizenship-by-Investment

Jus pecuniae¹ or investor citizenship is the practice of granting of citizenship on the basis of financial capital invested in a country and provides an avenue for those with significant financial resources to circumvent some of the more burdensome requirements for obtaining citizenship in countries in which they have no birthright claim. Investor citizenship covers a spectrum of practices ranging from the policies whereby the investment allows the individual to reside in the territory while requiring that other naturalization requirements are met, as practiced by countries including Australia, Canada, Bulgaria, the United Kingdom, Spain, and the United States; to those who operate a case-by-case policy whereby residency requirements are reduced for some investors, for example, Austria and Belgium; while some countries have policies through which the only requirement for obtaining citizenship is a one-off investment in the country (Džankić, 2012; Jus Pecuniae Research Centre, 2017; Surak, 2016; Tanasoca, 2016). This latter policy is known as citizenship-by-investment (CBI) and is a process which provides “a direct route to citizenship” (CBI Index, n.d., para. 3) and by extension a second passport, by eliminating residency and other naturalization requirements on the basis of a specific monetary investment or donation to that country’s economy (CBI Index, n.d.; European Business Magazine, 2019). The investment or donation amount varies by country and can include real estate investments, donations to specific economic funds, and even purchase of government bonds. Currently, a

¹ The coining of the term “jus pecuniae” is attributed to Joachim Stern (Surak, 2016)

dozen countries operate formal CBI programs²: in the Caribbean – Antigua and Barbuda, the Commonwealth of Dominica (Dominica), Grenada, the Federation of Saint Christopher and Nevis (St. Kitts and Nevis), and St. Lucia; in the EU – Cyprus and Malta; in other parts of Europe, Moldova and Montenegro; in the Pacific, Vanuatu; in the Middle East, Jordan; and the transcontinental country, Turkey³. In its discussion of investor citizenship, the focus of this paper will be on CBI programs.

1.2. Importance of Research Topic

After Malta decided to offer its citizenship, and by extension EU citizenship, “for sale” in 2013, interest in the topic of investor citizenship, and more specifically, CBI schemes, suddenly peaked, with organizations like the European Union Democracy Observatory (EUDO) on Citizenship opening debates on the topic, and several scholars now discussing the theoretical pros and cons of the practice. However, long before Malta made this move two small island states in the Caribbean, Dominica, and St. Kitts and Nevis, had been engaged in the practice while scholars said hardly a word on the topic. Currently, five countries in the Caribbean run CBI programs while only two countries in the EU have similar programs; yet, much of the focus in the literature has been on the programs of the EU countries. Indeed, in her contribution to the EUDO

² Eleven of these countries are all listed by Investment Immigration Insider at <https://www.imidaily.com/>; however, Jordan is only named in the article, “Where Will the Next Citizenship by Investment Program Emerge?” by Stephane Tajick (2018) on the website

³Countries such as Austria, Bulgaria, Portugal, and Cambodia are sometimes listed by certain CBI agents and articles as running CBI schemes. However, in an effort to err on the side of caution and not wrongly attribute any countries as running CBI programs, I have opted to not list these countries, specifically because as in the case of Austria, Bulgaria, and Portugal, their programs are described as residency programs (see <https://www.imidaily.com/editors-picks/truth-bulgarian-citizenship-investment-expert-panel-comments/>). In the case of Cambodia, it appears that the country has a residency program and that in instances where a passport is obtained only for having made an investment, this may have been done illegally (see <https://www.phnompenhpost.com/national/draft-nationality-law-approved> and <https://nomadcapitalist.com/2013/09/18/is-the-cambodia-second-passport-a-scam/>)

debate, Roxana Barbulescu notes “The fact that this matter has only now entered the citizenship debate indicates how heavily theoretical and ethical debates build on Western cases” (Barbulescu, 2014, p. 15). In addition to this, Surak (2016, p. 3) highlights the limited scope of the scholarship on the topic of “granting citizenship in exchange for financial contributions”. Several writers have also pointed out that the literature is lacking in its discussion of the increasing entanglement of state and market forces (Shachar, 2014) and that investor citizenship can help us explore the current state of citizenship (Džankić, 2012). Further, CBI programs appear to be growing in popularity while their political impacts remain understudied. All of this suggests that this is indeed a pertinent subject for research.

A significant number of those seeking citizenships in the Caribbean through these programs are of Asian and Middle Eastern origins with the number of CBI citizens as a percentage of the total population of all the countries combined being almost seven percent at the end of 2018. Citizenship of the passport-selling countries is desirable for the access provided to and benefits within third states (Surak, 2016), as their passports afford the holders visa-free access to many countries. Hence, the rise in popularity of these programs on the demand side indicates that what is really at issue is access to mobility (Gold & El-Ashram, 2015; Grell-Brisk, 2018; Paskalev, 2014). This is supported by The European Business Magazine (2019, para. 6) which speaks of a second passport as a “must-have accessory for many successful businessmen, investors and multimillionaires” especially for its ability to eliminate the need to acquire visas in order to gain entry to many countries. Consequentially, according to (The Economist, 2018, para. 2) “A burgeoning ‘CRBI’ industry (citizenship and residence by investment)—of consultants, lawyers, bankers, accountants and estate agents—is busy advising well-heeled investors, chafing

at the constraints of their paltry single citizenship, on how and where they can acquire another”. Interestingly, while they are not the focus of this paper, the programs in Moldova, Montenegro, and Jordan were all recently launched during 2018, signifying that there is increasing appeal of these programs as an economic tool and also that there is certainly a significant market for citizenship. However, despite the apparent growing attraction of these programs, Transparency International & Global Witness (2018, p. 21) recently suggested that the EU should review and should maybe even suspend its visa-free waivers for the Caribbean countries which run CBI programs, for fear that through the visa-free access afforded to passport holders of these countries, “the corrupt and the criminal” may be inadvertently allowed to enter the EU. This indicates that there is some serious concern among third states, especially the developed countries, with regards to the possible dangers of such programs.

Despite such concerns, the countries which run CBI programs do so with the aim of providing a much-needed economic boost to their countries; in fact, Gold and El-Ashram (2015), economists with the IMF, suggest that revenue gains from these programs can be quite significant especially for small countries. In Dominica, and St. Kitts & Nevis, for example, CBI revenues have sometimes accounted for as high as 50 percent of these countries recurrent revenue. However, notwithstanding the economic benefits, thus far, scholarly discussions on the topic of CBI programs which have been largely theoretical, (Surak, 2016), are in support of the notion that countries should be wary of such programs. A considerable section of the literature has been critical of such schemes with many writers contending that citizenship should never be a tradeable commodity. A prominent theme running through much of the literature is that such programs undermine civic bonds and so threaten to unravel the true concept of citizenship which

is supposed to represent solidarity, reciprocity, participation, shared responsibility, and equality (Barbulescu, 2014; Mavelli, 2018; Ochoa, 2014; Shachar & Hirschl, 2014; Tanasoca, 2016). While they appear to be in the minority, there are those, however, who do not view CBI schemes to be as wrong or harmful as some make them out to be (Hidalgo, 2016; Magni-Berton, 2014; Spiro, 2014).

1.3. Research Questions and Arguments

With a view to building on the investor citizenship scholarship, this research focuses on the five Caribbean countries which run CBI programs as they can provide valuable insights on the outcomes and repercussions of such schemes, especially since some of their programs have been running much longer than those in the EU; in fact, St. Kitts and Nevis is said to have the oldest or one of the oldest CBI programs in the world (CBI Index, n.d.; Citizenship Shop, 2019; Times Caribbean, 2018). The analysis of these countries will strive to provide answers to three questions: 1) Why were CBI programs implemented in the Caribbean countries; 2) Do the programs fulfill their intended goals; and 3) How does the implementation of CBI programs affect the privileges afforded to citizens of citizenship-selling countries by third country governments? The arguments presented in this thesis stem from the suggestion that the EU should review its visa-free waivers for the Caribbean countries which run CBI programs, and also build on the assertions that investor-citizens using CBI programs really do not have an interest in actually residing in the country where they purchase citizenship, and are generally only interested in the mobility which second-citizenship provides. I argue that while there may be political costs to the

citizenship-selling countries, it is not the domestic unravelling of citizenship or threats to democracy as suggested by most of the theorists, but rather, the external devaluing of these countries' citizenship in the eyes of the international community, especially by those who are opposed to such programs.

1.4. Theoretical Frameworks

Many of the writers who have explored investor citizenship programs draw largely on the normative institutionalism perspective in their discussion of the ways in which CBI programs impact notions of citizenship. Normative institutionalism defines institutions very broadly to include not just formal rules and procedures but the symbol systems and moral templates which guide human actions; hence, it sees institutional practices as originating from what is deemed to be valuable within a particular society (Lowndes, 2018). The research presented in this thesis also draws on this perspective as it seeks to argue that in the case of the five Caribbean countries, CBI programs are not harmful to concepts of citizenship. Rational choice assumes that "people can be relied upon to act in ways which best secure their goals and that these goals reflect their self-interest" (Hindmoor & Taylor, 2018, p. 39). This theory is used as the lens through which to explore the reasons why these countries choose to continue utilizing CBI programs in spite of continued criticisms.

1.5. Research Design

The position of this thesis is that a concentration on the five Caribbean countries will provide for a more nuanced look at the economic aspect of these programs. The revenues from CBI are much more significant economically for these small countries than the EU countries which may have more scope for economic diversification, and as such they provide a suitable context for unpacking the reasons why countries choose this as an economic tool. Further, the length of time for which some of the Caribbean programs have been running makes it possible to carry out longitudinal studies which can allow for more detailed analysis of the impacts of such schemes than what is possible in the case of the EU countries. Moreover, the experience of the Caribbean countries is expected to be different from that of the EU countries as their socioeconomic circumstances are quite different. This would impact the number of persons who actually choose to migrate to these regions as opposed to simply using their second citizenship as a mobility tool. Additionally, it is interesting that Transparency International's recommendation which was mentioned earlier, only extends to CBI schemes which operate outside the EU, suggesting that there are additional threats from third states to the Caribbean countries which do not extend to the EU countries. Thus, the probable effect on the citizens, and hence, the political impacts, are expected to be different. Accordingly, looking at non-Western cases would help to expand the political science scholarship which still tends to be heavily focused on the events of the Western world. This research can, therefore, make a valuable contribution to an under-researched but important segment of the literature.

This thesis attempts to move the discussion of CBI programs and their political ramifications beyond the Western-focus and mere theoretical debates by applying an empirical

lens to the discussion. A case study method is employed, where the five countries, being “a family of nations” (Anckar, 2002; G. Peters B., 1998), is looked at collectively as one case. Media reports, and official country statistics and reports will be used for all five countries to explore two of the hypotheses of this paper: 1) CBI schemes are a significant tool of economic growth; and 2) CBI programs result in an undervaluing of the citizenship of citizenship-selling countries in the eyes of third states. Interview data will be used to explore hypothesis 3) CBI programs are not harmful to notions of citizenship and democracy. Focusing on all five countries will provide access to a wider set of data which can better enhance the discussion. Further, these sources of data will provide information on the revenues received from the CBI programs, how these revenues were utilized, and also on the ways in which relations with third countries have been affected by the running of these programs. Due to logistical constraints, interview data will only focus on the Commonwealth of Dominica. However, given the similarities among these countries, the information obtained is expected to be representative of the other four countries attributable to the similarities in their colonial histories, similar population sizes, socioeconomic situations, and political systems, and most significant to this discussion, their CBI programs are all structured similarly.

1.6. Organization of Paper

Chapter 2 explores the literature on investor citizenship and discusses the theoretical frameworks used in the literature and the frames applied in this thesis. Chapter 3 discusses the research design. Chapters 4 to 6 discuss the findings of my research: Chapter 4 explores the

situation in the countries prior to the implementation of their CBI programs and makes the case that three conditions were present; Chapter 5 explores the manner in which the Caribbean countries utilize their respective CBI programs to advance their socio-economic status; and Chapter 6 explores the political impacts of the Caribbean CBI programs. Chapter 7 provides an overview of the main findings and discusses possible avenues of future research.

CHAPTER 2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

This chapter is divided into two sections. Section 2.1 provides a survey of the literature on investor citizenship. The concept of citizenship is the cornerstone of the analysis which will be laid out in this thesis; hence, the chapter begins by synthesizing the definitions of this term in subsection 2.1.1. Subsection 2.1.2 proceeds with a discussion of investor citizenship more broadly and makes the specific distinction of what constitutes CBI. Following this, the arguments in the literature levelled against the use of CBI programs are discussed in subsection 2.1.3 while the subsequent subsection, 2.1.4, provides a discussion of the arguments made in support of CBI schemes. The main thrust of the argument in this thesis is that it is the external face of citizenship that is impacted by CBI programs, and so subsection 2.1.5, provides a discussion of some of the literature which supports this view. The literature review section of the chapter concludes by considering the attempts which have been made to move the discussion of CBI beyond the realm of theoretical postulations.

Section 2.2 discusses the theoretical frameworks used in the literature and the frames applied in this thesis. The literature has largely drawn on the normative institutionalism perspective, however, in addition to this, rational choice theory will also be employed.

2.1. Literature Review: Definitions of Citizenship and Investor Citizenship Programs

2.1.1. Definitions of citizenship

If any ordinary person were to be asked to provide a definition of citizenship, they might face some difficulty in clearly articulating a concise explanation of what it means to be a citizen of a polity. This can be easily understood, given that even the scholarly among us struggle to arrive at one concrete “exhaustive and comprehensive definition” for the term citizenship (Lister, 1997, p. 28). However, because the work presented in this thesis hinges on an understanding of citizenship, before proceeding with my discussion, it is important to provide a synopsis of the concepts of citizenship as discussed in some of the literature on that topic. In seeking to define the term, many writers draw on the notions of citizenship as espoused in the Greek and Roman normative models. The Greek model is a participatory one which views citizenship as a vocation or practice; accordingly, participation in the polity requires civic virtues (Ruffer, 2012). Ruffer describes the Roman model as a juridical one which bestows upon individuals legal status or a bundle of rights and one which views citizenship as “the freedom to act by law and the freedom to ask and expect the law’s protection” (2012, p. 4). Stemming from these models, common themes which emerge through much of the discussion of what citizenship entails are those of equality, membership, rights, and obligations.

Several writers have described citizenship as an institution which encompasses the rights and duties of the state and individuals to each other (Barbulescu, 2014; Džankić, 2012; Lister, 1997; Ruffer, 2012; Shachar, 2011; Wagner, 2004). Shachar (2011, p. 2105) captures this clearly in the statement, “As a multilayered ideal and institution, citizenship may provide many goods:

legal status, rights, identity, security, political voice and the practiced experience of membership in the political community". Similarly, Džankić (2012) describes the relationship between the individual and the state as one of reciprocity and having both political and normative dimensions. Bauböck (2014) adds another layer and puts it interestingly, suggesting that citizenship has two faces, one outward facing, and the other inward. According to Bauböck, the external face looks to other states and not only demands that they recognize the country's passport, but it also promises its citizens the right to return from abroad and the guarantee of diplomatic protections should the need arise. Of the internal face, Bauböck asserts that it informs individuals of their equality and their right to "govern themselves through their right to vote" (2014, p. 19). Summing it all up then, citizenship can be said to be a two-faced institution which comes with both rights and privileges, and duties between the state and its members.

The importance of citizenship laws as a way to secure national borders emerged during the late 19th century to early 20th century when colonial expansion and industrialization necessitated that the emerging industrial democracies make a stronger connection among state, territory and rights in order to adequately deal with increased migration and the citizens in the new colonial territories (Ruffer, 2012). In today's climate of increasing concerns over border security, citizenship or nationality laws continue to be a significant component of states' public laws. A vital aspect of such citizenship laws is to stipulate the ways in which one acquires citizenship in a territory. *Jus sanguinis* or descent-based, whereby one acquires the citizenship of their parents, and *jus soli*, territorial-based, whereby one acquires the citizenship of the country in which they are born, are the methods by which automatic citizenship is most generally granted (Heater, 1999; Ruffer, 2012; Waldrauch, 2006), although there are some variations in

implementation among different countries. In order to acquire citizenship in countries where they have no birthright claim, individuals must meet certain strict conditions which are usually laid out in countries' nationality laws. Such conditions are generally met through the process of naturalization which is defined as "the act of investing an alien with the status of a national in a given state" ("Naturalization," 2019). The conditions of naturalization include requirements such as establishment of long-term residence, civic knowledge, financial stability, and penal clearance and are used as a means of ensuring that persons have established genuine ties with a state before they are granted citizenship (Džankić, 2012; Tanasoca, 2016). Such conditions are in line with the International Court of Justice's assertion that "the legal bond of nationality accord with the individual's genuine connection with a state" (International Court of Justice, 1955, p. 416). Nevertheless, it is because of what some may consider to be the burdensome, often racialized, classed, and gendered, naturalization processes, that Džankić (2012, p. 1) asserts that "citizenship is exclusionary for those aspiring to become citizens of a polity". Thus, through investor citizenship, some countries provide an avenue for making such processes easier for those with the financial means.

2.1.2. Investor citizenship programs

Adim (2017, p. 122) describes investor citizenship programs as "foreign capital attraction measures based on a conditional-exchange logic according to which the host country provides to third-country nationals, who make substantial investments in the private or in the public sector of the host country, a preferential procedure for obtaining the right to live within its borders".

Some of the literature use the term “immigrant investor programs (IIPs)” (Adim, 2017; Gamlen et al., 2015; Shachar, 2018) to encompass all those programs which include those immigration programs which entail some sort of residency requirements based upon financial contributions prior to naturalization as well as the direct “cash-for-passport” programs like the CBI schemes. However, the *Ius Pecuniae* Research Centre (2017) makes a clear distinction between CBI programs and residence or immigrant investment programs highlighting that they differ in that the CBI programs go beyond providing just residency rights but actually provide rights to citizenship. Strengthening this further, Henley & Partners, one of the premier firms involved in residence and citizenship planning, states that “Citizenship-by-investment programs provide a direct route to citizenship based on investment” (Henley & Partners, n.d.). Further, according to Arton Capital, another prominent firm involved in second residence and citizenship planning, “Citizenship by investment is the process of obtaining a second citizenship and passport by investing in the economy of the host country. Citizenship by investment programs legally confer citizenship status faster than traditional immigration processes and do so without requiring investors to put their lives on hold” (Arton Capital, n.d.). Although the CBI programs do provide residency rights, there is no residence requirement in the structure of the Caribbean CBI programs and hence they are not set up such that persons are actually expected to reside in or migrate to the countries. Thus, I will refer to them only as investor citizenship programs.

Surak (2016, p. iv) describes *jus pecuniae*, “the acquisition of citizenship through financial contributions” as a “rapidly developing avenue for naturalization”. Consequently, investor citizenship brings to the fore the significance of “the fusion of market logic and national interests” (Shachar & Hirschl, 2014, p. 232) and highlights the conundrum with which governments running

such programs face in deciding between granting citizenship to investors merely on the grounds of their investment, and so maximizing economic utility, or on the other hand, ensuring that the establishment of genuine ties to a country remains a central feature of citizenship, by enforcing all naturalization requirements for investors. Hence, Džankić (2012, p. 15) fittingly asserts that the controversies surrounding investor citizenship schemes are an indication that they are “still a rather delicate aspect of citizenship”. In support of this observation, Sumption & Hooper (2014, p. 3) state that “investor immigration operates in politically sensitive terrain” which requires that governments develop such programs based on “the sometimes-competing objectives of economic benefit, public confidence, and program integrity”.

2.1.3. Arguments against investor citizenship

The political sensitivity of investor citizenship means that several arguments have been leveled against it. Following Malta’s decision to sell its citizenship, Viviane Reding, former commissioner of the European Commission, in a speech to the European Parliament, declared that “Citizenship must not be up for sale!” (Reding, 2014, p. 3). A number of the protestations against such schemes center around the theme that citizenship ought to represent genuine links to a community and thus its outright sale degrades its value. For those countries which operate non-residency CBI programs, Džankić (2012) suggests that questions are raised, such as whether individuals establish legitimate ties with the country, and whether the sphere boundary of

money⁷ is being violated through the equalization of reputational gains with investment. Similarly, while their focus is on cash-for-passports as a migration option to more affluent or well-off countries, Shachar and Hirschl (2014) provide normative arguments against such programs. The thrust of their argument is that by placing citizenship on the open market, governments risk eroding the ties which bind their citizens together and alters citizens view of what it means to belong to a political community. The authors posit that such programs “test our deepest intuitions about the meaning and content of the relationship between the individual and the political community to which she belongs” (2014, p. 252). In their view, it is difficult to preserve the values of participation, co-governance, and solidarity among those included in the body politic – components of citizenship which fall into Aristotle’s designation of citizenship as comprising of political relations – when the requirement of some for obtaining citizenship has merely been the transfer of cash to government coffers. Shachar and Hirschl further argue that from a normative perspective, turning citizenship into a tradeable commodity threatens the concept of political membership and may thus “erode the civic bonds and practices that allow a democratic society not only to survive, but to thrive” (2014, p. 248). The authors further argue that the sale of citizenship can “cause harm to the vision of citizenship as grounded in long-term relations of trust, participation, and shared responsibility” (2014, p. 249). They postulate that it can be expected that in times of need or crisis, those whose ties to any state is merely an investment in real estate or a similar investment, are likely to abandon that state and seek out a more secure business environment. Further, Shachar and Hirschl suggest that the practice of

⁷ Džankić makes reference to (Walzer, 1983) discussion of the sphere of money and blocked exchanges which essentially argues that there are certain things which money cannot buy.

selling citizenship weakens the civic mindedness of ordinary citizens when they opine that others are free riding on their efforts to build and maintain the civic fiber of their nations.

Tanasoca (2016, p. 192), expresses similar sentiments as Shachar and Hirschl and contends that we should be concerned about investor citizenship, which through its resort to market logic undermines the values of fairness and equality, merit, reciprocity, and political efficiency, and as such “is a step back from our ideal of democratic citizenship”. According to Tanasoca’s arguments, by selling citizenship, states risk the undervaluing and demeaning of citizenship in the eyes of its ordinary citizens. Further, selling citizenship does not just confer a formal status but in essence also sells the rights and duties, including voting rights, etcetera, of being a citizen which have generally been thought to be inalienable. Tanasoca (2016, p. 178) also asserts that CBI programs lack “robustness tests” which show that one merited citizenship and that through their use, citizenship ceases to be a reliable marker of good character or civic competence.

The EUDO Citizenship working paper which was commissioned following the 2013 decision by the Maltese Parliament to offer Maltese and European citizenship for sale presents several short commentaries from various contributors related to policies regarding the sale of citizenship. Several of the contributors to the EUDO working paper are also of the notion that selling citizenship diminishes its value and meaning. In her contribution, Ayelet Shachar holds the position that while the sale of passports may inject some much-needed cash into states’ treasuries, this is done at the risk of cheapening citizenship as it threatens the ideal of what citizenship ought to represent (Shachar, 2014). Shachar reasserts this position in a more recent

article in which she suggests that it is not possible for the purchase of citizenship to act as a substitute for those ties which make citizenship worthy of being upheld (Shachar, 2018). In a similar vein, in her contribution to the EUDO debate, Roxana Barbulescu suggests that citizenship by investment programs oppose the recent efforts by states to “re-substantiate citizenship through tests and integration requirements” (Barbulescu, 2014, p. 15). Barbulescu elaborates that waiving other naturalization requirements for citizenship investors departs from the traditional privileging of cultural and social ties in matters of national citizenship. Further, she contends that by favoring the rich, such programs are contradictory to the efforts of the social citizenship project which seeks “to incorporate the economically disenfranchised into the citizenry” (2014, p. 15). Paulina Ochoa contends that “the active face-to-face partaking and building of democratic institutions on the basis of principles of equality and solidarity” are priceless (Ochoa, 2014, p. 24) . Thus, in line with the views expressed by several other authors in the EUDO working paper, Ochoa posits that by rewarding investors with passports, while at the same time not requiring them to live within the country, undermines the connections to and participation with local life and institutions, the foundations upon which citizenship should be built. Peter Spiro in his contribution to the EUDO debate, makes an even stronger argument in which he asserts that citizenship is being hollowed out and that citizenship by investment programs are merely a symptom of this (Spiro, 2014). Spiro posits that citizenship has been knocked off its pedestal and now occupies a position which no longer represents our learned understandings of citizenship as a marker of social solidarity. He contends that investor citizenship schemes could not exist if citizenship still held its place as a sociological matter.

Using the example of an Austrian investor citizen who was able to buy political influence and establish a political party named after himself, Bauböck (2014) asserts that linking citizenship to investment has the potential to corrupt democracy with a resultant hollowing out of democratic standards. Bauböck further contends that “turning the status of citizenship itself into a marketable commodity...would tear down a wall of protection that keeps social class from becoming, once again, a formal marker of inequality of citizenship rights and status” (2014, p. 20). Similar to Bauböck’s argument, (Džankić (2014) observes that dating back to ancient Rome, pecuniary conditions have been used as a means to exclude certain groups from full inclusion of membership in a community. Accordingly, Džankić (2014, pp. 388, 403) suggests that “While these investor programs can help ailing economies recover, the very idea of setting a price tag on membership in a community is intuitively disquieting” as it “invokes inequalities based on wealth that we thought had disappeared with the coming of modern states”.

Similar to the arguments made by other writers, Mavelli (2018) argues that citizenship-by-investment schemes undermine the notion that citizenship is based on reciprocity, equality, and solidarity. The author suggests that this is done through the neoliberal economic transformation of states and individuals into entrepreneurial actors, who in seeking to maximize their value, rewrite the principles of citizenship in economic terms. In her discussion, Mavelli (2018, pp. 482-483) argues that citizenship by investment schemes go beyond the commodification of citizenship which sees states succumbing to market logic, but are part of the neoliberal political economy of belonging where “inclusion and exclusion are increasingly becoming a function of an individual’s, or a group’s, capacity to contribute to the country’s

financial viability, economic competitiveness, international reputation, moral standing and self-understanding, and emotional well-being”.

2.1.4. Arguments in support of investor citizenship

Nevertheless, while there are many reservations against the practice of countries offering their citizenship for sale, not everyone is opposed to it. From an economic perspective, the expected revenue gains is one argument made in support of investor citizenship (Becker & Lazear, 2013; Borna & Stearns, 2002). Providing support to the economic justification, Gold & El-Ashram (2015) suggest that particularly for small countries, CBI programs have significant macroeconomic spillover effects and provide substantial revenues to state coffers. Similarly, Williams & Hosein (2019, p. 79) lend support to the CBI programs of the small Caribbean islands asserting that “they offer a lucrative additional revenue stream to governments”. Adding another financial argument, Magni-Berton (2014) suggests that the Maltese Parliament did not vote to “sell” Maltese citizenship for €650,000, rather, in what he calls the stockholder principle, whereby individual citizens are like a joint-stock company in which fellow-citizens invest, persons are acquiring a moral claim to become citizens by investing in the future of Maltese citizens. He posits that were the naturalization process easier, then most people would prefer to go that route rather than spending €650,000 in order to acquire citizenship. Thus, Magni-Berton contends that investor citizenship programs are not unfair but rather they provide a financial argument against the burdensome nature of the naturalization process.

Following a different line of reasoning, Hidalgo (2016) defends the sale of citizenship on the grounds that it is in principle morally permissible. Hidalgo's main argument is that if it is indeed permissible for states to deny citizenship to foreigners then by the same token it should be permissible for states to provide the opportunity to foreigners to purchase citizenship at a price. Going against those who argue that selling citizenship values it the wrong way, Hidalgo (2016, p. 230) instead suggests that proponents of this argument "need to show that there is something about the value of citizenship that explains why selling it is wrong". He argues that other goods such as great art and literature can be believed to be intrinsically valuable, warranting reverence and respect and yet they can be sold. Thus, the similar valuation of citizenship does not make its sale impermissible.

2.1.5. What is really being sold?

The general method which states use to distinguish their members from non-members is the issuance of passports. As Torpey (2000) observes, nationality boundaries between persons can only be maintained through documentary evidence such as a passport. Thus, it appears that by "selling citizenship" what these citizenship-selling countries are actually selling is a passport and the freedom of mobility which it provides. In her arguments against CBI programs, Ochoa (2014) essentially makes this statement when she argues that governments are providing persons with a passport without imposing residency requirements. Accordingly, Paskalev (2014, p. 25) asserts that while it is difficult to disagree with the arguments levelled against the selling of citizenship, "it is not membership but mobility which is at issue". Hence, he argues that it is

the arbitrary manner in which states use factors such as birthplace and descent to discriminate among those wishing to enter their borders which corrupts citizenship and “not the availability of a bypass or two for a tiny minority, be it rich or poor” (2014, p. 25). Similarly, Shachar (2014) suggests that it is not surprising that there is a market for citizenship given the unequal treatment of various passports at border crossings. These arguments suggest that in speaking of investor citizenship and more specifically CBI programs, what is really at issue is access to mobility and the value of the external face of citizenship. Relevantly, Van Fossen (2007) observes that as early as the 1970s, peoples’ desire to migrate to states with favorable conditions produced a market for what he refers to as “passports of convenience” (POCs). Pointing to the external face of citizenship, Van Fossen (2007, p. 139) suggests several benefits of these POCs, including their ability to: “facilitate entry into foreign states; overcome travel restrictions; provide an alternative to a cancelled, suspended or confiscated primary passport;...permit holders to escape identification with countries with unwelcome reputations”. Van Fossen does list two benefits of POCs which should actually provide pause to the citizenship-selling countries. He says that these passports can “allow reinvention of a biography” and can also be used by criminals to “acquire multiple nationalities or different names” which ought to be worrisome for citizenship-selling countries.

Again pointing to the external face of citizenship, Gold and El-Ashram (2015, p. 51) note that a growing number of small Caribbean and European states are administering CBI programs in a world where “The ever-surprising effects of globalization have given rise to a new dynamic whereby passports can carry a price tag”. These authors posit that on the part of investors, the increasing interest in CBI programs stems from the fact that they allow visa free access to a large

number of countries and confer citizenship with minimal to no residency requirements and so provide an avenue for the growing monied-elite in emerging market economies to achieve greater global mobility by circumventing visa restrictions. This notion is also supported by Xu et al. (2015, p. 3) who suggest that developments of CBI programs are spurred by the desire of “high net-worth individuals to improve their international mobility, tax planning, and family security while also seeking investment opportunities”. It is this external value of citizenship which CBI programs appeal to as demonstrated in Džankić (2018, p. 78) which found that programs with minimal or no residency requirements target what the author calls “long-distance citizens” who provide the much-needed short-term flow of funds to the government coffers but are not interested in residing in the citizenship-selling country. Similarly, Grell-Brisk (2018, p. 2) suggests that these programs “offer the freedom of cross-border mobility for the increasing transnational capitalist class”.

A passport is a documentary control on movement and essentially identifies those who belong in membership terms (Torpey, 2000). It is for this reason that Spiro (2014) raises the point that a possible cost of investor citizenship programs are the diplomatic protections which would be afforded to such citizens and suggests that it would be interesting to see, should the need arise, whether states would intervene on the behalf of their paid-for citizens and whether such interventions would even be recognized by international bodies. This is a crucial concern because as Torpey (2000, p. 160) highlights, an important function of a passport is “ipso facto evidence of a legitimate claim on the resources and services of the embassies or consulates of the issuing state” and “guarantee of aid and succor to its bearer while in the jurisdiction of other states”. Thus, having issued these documents to their investor citizens, the citizenship-selling countries

would be expected to extend full protections to them should the need arise. Further, Shachar (2014) argues that where countries are members of political and economic unions which afford supranational citizenship, and whose passports therefore allow them unconstrained entry to the other member states, the decision by some members to sell their national citizenship indirectly affects the other members who have opted not to engage in the practice of selling citizenship. Such an observation helps explain the sudden interest in CBI programs by the members of the EU following the 2013 decision by the Maltese government to commence selling the country's citizenship.

2.1.6. A lack of empirical evidence

Despite all the railings against CBI programs, there has been a lack of empirical evidence to support many of the claims made (Hidalgo, 2016). However, some scholars have assayed to take the discussion beyond just theoretical debates. In an effort to provide answers to questions of the theoretical and practical implications of investor citizenship, Džankić (2012) firstly explored the practice in countries like the United States, Canada, and the United Kingdom, of facilitating access to citizenship to investors while retaining the residence criterion; and secondly, she explored the practice of countries such as the Commonwealth of Dominica, and St. Kitts and Nevis, of granting citizenship on only grounds of investment and waiving all other criteria. Johnston (2013, p. 5) utilizes concepts of institutional corruption to analyze and critique CBI policies and concludes that “The act of exchanging a higher-value good (citizenship) for a lower value good (money) destroys the value of citizenship and corrodes public trust in that institution”.

In addition, Džankić (2014) uses an examination of the three major avenues of investor citizenship to shed light on peoples' discomfort with investor citizenship, while Tanasoca (2016) reflects on the sale of another status, noble status, which existed before the concept of state and citizenship in their modern forms. While noting that the analogy is imperfect, Tanasoca uses a strategy of recounting the rebuttals against the sale of noble titles and attempts to analyze how these protestations apply to the sale of citizenship. The writer posits that significant parallels exist between the practices of offering for sale these two civic statuses and so they "might be thought wrong in analogous ways" (2016, p. 176). Hence, Tanasoca suggests that while other considerations may override the reasons provided against the sale of citizenship, the analogy "might help to elucidate people's hesitations over putting citizenship on sale" (2016, p. 171).

Gamlen et al (2015) surveys the various existing IIPs, examining their objectives, activities, and performance, and develops a typology of these programs. These authors distinguish between those whose primary purpose is attracting wealth, like the programs of the Caribbean, and those which aim to cultivate engagement by attracting migrants who will participate in the different spheres of life in the country. Gamlen et al also develop a typology of the immigrant investors based on the programs which they are attracted to. By assessing the programs' stated objectives against the type of investors they attract, the authors identify mismatches between the two and so explores how IIPs might be improved. Similarly, Džankić (2018) offers a general typology of IIPs and applies it to the case of the EU member states. This is informative for the case of investor citizenship in general and the case of the Caribbean CBI programs as it sheds light on the different types of citizens or residents which states seek to attract through their use of specific investor citizenship schemes. Also using a categorization argument, Shachar (2018) examines the case of

the US context, contrasting the “Dreamers” and “Parachuters” to illustrate the distinction between civic ties and credit lines as competing bases for membership acquisition.

Two recent efforts of going beyond theoretical postulations have focused entirely on the Caribbean CBI programs. Using a case study methodology, Grell-Brisk (2018) examines Dominica’s CBI program, focusing on the benefits which it provides to the general transnational capitalist class (TCC) and more specifically China’s TCC. More recently, Williams and Hosein (2019) seek to make a case for the CBI programs in the Organization of Eastern Caribbean States (OECS), through an examination of the structure of these programs, focusing on how they are managed, and their revenues utilized.

2.2. Theoretical Frameworks

2.2.1. Rational choice theory

This thesis will view the topic of citizenship by investment through the lenses of rational choice theory and normative institutionalism. Scholarship on the topic of CBI programs has generally been skewed toward the EU context; as such the literature has not taken stock of the ways in which different socioeconomic situations, historical background, international standing, and even location on the map may alter the outcomes of such programs. Further, the use of CBI programs as an economic tool has only been given a cursory glance so to speak, with little regard being given to the underlying reasons why these programs are employed despite the criticisms being levelled against their use. Scholars have mostly turned their attention to what they deem

to be the potential political fallout from these programs and as such, they have focused largely on normative arguments of whether citizenship should be a tradeable commodity and how these programs impact notions of citizenship.

In the case of the five Caribbean countries, it is important and instructive to understand why their governments choose to retain these programs even in light of harsh criticisms, and what explains the decisions third-country governments make in altering the courtesies, like visa-free entry, which are extended to the citizens of citizenship-selling countries. This is important for the external face of citizenship aspect of the analysis. Accordingly, what is required is an unpacking of the various occurrences which lead to particular outcomes; the theoretical framework of rational choice theory (RCT) is useful for that.

RCT is “an approach to the study of social phenomena” which makes three core assumptions which are particularly useful to analyzing the decisions of citizenship-selling countries as well as third countries. These are: firstly, there are discrete purposeful actors; secondly, these actors are rational; and thirdly, they are self-interested (Lovett, 2006, p. 240). It is important to note that a discrete purposeful actor is not only an individual but can also include, political parties, states, etcetera (Lovett, 2006); and hence it is applicable to speak of states or countries making decisions in the manner of rational, self-interested actors. According to Parsons (2005, p. 11) “In the general RCT model actions are seen as having potential benefits...and certain potential costs” and individuals evaluate the trade-off between the costs and benefits and their possible courses of action and choose the one which provides the greatest benefit. Likewise, Eriksson (2011) describes the process of action-taking as agents making calculative or strategic

decisions. Accordingly, thinking of governments as purposeful actors, it would be expected that they make decisions based on what is in the best interest of their countries, whether economic, social, or political. Further, in the case of personalistic regimes, such as those which exist in the Caribbean countries⁸ under examination, government members may be acting in their own personal interests also. Hence, rational choice theory can help elucidate the decisions made by citizenship-selling countries especially in light of arguments such as those made by Adim (2017) that countries employ these programs while ignoring the potential pitfalls.

Moreover, an essential component of the RCT model is that actions are taken under the strain of scarcity and limited resources (Parsons, 2005), what Lovett (2006, p. 242) refers to as “constrained purposeful action”. This is vital in any discussion of the decisions made by the five Caribbean countries to employ CBI programs as an economic tool given that they are faced with limited opportunities for economic diversification. It is also useful in unpacking the responses of third-party countries to the existence of these schemes, as they also face constraints in the options which are at their disposal for dealing with the threats, real or perceived, from these CBI programs.

Through consideration of their possible courses of action, two actors working in their own self-interests usually do not obtain the optimal outcome for either of them (Ostrom, 2000). RCT helps to unpack how this occurs through the concept of “strategic action” (Lovett, 2006, p. 241) whereby actors choose a course of action while considering the actions which an opposing actor

⁸ The small populations in these countries allows for “strong links between political leaders and political supporters” and a “tradition of personalistic leadership” (Sutton, 1999, p. 74). (Corbett & Veenendaal, 2017, p. 31) assert that such small “states are the archetypal ‘face-to-face’ societies, in which politics has always been (and probably always will be) hyper-personalized”.

may pursue. In a strategic action scenario both parties follow a logical thought process, and through rational, self-interest each actor chooses in the end to protect themselves at the expense of the other. In the end, however, both individuals are in a worse off position than if they had not operated selfishly and had cooperated with each other. Thus, it can be argued that both citizenship-selling countries and third-party states, through their own self-interest may choose outcomes which are detrimental to the both of them. The CBI countries contemplate possible actions which may be taken by third-country governments but also consider that by eliminating their programs, coupled with the possibility of no additional economic assistance from these countries, they may end up in a worsened socio-economic situation, and so they continue selling citizenship. Concurrently, third-country governments deem that the citizenship-selling countries are not going to compromise and will continue with their programs, and so the third-country governments may possibly impose sanctions on the CBI countries. This results in a situation whereby the citizenship-selling country is worse off because certain restrictions are now placed on its citizens which may in turn negatively impact its CBI program. Simultaneously, the third-country governments may possibly alienate its allies, the citizenship-selling countries, while also incurring additional costs associated with enforcing the new restrictions. Hence, RCT's "distinctive focus on cooperation" whereby it seeks to probe how actors can overcome self-interest and cooperate in order to resolve their collective action problems and achieve mutual gain (Moe, 2005, p. 216), provides a useful framework within which to examine the opportunity costs of CBI schemes.

2.2.2. Normative institutionalism

The scholarship on investor citizenship has devoted significant efforts to discussions of the impacts of such programs on citizenship as an institution. Normative or sociological institutionalists define institutions very broadly to include not just formal rules and procedures but the symbol systems and moral templates which guide human actions. Thus, institutions are seen as providing the frame for what is deemed to be appropriate behavior and so shape political outcomes by providing the values and norms which will guide the decisions of political actors (Lowndes, 2018). This branch of institutionalism is largely focused on “soft institutions, such as ideas, social and cultural norms, rules and routinized practices” (Wiener, 2006p. 36). From a normative institutionalist perspective, the institutional world provides the scripts or templates through which individuals “simultaneously constitute themselves as social actors, in the sense of engaging in socially meaningful acts, and reinforce the convention to which they are adhering” (Hall & Taylor, 1996, p. 948). Peters (2005) also speaks of the durability of institutions and their ingrained legitimacy which commits their members to particular behaviors. Accordingly, March and Olsen (cited in Peters, 2005, p. 29) define political institutions as “collections of interrelated rules and routines that define appropriate actions in terms of relations between roles and situations. The process involves determining what the situation is, what role is being fulfilled, and what the obligation of that role in the situation is”. This definition highlights that normative institutionalism is a structural approach in that it “seeks to identify the structures that are relevant for action, recognizing both their stability and critical junctures that may induce change” and also emphasizes the influence of context conditions on actors behavior (Wiener, 2006, p. 38). Hence, from this perspective, change is viewed as adaptation to broader social context.

The investor citizenship scholarship which has focused significantly on the effects of CBI programs on the norms of citizenship, can thus be seen to examine the topic largely from a normative institutionalism perspective. Normative institutionalism places great significance on the ways in which norms allow institutions to function. Hence, arguments that CBI changes the signaling function of citizenship as a marker for social solidarity, civic mindedness, etcetera, aptly demonstrate the use of this perspective. Further use of this frame is demonstrated through discussions of the manner in which CBI programs can possibly bring about changes in citizenship. Several writers assert that until the appearance of investor citizenship, the norms of citizenship were essentially taken as given; however, they suggest that with the introduction of a new context whereby persons can essentially purchase citizenship, citizens will change their behavior to suit this new context, and so change the face of citizenship as an institution. This is a demonstration of the process of learning, which involves identification of, and adaptation to changing circumstances, which according to normative institutionalists is the primary method through which institutions change (Peters, 2005).

Normative institutionalism emphasizes the symbiotic relationship between institutions and individual action (Hall & Taylor, 1996) and so its use within the literature to analyze how CBI schemes may impact the actions of citizens and citizenship as an institution is quite applicable. This thesis will attempt to show that in the case of the five Caribbean countries, CBI programs do not change citizens' view of citizenship as representing civic mindedness, etcetera, and so the normative perspective is essential to demonstrating whether any changes actually occur in the norms of citizenship. This lens is also important for my line of argument that citizenship is

basically becoming synonymous with mobility and that it is the external face of citizenship which is threatened by such schemes.

2.3 Conclusion

This chapter synthesized the literature on investor citizenship highlighting the arguments made both against and in favor of CBI programs in general. It has also established the gap in the academic literature seeking to explain the adoption of CBI as well as its true costs. Given their ability to unpack the reasons for the implementation of CBI programs, and the effects which they can have on attitudes towards citizenship, I contend that rational choice theory and normative institutionalism can provide important theoretical insights into these issues.

CHAPTER 3. RESEARCH DESIGN

As stated earlier, the investor citizenship scholarship has thus far been heavily focused on the occurrences in EU countries. This thesis moves away from this EU focus and examines the effects of CBI programs in five Caribbean countries. This chapter provides justification for the use of case study method, discusses the data collection and data analysis methods, and offers background information on the five countries, taking into consideration some historical facts, socioeconomic, and political factors.

3.1. Research Method

3.1.1. Case study method

A case study is both “a choice of what to be studied” (Stake, 2005, p. 443) and a strategy for conducting research (Hartley, 2004). Accordingly, this thesis takes the five Caribbean CBI countries, being a “family of nations” (Anckar, 2002), as a single case and examines their economic situations prior to their decisions to implement CBI programs, and the political developments following their implementation, using a case study strategy.

Central to the arguments made in this thesis is the assertion that particular attention must be paid to the specific history, socioeconomic dynamics, location, and other contextual factors as these are expected to result in political impacts of CBI programs in the Caribbean countries which may differ from what has been theorized about or observed in the EU countries. Scholarship on case study methods have highlighted their suitability in research where attention

to context is of great significance, thus lending support to its applicability to this research on the Caribbean CBI programs. Stake (2005) attests to the importance of giving such contextual factors their due regard when seeking to understand relationships and outcomes. Similarly, Hartley (2004) suggests that to persons conducting case studies, it is the particular context and how it shapes the phenomenon being examined that makes it interesting. Additionally, this thesis explores the conditions under which governments considered it necessary to resort to selling their countries' citizenship as an economic tool, how notions of citizenship were altered as a result of the operation of these schemes, and how third-country governments react to the existence of such programs. According to Yin (2018, p. 10) such "how" and "why" questions do not merely seek to observe frequencies or incidences but rather they pursue explanations of how a political phenomenon has unfolded over time, thus lending themselves to case study research which allows for the probing of a case in its contextual setting.

A case study is intrinsic "if the study is undertaken because, first and last, one wants better understanding of this particular case" (Stake, 2005, p. 445). Accordingly, while case studies are often conducted with the aim of making generalizations to a larger population or statistical generalizations (Gerring, 2004), it is important to note that this is not necessarily the intention of this thesis given that CBI programs are being implemented in countries across the globe under varying contexts. However, the analysis can illuminate particular circumstances under which CBI schemes emerge and are expected to have certain political outcomes and so allow for generalizations "about theoretical propositions" (Hartley, 2004, p. 331).

3.1.2. Data collection

This thesis examines CBI programs in the Caribbean from 1984 to 2019. The idea of investor citizenship began with the St. Kitts program in 1984 (Times Caribbean, 2018; Citizenship Shop, 2019; CBI Index, n.d.); hence, it is fitting to start at the beginning. The time period of this study thus starts with 1984; and to ensure that the most recent occurrences were included, ends with 2019. I examine how the countries came to the point of selling their citizenship, whether and how the countries were able to foster economic growth and development through revenues and projects from citizenship selling, and how notions of citizenship at the domestic level, as well as the privileges afforded to citizens of citizenship-selling countries by other states have been affected. The analysis was aided by data collected from three main sources: official reports, international and local media, as well as local interviews.

Official reports and statistics included government reports on the operations of CBI programs, country budget reports and budget statements and other information pertaining to passport sales; reports from the Eastern Caribbean Central Bank (ECCB)⁹; and international agencies like the International Monetary Fund (IMF), and the World Bank. Such reports provided data on the economic situations of the various countries, the reasons why governments chose to implement CBI programs and the ways in which they have utilized their CBI programs to fund various activities within their countries. The programs were all started at different times, and therefore data specific to the different CBI programs was collected based on the period when the programs were implemented. For consistency, however, general economic data for all the

⁹ The ECCB is the Monetary Authority for a group of eight island economies namely - Anguilla, Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, St Kitts and Nevis, Saint Lucia, and St Vincent and the Grenadines <https://www.eccb-centralbank.org/p/about-the-eccb>

countries was gathered for the same time period, 1995 to 2019. Reporting on the performance of the CBI programs is not always consistent for some of the countries, and hence, for the two countries which have had the longest running programs, Dominica, and St. Kitts and Nevis, data on CBI performance was collected from 1993 and 2005 to 2018, respectively. For the other countries, data was collected from 2014, the period around which those programs were started.

The online databases LexisNexis and Proquest Central were used to gather international news reports on the CBI programs. In order to capture data on the earliest versions of the CBI programs as well as the most current reports, the search was done using the date parameter January 1, 1984 to December 31, 2019. The results of the searches revealed that the local news media outlets from the five countries were not being captured; hence, a manual search of the major online news platforms of the countries was done: Antigua – the Antigua Observer; Dominica – Dominica News Online; Grenada – Now Grenada; St. Kitts and Nevis – St. Kitts Nevis Observer; and St. Lucia – The Star. In lieu of conducting interviews with officials from the different countries, media reports were used to obtain data on their views regarding the CBI programs which may not have been captured in official documents. Media analysis also provided data on statements which have been made and actions which have been taken toward citizenship-selling countries by third-party countries, as well as statements made by international persons who actually work within the field of investor citizenship and their views on the Caribbean CBI programs.

Finally, interviews provided information on public opinion and attitudes towards CBIs. Due to logistical limitations to being able to conduct field research in all the countries, interviews were only conducted in Dominica. The interviews were geared at obtaining data to answer the

question as to how peoples' attitudes towards notions of citizenship are affected by the CBI program; hence, interviews targeted persons of the general population, as well as those involved in the implementation of CBI programs. In the end, nineteen persons from a cross-section of the population were interviewed. These persons were all of voting age, from various educational and occupational backgrounds, as well as from different parts of the albeit small country. Among the interviewees was one high-ranking government official. The interviews were conducted between February 1 and March 24, 2020. With the exception of the government official, to whom a request for an interview was submitted directly, all other interviewees were recruited through the author's social networks. Respondents were then given the contact information of the author to pass on to other persons who may have had an interest in participating (snowball recruitment methods). The interviews were semi-structured, conducted in person, and generally lasted between twenty to sixty minutes. Appendix G provides a sample of the interview guide. Similarities among the countries are detailed in section 3.2 below, and so the data gathered in Dominica on public opinion and attitudes toward the CBI program is considered to be representative of all the countries.

3.1.3. Data analysis

The data analysis relied on process tracing and content analysis. "Process tracing focuses on the unfolding of events or situations over time" (Collier, 2011, p. 824). Neither economic changes, changes in notions of citizenship, nor reactions from third-country governments are

one-time occurrences but rather they unfold over time; hence, process tracing helps examine how such changes occurred during the time that these programs have been in operation.

According to Stan (2012, p. 226) “Content analysis is a tool of qualitative research used to determine the presence and meaning of concepts, terms, or words in one or more pieces of recorded communication” and is utilized by researchers in making inferences from these sources (Weber, 1990). Content analysis can be extended to virtually all forms of recorded communication including, newspaper articles, official government reports, and recorded interviews (Stan, 2012). Media articles as well as interviews were coded using a coding scheme developed from the existing literature on CBI (Hsieh & Shannon, 2005). Codes were then entered and analyzed using the online program, Dedoose¹⁰. The coding scheme used is provided in Appendix H. The findings are largely discussed using a narrative format.

3.2 Descriptive Overview of Case Countries

The five countries, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, and St. Lucia have a shared history, are in close proximity to each other, are similar economically, have similar population sizes, and have similar types of government. Excluding Dominica, all the countries are constitutional monarchies with a parliamentary system of government, having the reigning British Monarch represented by a Governor-General as their head of state and a Prime Minister as head of government. Dominica is a parliamentary republic with a president as the head of state and like the other countries, a Prime Minister as head of government. The countries

¹⁰ Dedoose is a cross-platform app for analyzing qualitative and mixed methods research <https://www.dedoose.com/>

are all located in the Eastern Caribbean, with what is considered to be very small populations. They can also be thought of as young countries, with all of them having gained independence from the United Kingdom approximately 40 years ago. With the exception of Antigua and Barbuda which was only colonized by the British, the countries were all settled by both the British and the French, changing hands between the two colonial powers until ultimately being under British rule up until the time they gained independence.

While these countries are all classed within the upper middle- or high-income groups, their economies are small and open and are largely dependent on a combination of tourism and agriculture (World Bank, 2018). The lack of diversity within these economies and their openness renders them quite susceptible to the effects of economic downturns in more developed economies (IMF, 2007). Concomitantly, due to the location of these countries, they are extremely vulnerable to natural disasters, with each of them having faced a catastrophic natural disaster in recent times, resulting in serious reversals of economic gains which they had made (*see Appendix B*). The five island states are all members of the Organization of Eastern Caribbean States (OECS)¹¹ and the Caribbean Community (CARICOM)¹². Among other goals aimed at ensuring improvements in the lives of citizens, both of these inter-governmental organizations are dedicated to fostering economic integration and organization, and foreign policy coordination among member states. Having so many characteristics in common, these countries

¹¹ The OECS, currently an eleven-member grouping, is an International Inter-governmental Organization dedicated to regional integration in the Eastern Caribbean <https://www.oecs.org/en/who-we-are/about-us>

¹² The Caribbean Community (CARICOM), a grouping of twenty countries, is the oldest surviving integration movement in the developing world. It rests on four main pillars: economic integration; foreign policy coordination; human and social development; and security <https://caricom.org/our-community/who-we-are/>

can be considered as a “family of nations” in that they share certain attributes which makes them distinctively belong in a specific category (Anckar, 2002; Peters, 1998).

Table 3.1 Summary of key country data¹³			
	2018 Population	Year of Independence from Britain	Income Group
Antigua and Barbuda	96,286	1981	High income
Dominica	71,625	1978	Upper middle income
Grenada	111,454	1974	Upper middle income
St. Kitts and Nevis	52,441	1983	High income
St. Lucia	181,889	1979	Upper middle income

3.3 Conclusion

This chapter examined how this research project was investigated. In the following three chapters, I will introduce empirical evidence, first exploring how the CBI programs came to be, then looking at whether the programs have been successful in achieving their stated objectives, and finally, the political impacts of the programs, more specifically their impact on notions of citizenship and any repercussions from third-party countries.

¹³ Population and Income Group information was obtained from the World Bank, World Development Indicators; year of independence was obtained from the various country government websites

CHAPTER 4. REASONS FOR THE IMPLEMENTATION OF CBI PROGRAMS IN THE FIVE COUNTRIES

Utilizing data from various sources including country budget statements and reports, central bank reports, and IMF sources, together with media analysis, and interview data, this chapter explores the situation in the countries prior to the implementation of their CBI programs. I make the case that three conditions were present prior to the launch, relaunch, or rebranding of the programs in all five countries: Condition I – an adverse economic environment; Condition II – having a strong passport in comparison to the program’s target market; and Condition III – a ruling government that is willing to trade the country’s citizenship for financial gain, each of which I explore in the following sub-sections.

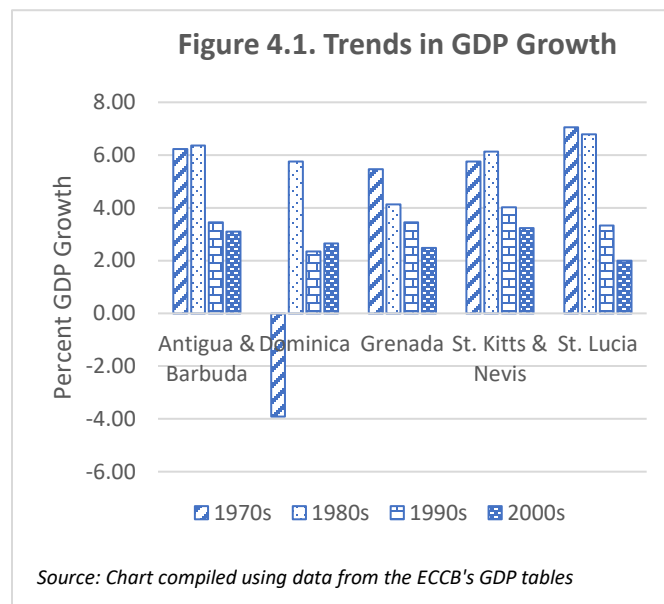
4.1. Conditions Leading to the Implementation of the CBI Programs

4.1.1. Condition I: adverse economic environment

Borna & Stearns (2002) assert that increasing occurrences of foreigners paying exorbitant fees to immigration lawyers and sometimes even smugglers are indications that citizenship is indeed now an economic good. The five Caribbean countries under examination have chosen to jump on this bandwagon, choosing to utilize this non-traditional revenue earner and trade their citizenship for financial gain, with CBI programs now being a major tool in their economic arsenal and the importance of the CBI programs being repeatedly highlighted by those at the helm of running the countries’ affairs. In fact, in an article published in July of 2017, Investment Migration Insider asserts that CBIPs are “a mainstay of Caribbean economies” (Nesheim, 2017a, para. 1). It

begs the question then as to how these countries came to be so dependent on the revenues from sales of citizenship.

The Economist (2018, para. 1) describes these programs as “easy money for small countries”. Further, the data suggests that CBI is seen as a tool to be used when traditional sectors or revenue earners are unable to ensure the stability of a country’s economy.



¹⁴Following their independence from Britain, these countries experienced periods of what has been described as “strong” (Thacker & Acevedo, 2010, p. 67) or “rapid” (World Bank, 2018, p. 3) “growth in the 1970s and 1980s” supported in large part by aid support from their former colonial master, the propping up of their

agricultural sectors through favorable trade agreements with Europe, particularly with the UK, and the beginnings of the tourism industry. Over the next two decades, however, growth declined as the fragility of these small economies was exposed when the preferential trade agreements were phased out leading to declines in agricultural exports, the wellspring of aid and grant funding started to dry up, various natural disasters¹⁵ affected both the tourism and agricultural sectors, and major events in the international arena, like 9/11, and the 2008 global

¹⁴ Dominica was hit by a major hurricane in 1979; this accounts for it being the only country to experience average negative growth during the 1970s

¹⁵ The countries are prone to natural disasters including earthquakes, volcanic eruptions, and hurricanes; however, due to their location in the Atlantic hurricane belt, and the wide-ranging damage which they normally inflict, they are more susceptible to the effects of hurricanes (World Bank, 2018). As such, when speaking about natural disasters, the focus will be on hurricanes

slowdown resulted in declines in the tourism sector (Lagarde, 2014; Schipke et al., 2013; Sobers, n.d.; Thacker & Acevedo, 2010; World Bank, 2018). The economic fallout from these adverse events saw the five countries, with the exception of St. Lucia, resort to entering into recent arrangements with the IMF¹⁶ as they sought to stabilize their economies and enhance their growth prospects.

These governments had to find an avenue to generate income which could set their economies on a more sustainable path, and many sought out the unconventional route of selling their country's citizenship. The economic data is supported by comments made by the leaders of these countries which suggest that they see the CBI programs as the last bastion against further economic decline of their countries. In 2015, Dr. Timothy Harris, current Prime Minister of St. Kitts and Nevis, "told reporters that the CIPs are regarded as 'a creative response to a dearth of otherwise foreign direct investment capital in the region and the challenges facing resource poor governments in the region'" (CANA News, 2015, para. 3). This stance is supported by Dr. Kenny D. Anthony, former Prime Minister of St. Lucia who highlighted the challenges faced by his country and the need for finding an alternative avenue for raising revenue when he made the statement that "...given the persistent decline in foreign direct investment caused by the world financial crisis, the mounting challenges to raise money for our development, and the increasing use of citizenship programs by other countries as an incentive tool, we took the decision to offer a similar program" (Compton, 2016, para. 2). The then Prime Minister saw the CBI program as having the ability to jumpstart the economic growth and development of his country. As the

¹⁶ Information on the various arrangements can be found on the International Monetary Fund's website at <https://www.imf.org/en/Countries>

following subsections will make clear, this is a sentiment shared by the governments of all the other Caribbean countries which had already implemented citizenship-selling schemes.

4.1.1.1. Analysis of economic environments¹⁷

Agriculture played a large role in the economy of these countries stemming from their colonial pasts of being plantation-based economies. Most of the countries have however, transitioned away from agriculture toward the tourism sector (World Bank, 2018) with Schipke et al. (2013, p. 1) highlighting that “tourism has evolved into the single most important sector in most of the OECS/ECCU countries”. However, agriculture still continues to play an important economic role in some of the countries as the limitations of state capacity has resulted in a substantial dependence on these two sectors¹⁸ as the major generators of export revenue and employment, especially for the poor (World Bank, 2018). These are sectors which are both highly susceptible to the effects of nature¹⁹ and other external shocks, making the economies of these countries very fragile, particularly as it usually takes years to repair the economic damage caused by these large exogenous shocks (IMF, 2007). At the time of launching, relaunching, or rebranding their CBI programs, these countries were evidenced to be facing either or a

¹⁷ Source of GDP, Debt-to-GDP data, and agricultural sector data: the Eastern Caribbean Central Bank (ECCB) online statistical publications <https://www.eccb-centralbank.org/statistics/dashboard-datas/>. Source of tourism data: the World Travel and Tourism Council via <https://knoema.com/atlas/sources/WTTC>. Source of FDI data: World Bank Development Indicators - <https://data.worldbank.org/>. With the exception of Figure 4.8, all tables and charts were compiled by the author using official statistics

¹⁸ Appendix A provides statistical data illustrating the importance of these sectors in the five countries

¹⁹ Appendix B details the major natural disasters which have impacted these countries

combination of periods of declining GDP growth, high debt-to-GDP ratios²⁰, declining foreign direct investment (FDI), and high unemployment.

4.1.1.2. Antigua and Barbuda

Antigua and Barbuda launched its CBI program in 2013. Just about three years prior, in a June 2010 press release, the IMF noted that the country's heavy dependence on the tourism industry resulted in its economy being hard-hit by the 2008 global economic and financial crisis (IMF, 2007). The effects of the global slowdown were compounded by Hurricane Omar in 2008 which resulted in US\$49 million in economic loss, the collapse of the largest private employer on the island in 2009²¹, and Hurricane Earl in 2010 which resulted in a further US\$52 million in economic loss. Stemming from these events, the country's economy contracted over the 2009 to 2011 period, plunging it into what the IMF described as its "worst recession in decades" (IMF, 2010, para. 10). Foreign direct investment into the country was also declining and the government was faced with a persistently high debt-to-GDP ratio²². As illustrated in *Box 1* below, immediately prior to its implementation of the CBI program, the Antiguan economy experienced several years of negative GDP growth, declining FDI, and its debt-to-GDP ratio remained well-above what is considered to be a sustainable level.

²⁰ Caner et al. (2010) established that surpassing a 64 percent debt-to-GDP ratio for developing countries would result in a loss of 0.02 percentage points of real GDP growth for every additional percentage point in debt-to-GDP

²¹ Allen Stanford was accused in 2009 (Pilkington, 2009) and convicted in 2012 (Davis, 2012) of running a US\$7bn ponzi scheme from his offshore bank on the island

²² The five countries are members of the Eastern Caribbean Currency Union (ECCU) which has a target of 60 percent debt-to-GDP ratio (World Bank, 2018).

Consequently, needing to provide succor to the economy, the country chose to introduce the CBI program. That Antigua and Barbuda implemented its CBI program due to its economic challenges is demonstrated both in its official promotions of the program and in statements proffered by the country's leaders. The official CBI website states that the country introduced the CBI to help support its economy in the wake of "a challenging economic environment in recent years" (*About Antigua & Barbuda*, n.d., para. 6). Additionally, the country's official CBI magazine lists the motives behind the program as "to promote economic growth, attract real estate development, increase foreign direct investment to the country, support the development of infrastructure and provide for a sustainable future" ("Antigua & Barbuda Citizenship by Investment Program Frequently Asked Questions," 2019, p. 17). Prior to the launch of the program, Baldwin Spencer, the Prime Minister at the time, reportedly stated that the CBI program would "help put the country 'on the road to sustainable growth and development'" (McFadden, 2013, para. 3). About a year later, the new Prime Minister, Gaston Browne declared that the country was "in a very precarious financial position" and so they were "aggressively" seeking investors for the CBI (Antigua Observer Newspaper, 2014b, paras. 3–4); further lending credence to the point that the country chose to implement the program because of the difficult economic situation that it was facing.

Box 1. Economic Trends in Antigua and Barbuda

Figure 4.2. GDP and Tourism Sector Growth (ATG)

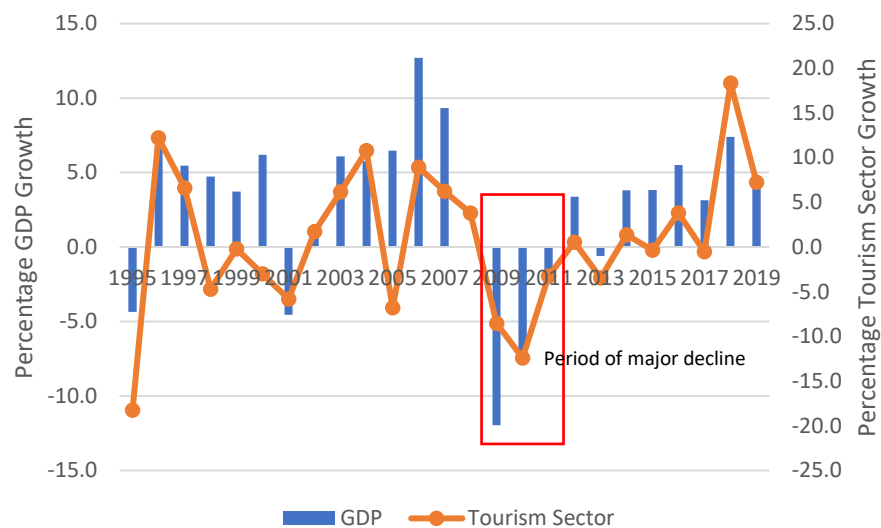


Figure 4.3. Foreign Direct Investment (ATG)

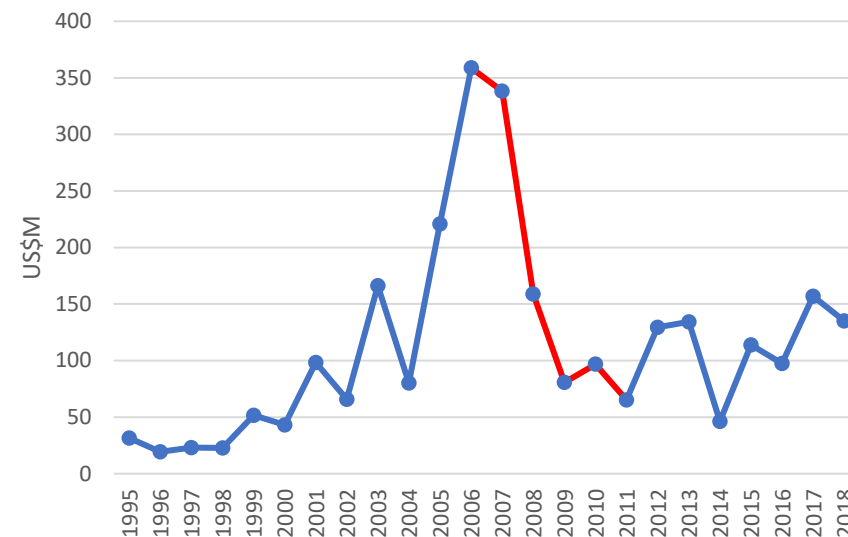


Table 4.1. Debt-to-GDP Ratio (ATG)

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
97.4	108.1	115.9	128.1	131.4	101.8	90.9	80.7	79.7	89.2	84.3	92.6	87.7	101.1	100.2	86.9	82.6	83.4	78.5

4.1.1.3. *Dominica*

Dominica originally launched its CBI program in 1993. However, prior to this, following the impact of Hurricane David which struck the island in 1979, the year immediately following its independence from Britain, and caused widespread damage and economic loss, the country found itself in need of funds to rebuild. The Hansards of the House of Assembly for 1980 show that there was some discussion of the possibility of a company, Inter-continental Development & Management Co. Inc., being allowed to establish itself within the country with the express purpose of getting wealthy individuals to contribute towards the rebuilding of the island. One of the requirements was that the persons who were to invest would be allowed to become citizens of the country (House of Assembly, n.d.). At the time, objections were made on the grounds that some members of the Parliament were not in support of the country's citizenship being traded for financial gain. While it was not started at that time, the consideration given to exchanging the country's citizenship to secure investments from wealthy individuals at a time when the country was facing the economic hardship of post-disaster rebuilding, again supports the notion that such programs are born in times of economic difficulty. In 1991, however, International Development and Management Ltd. was incorporated in the Cayman Islands to continue development plans for a major hotel project in Dominica. It appears that the CBI program, or economic citizenship as it was earlier referred to, officially began when the government entered into an agreement with the person who at the time served as the country's Honorary Consul General to the Republic of China and Consul General to Hong Kong and was responsible for procuring investors from

Pacific Rim countries for the project²³; in exchange for their investment they were to be bestowed with citizenship of The Commonwealth of Dominica²⁴ (Privy Council, 2015).

For Dominica, agriculture still remains very important (World Bank, 2018), with the official government website describing the economy as agriculture based. Tourism also plays a vital role in the country²⁵. From the early 2000s the island's economy has sustained a series of shocks. The agriculture sector took a major hit with the phase out of preferential treatment for its bananas on the European market. This was compounded by a series of natural disasters in the years following and the effects of the 2008 global economic slowdown (Thacker and Acevedo, 2011; World Bank, 2018). Generally, Dominica has not attracted impressive amounts of FDI. *Box 2* below illustrates that prior to revamping the program, the country experienced consecutive years of economic contraction, faced levels of FDI well-below that of its neighbors, and had a rising debt-to-GDP ratio.

Thus, while Dominica's CBI program had been running on a relatively small scale from the time of its inception (IMF, 2017), after years of economic decline, the Prime Minister, Roosevelt Skerrit, in his 2014 budget address, declared that in a bid to boost FDI and step up funding for development projects, the government revamped the program and hired the firm CS Global²⁶ to undertake the marketing and ensure that the program became "well-known around the world"

²³ Many thanks to one of my examiners for pointing out the role which the Sino-British Joint Declaration in 1987 may have played in driving citizens of Hong Kong's demand for investor citizenship; however, a detailed examination of the various geopolitical factors driving demand for investor citizenship is beyond the scope of this project.

²⁴ That project was never completed but became embroiled in controversy after allegations of misappropriation of funds were made which would see the current Opposition Leader, who was a journalist at the time, being sued for defamation. Background information can be obtained from a case filing at <https://www.jcpc.uk/cases/docs/jcpc-2014-0064-judgment.pdf>

²⁵ See Appendix A

²⁶ CS Global Partners is a global marketing agency specializing in attracting foreign direct investment through powerful marketing and PR efforts <https://csglobalpartners.com/>

(Skerrit, 2014, p. 30). The country's official CBI website also underscores the importance of the program in supporting "resilient economic structures" (*About the CBIU*, n.d., para. 4), with the Prime Minister alluding to the difficulties of the economy in supporting jobs for citizens when he described the country's CBI program as "a very important tool for economic activity, work and job creation in our country...Jobs that we are all yearning for, better paying jobs that we are all yearning for" (Dominica News Online, 2015, para. 5).

Box 2. Economic Trends in Dominica

Figure 4.4. Growth in GDP and Agriculture & Tourism Sectors (DMA)

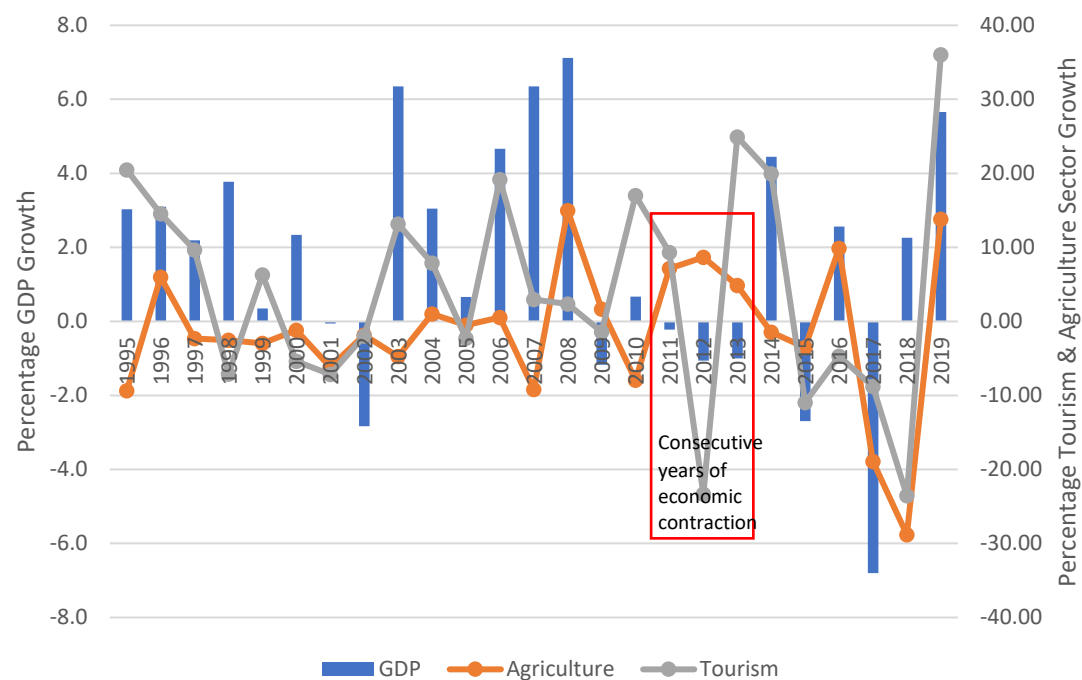


Figure 4.5 Foreign Direct Investment (DMA)

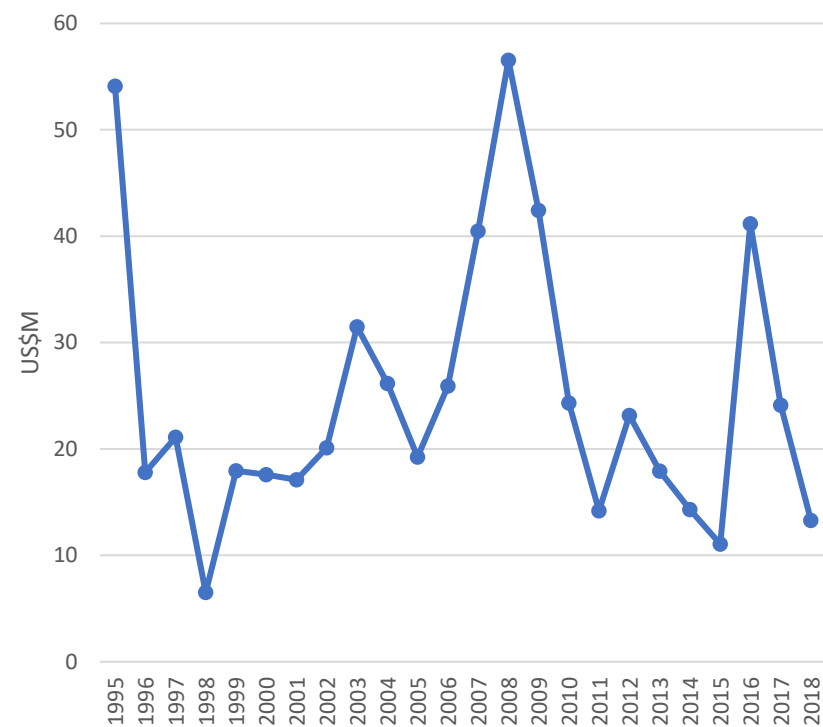


Table 4.2. Debt-to-GDP Ratio (DMA)

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
89.49	95.46	92.96	94.00	78.17	92.33	85.06	76.58	69.16	64.96	69.04	67.46	77.60	77.89	78.08	74.16	68.28	74.37	74.46

4.1.1.4. Grenada

Grenada's CBI program had previously existed from 1997 to 2001, but was suspended after concerns were raised about passports possibly being granted to nefarious persons (Best Citizenships, n.d.; Immigrant Investor, n.d.). The program was relaunched in 2013 after the country experienced almost four consecutive years of economic contraction. Grenada's economy shrank in the wake of the global slowdown as its tourism sector took a hit. Unemployment also "rose during that period and remained high" (World Bank, 2018, p. 32). The country's debt-to-GDP ratio had also been increasing, surpassing what is considered to be a sustainable level, in the years just prior to the relaunch of the program. In a 2014 press release the IMF stated that "a decade of natural disasters and economic shocks coalesced into a deep economic crisis by 2011-12" (IMF, 2014, para. 9). Supporting the point that Grenada chose the route of CBI program due to its economic challenges, prior to the program's re-launch, former Governor General, Carlyle Glean, stated that the program was "part of a strategy to drum up revenue on the struggling island" (The Bismarck Tribune, 2013, para. 2). This was further strengthened by Dr. Keith Mitchell, Prime Minister, who in his 2013 budget address expressed the expectation that the program would attract FDI to the country and concomitant jobs (Mitchell, 2013a).

As *Box 3* illustrates, in the years just prior to the relaunch of its CBI program, Grenada experienced years of negative GDP growth, declining FDI, rising unemployment, and an increasing debt-to-GDP ratio.

Box 3. Economic Trends in Grenada

Figure 4.6. Growth in GDP and Agriculture & Tourism Sectors (GND)

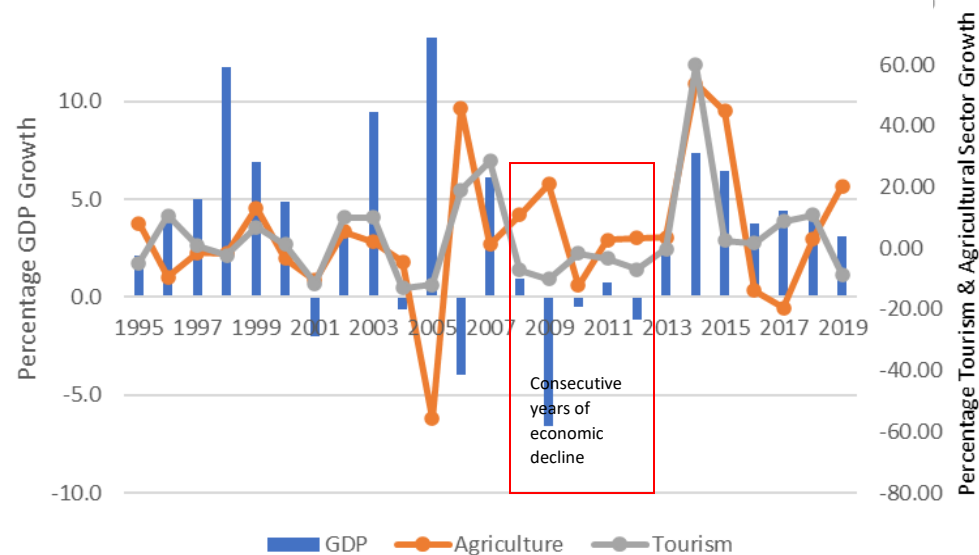


Figure 4.7. Foreign Direct Investment (GND)

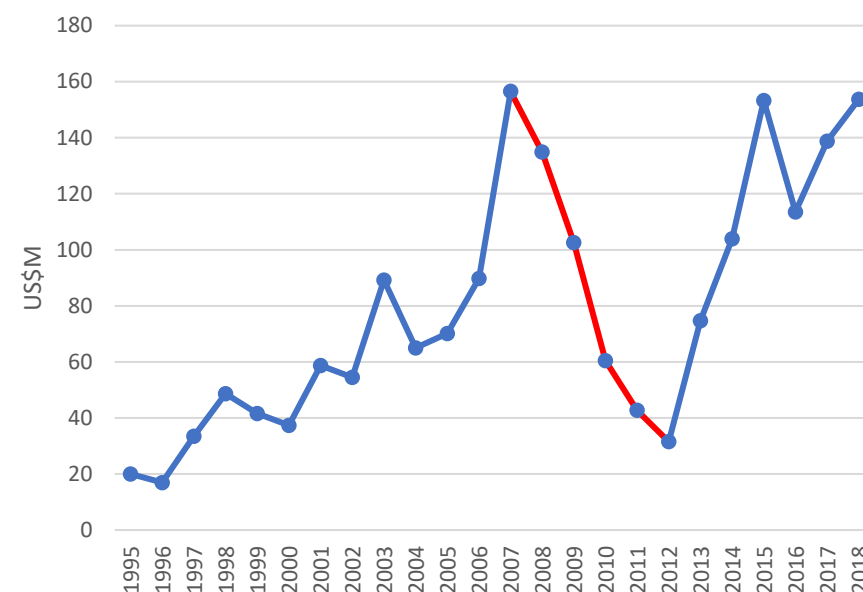


Figure 4.8.

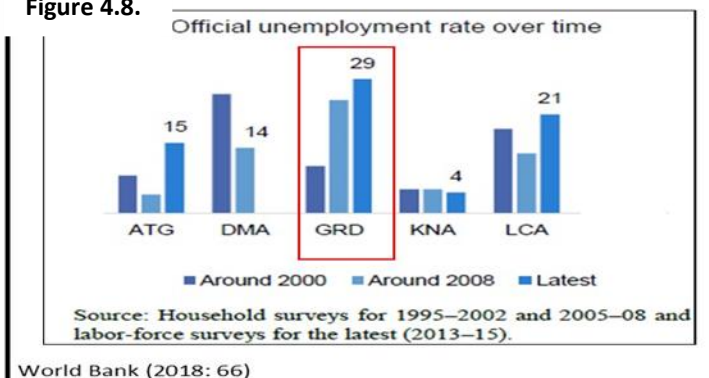


Table 4.3. Debt-to-GDP Ratio (GND)

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
49.54	60.02	90.20	86.38	93.13	85.98	90.68	86.50	82.14	92.95	95.41	100.80	103.29	103.67	96.88	88.58	79.99	69.72	66.27

4.1.1.5. St. Kitts and Nevis

The first CBI program was launched by a “young, cash strapped” St. Kitts and Nevis (Henley, 2018, para. 7) a year after gaining political independence from Britain; however, the program only gained in popularity after the firm Henley and Partners²⁷ was contracted in 2006 – 2007 to reform and publicize the program. Clenfield (2015, p. 1) states that Christopher Kalin²⁸ “effectively created a resource out of thin air for a nation that had few”. The news article describes how the country was in deep trouble in 2006 owing to the closure of its sugar industry and its high indebtedness, and its passport selling program which had been running for over two decades was not doing much in terms of attracting revenue; that is, until Christopher Kalin came into the picture and transformed a program which would kindle the fire of an entire industry.

The closure of the country’s historically significant sugar industry left the government saddled with the debt of the sugar company which at the time was about 29 percent of the country’s GDP (IMF, 2007). While the economy was recording growth in its GDP, at the end of 2005, its debt-to-GDP ratio had reached an unsustainable level of over 150 percent. *Box 4* below illustrates that in the years immediately prior to revamping its CBI program, the country was facing an increasingly high debt-to-GDP ratio. The country therefore needed a strong injection of funds which would help it create the fiscal space²⁹ to ensure that it could continue to service its debts and keep the economy on an upward trajectory. In addition, the government decided to

²⁷ Henley & Partners is the global leader in residence and citizenship planning <https://henleyglobal.com/about-the-firm/>

²⁸ Christian Kalin, the Chairman of Henley & Partners, is considered one of the world’s foremost experts in investment migration and citizenship-by-investment, a field he pioneered <https://henleyglobal.com/key-people-details/christian-h-kalin/>

²⁹ Fiscal space is commonly defined as the budgetary room that allows a government to provide resources for public purposes without undermining fiscal sustainability. According to the International Monetary Fund, fiscal space exists if a government can raise spending or lower taxes without endangering market access and putting debt sustainability at risk. <https://www.who.int/health-financing/topics/fiscal-space/why-it-matter/en/>

make a strategic shift of the tourism industry towards the higher end of the market and so needed a source of finance for the construction of up-market infrastructure and according to the then finance minister, the CBI was “the only readily available means of resort financing since the global financial meltdown and ensuing recession” (Davidson, 2014, para. 2). The significance of such a program for a small country facing difficulties in sourcing funds for its development was underscored by the former Prime Minister of that country, Dr. Denzil Douglas, who highlighted the role which the CBI program played in bolstering that country’s economy especially at a time when the world economy was experiencing a slowdown (Douglas, 2013).

Box 4. Economic Trends in St. Kitts and Nevis

Figure 4.9. GDP and Tourism Sector Growth (KNA)

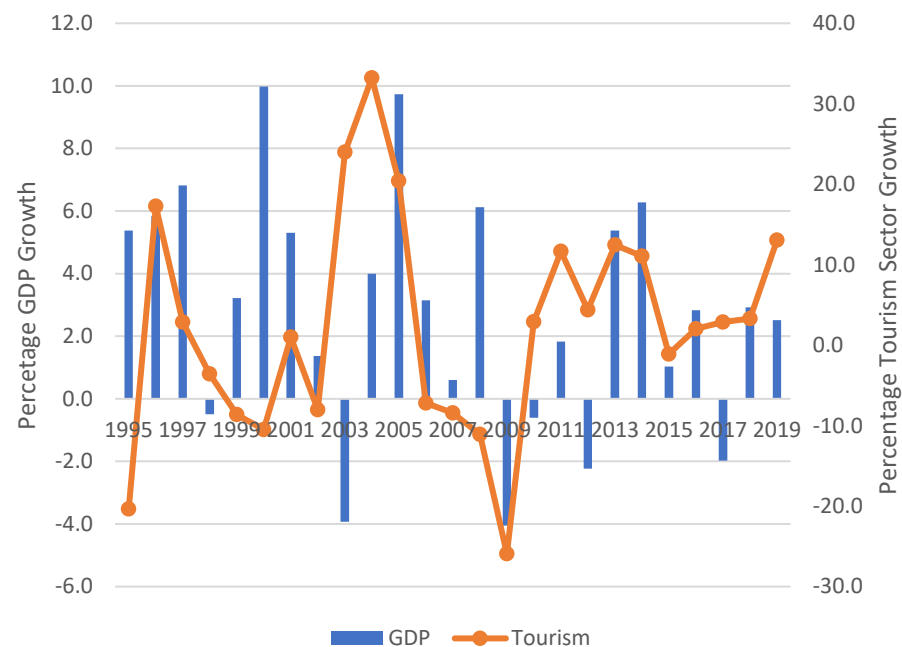


Figure 4.10. Foreign Direct Investment (KNA)



Table 4.4. Debt-to-GDP Ratio (KNA)

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
94.57	104.06	116.91	143.97	149.21	152.17	144.01	136.67	127.49	132.16	136.12	129.03	126.12	93.28	71.69	63.65	59.00	59.26	57.34

4.1.1.6. St. Lucia

St. Lucia's CBI program was put into effect in 2015. In the years leading up to its implementation, the St. Lucian economy had experienced what has been described as "anemic growth" owing in large part to the impacts of hurricanes and other external shocks (IndexMundi, n.d.). The agriculture and tourism sectors experienced a hit in 2007 from Hurricane Dean. The impact to the tourism sector, which fuels much of the activity in the country, was further compounded by the global economic slowdown which began in the following year (IMF, 2009). Similar to Grenada, the level of unemployment rose (see *Figure 4.8* above) in the period following the global slowdown and persisted (World Bank, 2018). Compounding this, the island was struck by Hurricane Tomas in 2010 which resulted in damages, including to the agriculture sector, of about US\$336 million (IMF, 2011). The country also experienced years of declining FDI inflows. *Box 5* below illustrates that prior to implementing the CBI program, the country experienced several years of declining GDP growth and FDI inflows, along with an increasing debt-to-GDP ratio.

When the CBI program was still under consideration in 2014, the Prime Minister at the time, Dr Kenny Anthony, suggested that the scheme was being considered due to the "severe, debilitating and oppressive" economic climate which the country was at the time facing (Caribbean News Now, 2014a, para. 1). Following its implementation and at the outset of the country's economic recovery, the Prime Minister again stressed the importance of the program in light of the country's economic situation, remarking "While we have spent the last four years stabilizing and restoring our economic foundation, the Citizenship by Investment Program will

provide impetus to our recovering economy to take off in the coming months” (Compton, 2016, para. 3).

Box 5. Economic Trends in St. Lucia

Figure 4.11. Growth in GDP and Agriculture & Tourism Sectors (LCA)

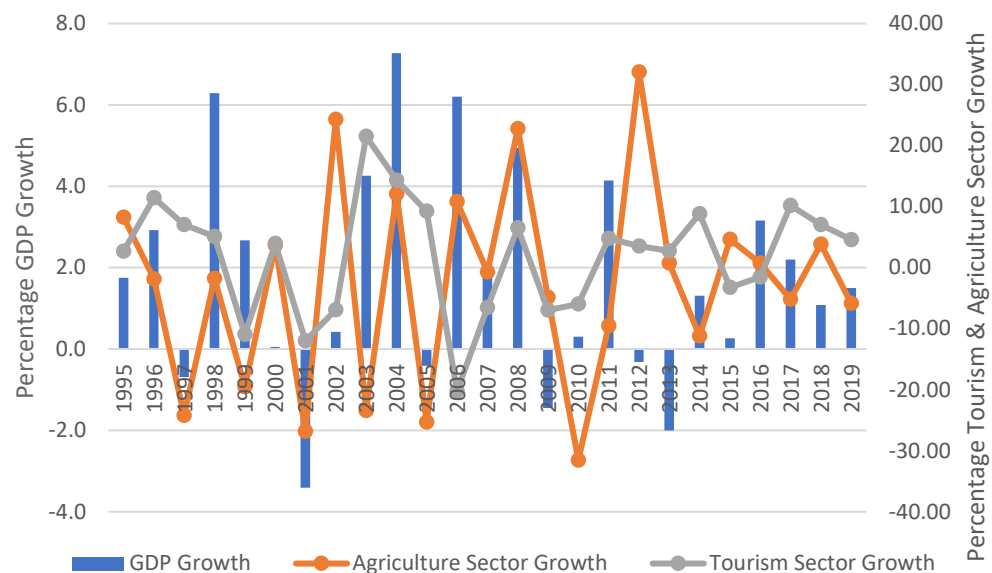


Figure 4.12. Foreign Direct Investment (LCA)

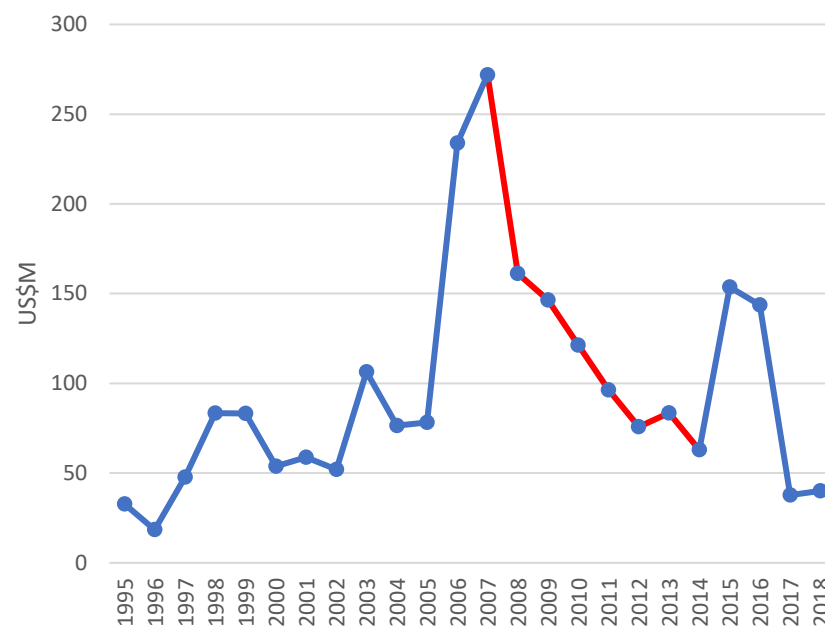


Table 4.5. Debt-to-GDP Ratio (LCA)

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
38.74	43.94	50.37	53.44	58.73	57.73	56.61	53.24	53.79	54.63	55.19	59.94	67.15	68.76	68.76	65.83	65.45	64.79	64.28

4.1.2. Condition II: Strong passport

Simply facing a difficult economic situation is not sufficient for establishing a CBI program. There are many countries the world over facing economic difficulties but for whom a CBI program would not be a feasible option simply because potential investors would not consider these countries' passports to be valuable investments. The evidence indicates that a significant factor in supporting the establishing of CBI programs is the ability of the country's passport to provide ease of mobility and convenience to its citizens through visa-free access to many advanced countries. Several media reports underscore the importance of the mobility which citizenship of these countries would afford their potential investors. A 2015 article titled '*Passport to Overseas Success*' stated that "for a number of moneyed Arabs, investments in the Caribbean promise a citizenship status that can grant them much sought-after global mobility" (The National, 2015, p. 1). Similarly, in a March 2019 article on the practice of selling citizenship, the London Sunday Times Magazine stated "Buyers include businessmen and women who need to travel often but do not come from countries such as Britain that enjoy visa-free access to leading economies...The Caribbean is the center of the trade since its islands' colonial past affords its citizens wide visa-free access, typically to about 130 nations, including the 26 European countries in the Schengen area" (Arlidge, 2019, p. 1).

Ordinary citizens of the passport selling countries themselves recognize that the aim of investor citizens is foremost the acquisition of a new passport. When asked to explain in their own words what the CBI program entails, several interview respondents stated that they understand the CBI program to be the sale of passports. One respondent stated "Sale of passports. The first thing is sale of passports. It is common knowledge that it is the sale of

passports” (Interview 6, personal communication, February 13, 2020). Another interviewee stated “Well, in my own words it’s an opportunity to raise money through the sale of passports, that’s what it appears to be, short and sweet”. This respondent went on to state that the CBI program is essentially “a trade in convenience” (Interview 10, personal communication, February 18, 2020). These responses echo the sentiments reported to have been expressed by the owner of a firm which assists Russians in obtaining investor citizenships as saying, “It's all about the passport. 100 percent. Few, if any, of the people who want to apply are planning on living in those countries...Most of the clients simply wish to have the ability to travel visa free" (Fieser, 2014, p. 2). That news article was reporting specifically on the Caribbean citizenship selling schemes.

Examination of the various official country websites and passport ranking³⁰ data provide further evidence that a key condition for the successful launch of such programs is the country’s ability to exploit relatively strong passports that provide visa-free access to many advanced countries. At the time of introducing its program, in 2013, Antigua and Barbuda’s passport was ranked 25th in the world; Dominica was ranked 45th in 2014 when its program was revamped; Grenada was also ranked 45 in 2013 when it reintroduced its program; St. Kitts and Nevis was ranked 40th in 2006 when its program was reformed; and St. Lucia was ranked 37th in 2015 when its program was introduced. In the promotion of their CBI programs, all the countries also tout the many countries to which their passports provide visa-free access. Antigua’s official CBI website advertises the visa-free access to 150 countries which its passport provides, including

³⁰ The Henley Passport Index is the original ranking of all the world’s passports according to the number of destinations their holders can access without a prior visa <https://www.henleypassportindex.com/passport>

access to Hong Kong, Singapore, UK, and the Schengen Area³¹. Similarly, as a selling point, Dominica lists “global mobility” as one of the benefits which its citizens enjoy with its passport affording visa-free access to over 120 countries and territories, among them the UK and the EU³². Again underscoring the importance of being able to provide mobility, the official CBI website highlights that a Grenadian passport provides visa-free travel to over 115 countries and is one of the few countries whose passport bearers are able to travel to the PRC without first obtaining a visa³³. “St. Kitts and Nevis passport holders enjoy a passport with an excellent reputation and very good visa-free travel, including to all of the EU, Canada³⁴, Hong Kong, Switzerland, and other countries” (*The St. Kitts-Nevis Citizen*, n.d., p. 1). Like the other countries, a selling point of the St. Lucian CBI program is that it facilitates visa-free travel to over 120 countries³⁵. Chapter 5 addresses the measures which the countries take to remain competitive given their different passport rankings.

4.1.3. Condition III: Government Willing to Trade Country’s Citizenship for Financial Gain

A necessary condition for the implementation of a CBI program is the country being under leadership which is not morally or ideologically opposed to offering up its country’s citizenship for sale. This is demonstrated through the example of St. Vincent and the Grenadines which is the only independent member of the OECS which does not currently have a CBI program (Jamaica

³¹ <https://cip.gov.ag/citizenship/antigua-and-barbuda-passport/>

³² <https://cbiu.gov.dm/dominica-citizenship/benefits/>

³³ <https://www.cbi.gov.gd/grenada-citizenship/benefits/>

³⁴ The document was obtained from the official Citizenship Investment Unit but does not provide a date; it appears to have been published prior to the revocation of the country’s visa-free access to Canada which will be discussed in a subsequent chapter.

³⁵ <http://saintluciaeconomiccitizenship.com/visa-free-travel/>

Observer, 2018). The country ran an economic citizenship program up until 2001³⁶, when the Ralph Gonsalves led government took office and eliminated the program (James, 2001). Dr. Gonsalves, in his own words has “a fundamental, philosophical objection to economic citizenship” (Chance, 2014, p. 6). He likens such programs to selling passports, a document which he says is “the outward sign of the inward grace that is citizenship” (Witness, 2019, p. 1). The leader stated that it is the position of his government that this is not for sale (Chance, 2014). St. Vincent’s current opposition leader and his party have, however, made repeated calls for the implementation of a CBI program to help ease economic tensions in the country and fund development projects, and has expressed a willingness to do just that if elected to office (NDP, 2018; Nesheim, 2017b; Searchlight, 2019; The Vincentian, 2018).

In their advocacy for a CBI program the opposition party asserts that “The economy of St. Vincent and the Grenadines is ailing. It is still reeling from the effects of the global financial and economic crisis. In addition, recent natural disasters have plagued St Vincent and the Grenadines. The failure to attract much needed foreign direct investments. And, an ever-increasing unemployment rate, deficit budgets, a high national debt in relation to the country’s GDP are all valid reasons why St. Vincent and the Grenadines should implement the program” (The Vincentian, 2018, para. 10). The country currently has visa-free access to 146 destinations (Henley & Partners, 2020). While St. Vincent meets Conditions I and II, the country does not have a CBI program.

³⁶ The author was unable to confirm how long the CBI program in St. Vincent and the Grenadines was run

Similarly, the programs in some of the countries underwent certain criticisms and attempted stoppages by governments who were opposed to them. Unlike, the Vincentian prime minister however, other leaders and governments have appeared more willing to make adjustments to their moral or ideological views. St. Lucia had once been a strong advocate against such programs (The Vincentian, 2014). When the St. Lucian government began considering implementing its CBI program, the Prime Minister at the time described it as something which they had originally “frowned upon”. However, the government recognized that it was facing “a difficult environment perhaps calling for different responses” and that the economic problems which it was confronting necessitated an innovative response and so it had to give consideration to the CBI program (Caribbean News Now, 2014a, p. 1).

In Dominica, when a newly elected government took office in February 2000, it momentarily halted the economic citizenship program, as it was called at the time, which the new Prime Minister had been highly critical of and vowed to eliminate once he took office (“Dominica - Foreign Policy,” n.d.; James, 2000a). However, it appears that the government had a change of heart for in April of the same year the program was resumed (James, 2000b). The reasons for the resumption were not given. The same party has remained in power since then, albeit under different leadership, and has not made any attempts to halt the program.

In Grenada, the original economic citizenship program was heavily criticized by the opposition. However, in 2012, faced with “enormous financial pressure with few options to quickly increase the island’s revenues to address economic challenges”, the same party, which now formed the government, proposed the Grenada Individual Investor Program, essentially a revamped version of the citizenship-selling scheme, to help bring in revenue to the struggling

economy (Grenada Action Forum, 2012, para. 27). The current CBI program was implemented under a new administration in August of 2013. This new administration was led by Dr. Keith Mitchell who oversaw the original economic citizenship program.

The Antigua and Barbuda program was implemented in 2013. When a new political party formed the government in mid-2014, the program continued without any stoppages, although while in opposition that party had expressed strong aversions to the selling of the country's citizenship (Dominica Vibes News, 2014; Stanhope Shepherd, n.d.).

The St. Kitts and Nevis program has never been halted or suspended by any of the successive governments. The author did not find any evidence to suggest that there was opposition to the program by any of the country's political leaders. Hence, the evidence from St. Vincent and the Grenadines and the five countries which currently run CBI programs indicate that economic challenges and a strong passport (i.e. Conditions I and II) are not sufficient conditions for the introduction of CBI programs in the Caribbean countries; the government of the day must be one which is not opposed, be it on moral or ideological grounds, to offering its country's citizenship "for sale". This indicates the importance of agency of government officials as purposeful actors, who, even in light of economic constraints, are able to weigh the merits of a CBI program for their country, and make a decision which is deemed to be in the country's best interest.

4.2. Conclusion

This chapter looked at the conditions which foster the implementation of CBI programs in the Caribbean countries. The evidence suggests that in the case of the five Caribbean countries, two significant factors are the existence of economic difficulties within the country immediately prior to implementation, and the country's ability to exploit the strength of its passport. A 2017 Caribbean News Now article captures the two-pronged nature of the Caribbean CBI programs best when it states "These give individuals the freedom to travel as they wish, while their investment into either government schemes or real estate projects provides jobs for thousands of people" (Caribbean News Now, 2017a, para. 12). However, these conditions by themselves are evidenced to be insufficient, and must be accompanied by the willingness of a government, on philosophical grounds, to trade its country's citizenship.

Chapter 5 will explore whether these programs have been successful in stemming the tide of economic and development challenges in the passport selling countries.

CHAPTER 5. THE ECONOMIC IMPACTS OF THE CARIBBEAN CBI PROGRAMS

This chapter explores the manner in which the Caribbean countries utilize their respective CBI programs to advance their socio-economic status. The bulk of the empirical evidence is focused on the case of Dominica. Given the similarities in the structure of the CBI schemes in all the countries, coupled with the general similarities in their socioeconomic situations, political systems, and their closely linked histories, the findings are expected to be similar in the other countries. However, where available, evidence from the other countries is included. The chapter begins with a discussion of the evidence pertaining to the benefits which have been obtained from the programs. The short-sightedness of the programs is then examined. The role of middlemen in the programs is explored, followed by a discussion of the transparency issues. The chapter wraps up with a summary of the evidence.

5.1. Socio-economic Achievements of CBI Programs in Dominica and Other Caribbean Countries

From their inception, the Caribbean CBI programs have been generally viewed as an innovative approach and one of the most viable options for these struggling countries to earn revenue. A 1997 news article asserted that “the most lucrative item for sale by the governments of these tiny island states, which are struggling to survive in a world with limited foreign aid, is...their nationality” (Los Angeles Times, 1997, para. 3). Such sentiments continued to be echoed in the early 2000s with the Caribbean countries reportedly receiving “much-needed revenues” from their economic citizenship programs (James, 2000b, para. 8). Dominica’s Prime Minister and Minister of Finance, Roosevelt Skerrit, who has overseen the running of the country’s CBI

program for about the last two decades, contends that the CBI program “allows the country to survive in a global atmosphere of uncertainty” (Caribbean News Now, 2017b, para. 14). This sentiment is supported by a high-ranking government official who spoke on the socio-economic impact of the CBI program. The individual asserted that the program touches the lives of every Dominican with the funds generated through the program being channeled to upgrading infrastructure on the island, significantly tourism infrastructure, which is expected to have substantial spillover benefits in the economy including job creation and in supporting other sectors like the agriculture industry; upgrading healthcare and education facilities; and is expected to help fund the construction of an international airport, and may also assist in the construction of a cruise and cargo port (Interview 16, personal communication, March 10, 2020). Similarly, the government of St. Kitts and Nevis has repeatedly credited the CBI program with making significant contributions to the country’s economic landscape (Douglas, 2013, 2014; Harris, 2015, 2017). Representatives of the Antigua and Barbuda government have also praised the positive economic impacts of that country’s CBI program (Arlidge, 2019; CANA News, 2017b).

Dominica’s program permits individual investors to make their investments either through a contribution of US\$100,000 to the Economic Diversification Fund (EDF) or through a minimum investment of US\$200,000 into an approved real estate project (*Investment Options*, n.d.)³⁷. Contributions to the EDF are said to “support public and private projects within Dominica, covering industries such as education, healthcare, sport, and tourism” (*Investment Options*, n.d., para. 2) while the real estate option, “among other things, targets investments in tourism

³⁷ All the countries have a similar investment options structure. See Appendix C.

infrastructure” (Skerrit, 2014, p. 28). According to Investment Migration Insider, participants in Dominica’s program tend to favor the EDF route (Imidaily, 2018a). In most of the other countries, the applicants are evidenced to prefer the contribution options of the programs which allow investors to obtain citizenship by making a contribution or donation toward a designated development fund. In St. Lucia, the head of the CBI unit spoke to a news reporter of applicants’ preference for making direct contributions citing the lower cost and individuals’ desire to contribute directly to the country’s development as the major reasons (St. Aimee, 2019). Data obtained from Antigua and Barbuda, and Grenada also reveal a larger number of applications were made under the direct contribution options of these country programs (see *Appendix D*).

The IMF has discouraged the use of CBI revenues for funding ongoing expenditure³⁸, suggesting rather that it be used for debt reduction, capital expenditure, and savings in order to maximize the potential for long-term benefits in output and welfare for the country (Editor, 2015a; IMF, 2017). The governments of the different countries are shown to have made some efforts to heed this suggestion. According to a former Dominican government minister, funds from the CBI program have allowed the government to service debts, and provide budgetary support without imposing additional taxes on the populace or incurring additional loans (GIS, 2016). However, as demonstrated in *Table 4.2* in the previous chapter, the country has not managed to set its debt on a sustained downward trajectory, and actually saw an increase in its debt level during 2017 and 2018. The other countries which faced debt challenges prior to the introduction of their CBI programs have, however, performed better in this area. The Grenadian

³⁸ Ongoing or Recurrent expenditure are all payments other than for capital assets, including on goods and services, (wages and salaries, employer contributions), interest payments, subsidies and transfers www.governmentspendingwatch.org/component/content/article/8-govt-spending-site/7-definitions-and-sources

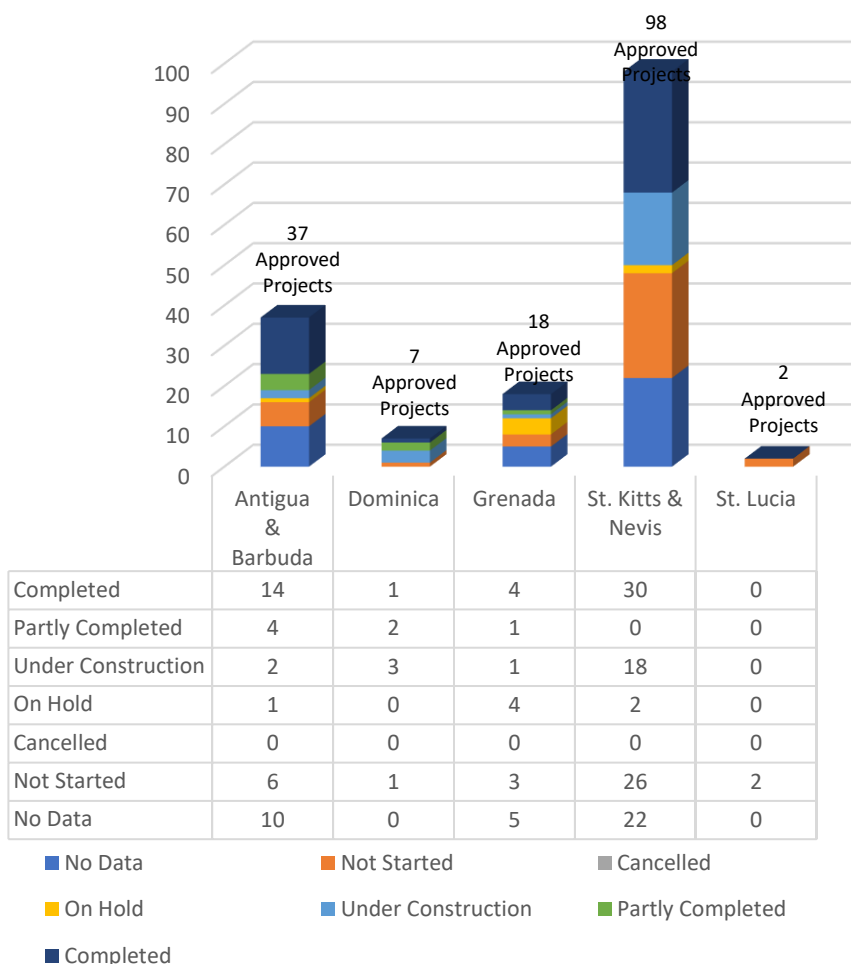
government has made notable strides in reducing the countries debt burden. At the end of 2013, the year the CBI program was relaunched, the country's debt-to-GDP ratio stood at approximately 104 percent; it has since been on a downward course, standing at 66.27 percent at the end of 2018. Similarly, Antigua and Barbuda was able to pay off an approximately \$117 million debt to the IMF, and significantly reduce its debt-to-GDP ratio from "a risky 104 percent of GDP to a respectable 72 percent" (Arlidge, 2019, p. 2). St. Kitts and Nevis has realized comparable benefits from its CBI program as the country was able to repay a debt to the IMF ahead of schedule, owing in large part to revenues from its CBI program (Targeted News Service, 2014). *Table 4.4* in the previous chapter illustrates that in 2006, when the country rebranded its CBI program, its debt-to-GDP ratio stood at approximately 144 percent; at the end of 2018 it was about 57 percent. In a 2015 news article, the former Prime Minister, Denzil Douglas, credited the country's CBI program with helping the country to set its debt to GDP ratio on a downward trajectory, and the creation of fiscal space through a surplus of approximately US\$260 million (CANA News, 2015). Current Prime Minister, Timothy Harris has described the CBI program as "one of the mainstays of the country's economy" (Caribbean News Now, 2015, para. 12) with a 2015 news article asserting that the success of the CBI program run by the St. Kitts and Nevis government allowed the country to "emerge from the global financial crisis far ahead of its neighbors in the Caribbean" (Clenfield, 2015, p. 1).

In 2017 Dominica's Prime Minister stated that the immediate focus of the CBI program was on hotel infrastructure and real estate (Caribbean News Now, 2017b). Two years later he touted the program's success in "helping Dominica establish and expand its eco-tourism sector and improve employment prospects with long-term effect" (Caribbean News Now, 2019, para.

6). Quite notably, when asked their views on the program as an economic or development tool and whether they have seen positive impacts as a result of the program, several interviewees immediately point to the recently constructed hotels. One respondent stated “Generally, yes, it can manifest itself between two of the resorts that I have seen...the Jungle Bay Resort and Spa, and Kempinski” (Interview 9, personal communication, February 17, 2020). Another remarked “We have seen quite a bit; case in point, Kempinski. You have one in Coconut Beach, you have Jungle Bay Resort, and Atlantic View, among many other facilities” (Interview 12, personal communication, February 19, 2020). Similar sentiments were again expressed by an interviewee who stated “Right now, we have a newly opened Jungle Bay facility, we have Kempinski. There’s another one in Portsmouth...and we had investment as well into places like Secret Bay. So, I can see the benefit of it” (Interview 13, personal communication, February 19, 2020). The focus on tourism infrastructure was commended by another interviewee for its capacity to possibly pull up some of the other productive sectors, with that person stating, “if the tourism sector is thriving, then the other sectors would be forced to come on par” (Interview 7, personal communication, February 14, 2020). This sentiment was also expressed by the government official interviewed (Interview 16, personal communication, March 10, 2020).

Likewise, the other countries have also had a bias toward the construction of tourism infrastructural projects through their CBI programs. Antigua and Barbuda, Grenada, and St. Kitts and Nevis have all seen the construction of a considerable number of real estate projects, most of them being tourism development ventures, through the avenue of their CBI programs, and the countries all have substantially more projects in the pipeline. St. Lucia, however, has not gotten any CBI real estate projects off the ground. In a news article a former Cabinet Minister called on

Figure 5.1. Status of Approved Real Estate Projects



Source: List of approved real estate projects was obtained from the various country CBI websites. The status of the projects was obtained from Investment Migration Insider's CBI Real Estate Watch tool (Imidaily, n.d.) and checked against the project developers websites where available. This information is at the end of 2019.

the government to explain this. The article quotes the former minister as stating “We have not executed one single project, not one with CIP funds...somebody name me a project that we have executed or we have implemented or is being implemented using CIP funds... not one” (Alphonse, 2018b, p. 1). Figure 5.1 details the status of approved

real estate projects in the different islands.

Regarding infrastructural development, the government of Dominica has also made significant investments in adding to the housing stock on the island through the avenue of the CBI program. In September 2018, CBI funded housing projects were launched in conjunction with Montreal Management Consultants Est. (MMCE) which would provide housing for persons who had been affected by the recent catastrophic natural disasters as well as other vulnerable groups

(Caribbean News Now, 2018c). The funds for these projects are obtained under a special housing option of the CBI program (Dominica News Online, 2019d). Highlighting the benefits of this venture, the government official who was interviewed stated “When we look at the economic and social impact of the programs that we have rolled out so far, one that stands out very, very strongly is the housing project”. The official stressed that “the CBI has had a direct social impact because it met the needs of the people who are most vulnerable” (Interview 16, personal communication, March 10, 2020). Interestingly, none of the media reports on the different housing projects mention any costs to the recipients (Dominica News Online, 2018a, 2018b, 2018c, 2018e, 2018f, 2019a). According to a newspaper article, the Deputy Prime Minister alluded to the benefits of these projects in reducing unemployment stating that "There are presently roughly 1,000 construction workers directly employed in the construction of the housing developments. In addition to people who are indirectly involved as delivery drivers, air and sea transport, suppliers, concrete companies, quarries, etcetera, at the same time a large proportion of the construction costs are directly benefitting the local population, creating employment" (Alphonse, 2019b, p. 2). However, it is difficult to assess the true impact of the CBI program on job creation and in reducing unemployment since the last labor force survey was conducted in 1999 and the most recent available unemployment figures are found in the 2011 Population and Housing Census report.

5.2. Limitations of the Impact of CBI Programs

5.2.1. Short-term vision of CBI programs

Table 5.1				
Dominica - CBI Revenue 1999-2018³⁹				
	CBI Revenue (US\$M)	CBI Revenue as % of Recurrent Revenue	CBI Revenue as % of GDP	GDP Growth Rate
1999	1.24	1.57	0.36	0.35
2000	1.06	1.39	0.30	2.34
2001	0.60	0.81	0.17	-0.06
2002	0.41	0.55	0.12	-2.83
2003	0.08	0.10	0.02	6.35
2004	0.21	0.23	0.06	3.05
2005	0.21	0.21	0.06	0.66
2006	1.57	1.44	0.40	4.66
2007	0.09	0.07	0.02	6.35
2008	2.07	1.71	0.47	7.12
2009	3.05	2.23	0.69	-1.17
2010	6.30	4.76	1.42	0.67
2011	6.30	4.76	1.43	-0.22
2012	18.77	13.30	4.30	-1.06
2013	18.40	13.26	4.26	-1.00
2014	8.52	6.34	1.89	4.45
2015	99.08	42.10	22.55	-2.69
2016	181.91	55.79	40.37	2.56
2017	116.82	47.26	27.81	-6.80
2018	83.71	32.76	19.49	2.26
<i>Note: Table compiled by the author. CBI revenue for 2018 is a projected figure; Dominica's fiscal year runs from July 1 to June 31; actual revenues are reported two years later</i>				

According to Sumption & Hooper (2014) the benefits of the CBI programs for the citizenship-selling countries are in theory straightforward, as the governments are expected to obtain revenues which are then channeled towards the socio-economic advancement of their countries. However, what occurs in practice is not quite so simple. Data obtained from Dominica's government budget reports reveal that for much of the program's existence it did not

bring any remarkable amounts of revenues into the state coffers. However, in recent years the program has been a significant contributor to total recurrent revenue, accounting for above or close to 50 percent of total recurrent revenue between 2015 and 2018 (see Table 5.1). Yet, this has not translated into any persistent GDP growth. The IMF observed that despite high revenues

³⁹ No data on receipts from the program prior to 1999 was found in the budget reports

from the CBI program during 2016, the country's fiscal outlook had actually deteriorated and that economic activity remained weak (Dominica News Online, 2017b). Further, in its 2018 annual economic review, the ECCB remarked that "output of the most productive sectors remained subdued" (ECCB, 2018, p. 45). However, it would be negligent to ignore the fact that during the windfall period, 2015 to 2018, the country was struck by two devastating storms in 2015 and 2017 which resulted in damages and losses of approximately 90 percent and 226 percent of GDP, respectively (ACAPS, 2017; GoCD, 2017) and accounts for the economic contraction in those years (*see Table 5.1 above and Figure 4.4 in Chapter 4*). Consequently, speaking to the program's impact as an economic tool, one interviewee stated "From what I am seeing, it assisted in the recovery from the hurricane. I believe a lot of that funds was placed in basically rebuilding the state. So, we moved from one to minus ten, so, it got us back to one; but I don't know if it moved us to two as yet. But we went to minus ten and we're back to one" (Interview 6, personal communication, February 13, 2020). The Prime Minister as well as representatives of the private sector have also emphasized the importance of funds from the CBI program in helping the country rebuild following the passage of these storms (CANA News, 2019; Caribbean News Now, 2019).

The implementation of the Caribbean CBI programs has been likened to a person picking fruit from a low-hanging tree branch because it is the easy thing to do (Jamber Press, 2017). Going further, Anthony Stewart, a former senator in Antigua and Barbuda, has called on governments

Table 5.2. CBI Marketing Budget versus Operational Budgets of Selected Government Departments⁴⁰		
	2015 (US\$M)	2016 (US\$M)
Marketing of CBI	5.88	15.07
Discover Dominica Authority	2.86	4.05
Ministry of Commerce	0.21	0.21
Ministry of Agriculture	4.19	4.20
<i>Source: Amounts spent on marketing were obtained from Parliamentary Budget Addresses (Skerrit, 2016, 2017); operational budgets obtained from budget estimates (Estimates, 2015; Estimates, 2016).</i>		

to halt the CBI programs asserting that they are creating a “lazy man’s economy” (Dominica News Online, 2019b, para. 10) by placing an overreliance on the receipts from these programs and not adequately

developing the real productive sectors of the countries’ economies. In Dominica, annual economic reports reveal that revenues from the CBI program have surpassed the contribution of all the economic sectors from 2015 to 2018. Further, the country’s major productive sectors have shown no significant growth when compared to the increase in revenues from the CBI program (see Table 5.3 below). This is not surprising given that the government expended significant resources on promotion and marketing of the CBI program when compared to the operational budgets provided to the ministries and departments charged with driving some of the country’s major productive sectors (see Table 5.2). Two of the other countries, St. Kitts and Nevis, and Grenada, have also been evidenced to have become heavily reliant on revenues from their CBI programs (see Appendix E).

⁴⁰ The two periods were selected because they were the only ones for which data on the marketing of the CBI program was found. The selected departments and ministries are key in driving some of the country’s major productive sectors. The Discover Dominica Authority has the mandate to promote the country as a tourism destination. The Ministry of Commerce is charged with driving business development activities. The Ministry of Agriculture is responsible for promoting the growth and development of the agricultural sector.

The country's over-reliance on the CBI program to fund state activities is further evidenced by comments made by those at the helm of the country. Speaking against Opposition comments that the CBI program should be halted, a government minister at that time questioned how the government would raise money in the absence of the CBI, remarking "if not our way, then how should it be done?" (GIS, 2016, para. 8). Such a stance raises concerns, given that the IMF has cautioned governments that the continued viability of these programs is not guaranteed (Editor, 2015a) considering that "demand ebbs and flows as global economic and political stability rises or falls" (Arlidge, 2019, p. 1). The sudden dips in CBI inflows themselves indicate that this is not a revenue source which should be so heavily relied upon (*see Figure 5.4 below*).

Such apprehensions are evidenced to be on the minds of ordinary citizens. A number of interview participants stated that from what is reported, the CBI program appears to be a significant revenue generator for Dominica. However, concerns were expressed as to the effects which this revenue is having on the promotion of the actual socio-economic advancement of the country, with some likening the revenues to easy or fast money which is being spent with little regard for any true long term benefits. Several persons expressed the sentiment that the funds from the program have not been utilized in such a way as to build up the productive sectors of the economy. Speaking of the program as an economic or development tool one interviewee stated "there are so many things that we can be doing with that CBI revenue, but I guess, easy money, easy work, so they are spending it easily" (Interview 19, personal communication, March 23, 2020). Another stated "they have been selling passports for so long, yet, I don't find that there is much improvement in the country" (Interview 17, personal communication, March 12, 2020). The ability of the country's economy to survive in the absence of the CBI program was questioned

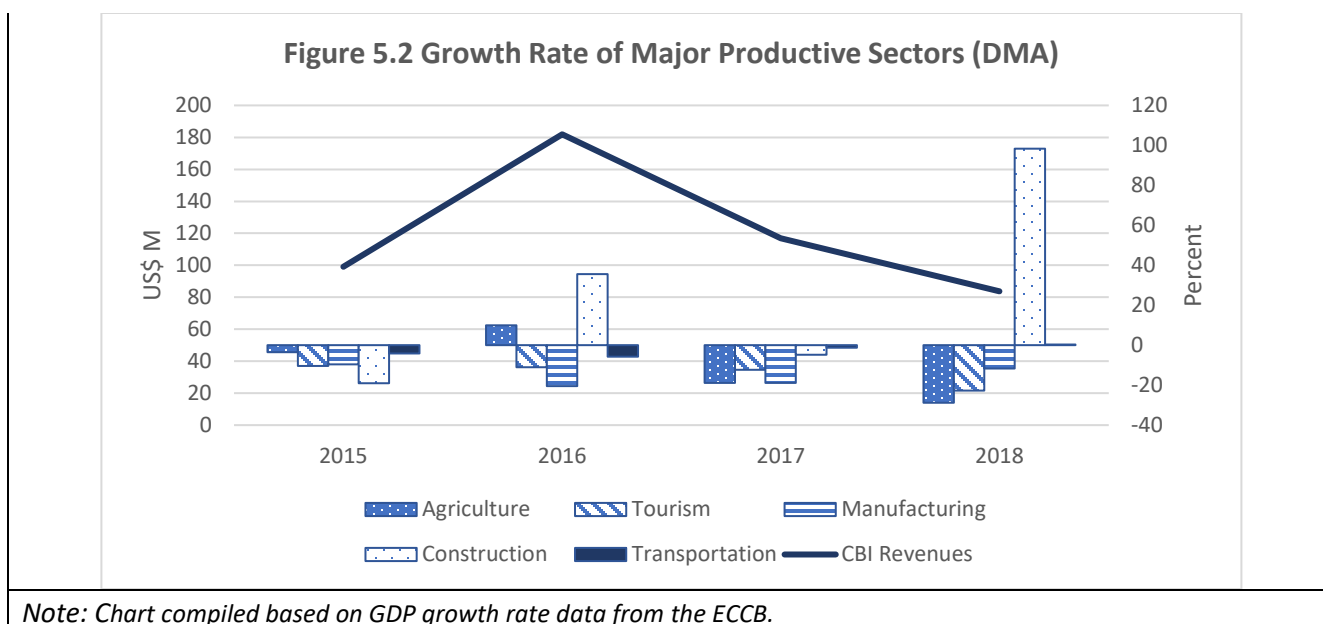
by one interviewee, with that person stating, “I believe it allowed a lot of fast cash entering the country and being circulated. However, it is fast and when it fails, it is going to be even harder on us; so, I’m trying to figure out if it is even helping us really, because when there is no more CBI, what would we do?” (Interview 18, personal communication, March 18, 2020). Strengthening this, Dominica’s former UN Ambassador has suggested that the economy should be built utilizing the country’s resources rather than relying on the CBI program (Q95 News, 2017).

Former Prime Minister of Jamaica, Bruce Golding has also criticized the programs run by his country’s fellow CARICOM member states as being “driven by immediate investments rather than having a long-term strategy” (Kemp, 2018, para. 3). Similarly, prominent research group, Business Monitor International, asserted that they “do not see economic citizenship programs as offering a viable route to addressing structural economic challenges or offering a substantial boost to economic growth over the medium term ” specifically because “the programs are not universally oriented to guarantee that additional investments are made over a sustained time period, meaning the investments may act simply as small, one-time stimulus packages” (Business Monitor Online, 2014, p. 2). The Caribbean Council, a trade and investment consultancy and membership organization, adds that the programs “are not designed to be sustainable in ways that bring continuing income to the country concerned” (Jessop, 2017, p. 2). The report suggests that without a residency requirement the countries are foregoing any added revenues from their CBI citizens in the form of taxes, and other spillover benefits from having persons resident within the country. In Dominica, several persons pointed out the unsustainability of this lack of a residency requirement in the program. “It will certainly have implications for us, because if you do not have a large enough on-island population for the further development of the country and

so on, then you are going to have most of your people out there, worse yet, again they don't have that relationship with the country, then how do you sustain the growth and development of the country?" (Interview 3, personal communication, February 11, 2020), stated one interviewee. Another suggested, "people should be concerned about the collective contribution of these citizens. Because it's one thing to give somebody economic citizenship and make them Dominican, but it's another thing to have them contributing toward the country in some way" (Interview 15, personal communication, March 5, 2020).

Table 5.3				
Dominica - GDP by Economic Activity				
	2015	2016	2017	2018
	US\$ (M)			
Agriculture, Livestock and Forestry	44.79	49.21	39.91	28.40
Fishing	2.14	2.09	1.62	1.76
Mining & Quarrying	3.27	3.84	3.66	4.20
Manufacturing	11.31	8.98	7.29	6.44
Electricity & Water	21.86	22.57	17.72	14.88
Construction	14.98	20.31	19.33	38.33
Wholesale & Retail Trade	47.54	47.12	40.75	54.73
Hotels & Restaurants ⁴¹	7.54	6.71	5.88	4.54
Transport, Storage and Communications	54.37	51.23	50.60	50.81
Financial Intermediation	29.56	31.73	33.71	33.25
Real Estate, Renting and Business Activities	38.10	38.40	31.66	31.40
Public Administration, Defense & Compulsory Social Security	38.06	38.34	46.66	39.76
Education	42.36	44.14	41.11	16.90
Health and Social Work	14.66	15.39	14.97	15.20
Other Community, Social & Personal Services	10.24	10.48	11.08	9.26
CBI Revenues	99.08	181.91	116.82	83.71
<i>Note: Summary presentation of the ECCB GDP table by economic activity. The major sectors are highlighted in red (by author) and are based on priorities outlined by the Government in its medium-term strategic framework document (Growth and Social Protection Strategy (GSPS) 2014 – 2018, n.d.). Numbers in red and highlighted indicate that those revenues fell below reported CBI revenues for that period.</i>				

⁴¹ The ECCB uses the hotels and restaurants sector as a proxy for activity in the tourism industry (ECCB, 2018). As this does not account for all direct and indirect contributions of tourism to the countries' economies, in Chapter 4 as well as Appendix A, to properly illustrate the importance of tourism to the five countries, data from the World Tourism Council which accounts for both direct and indirect contributions of the tourism industry were used (WTTC, 2014). This table and those in Appendix E maintain the format of the data as presented by the ECCB. According to Schipke et al. (2013) the tourism sector includes hotels and restaurants, 80 percent of wholesale and retail trade, 80 percent of air transport, and 50 percent of road and sea transport.



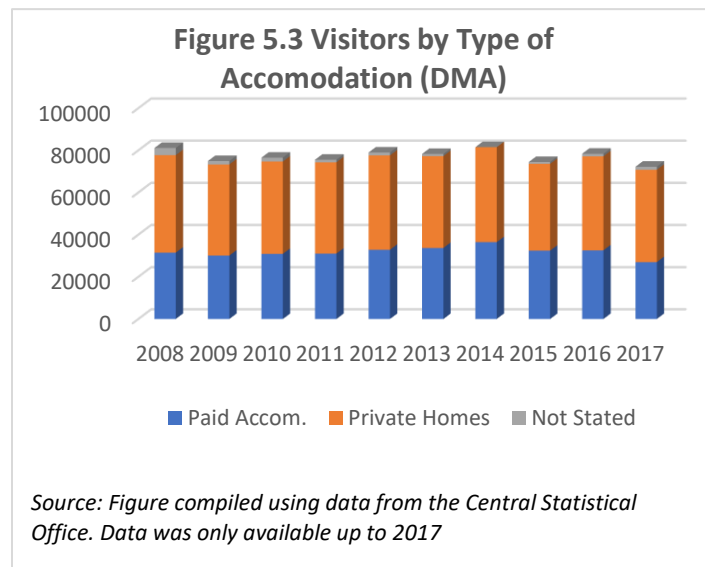
Further evidence of the short-term vision of the programs is found where the governments have not heeded the advice that these programs should not be used to fund ongoing expenditure. In Dominica, the government official indicated that the CBI helps to underwrite some of the government's recurrent expenditure, and provides support to social assistance programs, notably the country's National Employment Program (NEP)⁴² and the Special Employment Program (SEP)⁴³ (Interview 16, personal communication, March 10, 2020). Similarly, in St. Kitts and Nevis, the Prime Minister stated that the program's success has given his government the ability to provide government employees with a double salary and to provide relief to some of the country's less fortunate citizens through the introduction of a Poverty Alleviation Program (PAP)⁴⁴ (Story Editor, 2018). In Antigua and Barbuda, reports from the CBI Unit indicate that resources from the program have been used repeatedly for recurrent expenditure including the payment of pension benefits (*Reports*, n.d.).

⁴² Launched in 2013, the NEP is aimed at providing unemployed persons and recent graduates with job skills and work experience while helping medium and small businesses to build their workforce <http://nep.gov.dm/national-employment-programme/3-nep-initiative>

⁴³ Launched in 2018, the SEP was established following the devastation of Hurricane Maria in 2017 to help support businesses which were unable to maintain their labor force due to lack of funds <https://cbiu.gov.dm/public-and-private-sectors-to-benefit-from-cbi-funded-special-employment-programme/>

⁴⁴ The PAP provides a monthly stipend of \$500 per household where the collective total income is below \$3,000 per month (Times Caribbean, 2020)

Speaking on the socio-economic impact of the CBI program in Dominica, a number of interview respondents stated that they do not see or feel any significant influence on the ground. While they admit that they are seeing certain constructions happening, many stated that they do not think that these infrastructural developments are having the necessary spillover effects to



benefit the persons resident in the country. Expressing her views on the hotel developments as a vehicle for job creation, one interviewee stated “All management is foreign, you know, they’ll hire some Dominicans to clean rooms or something; everybody else they bring their own people in, so who is

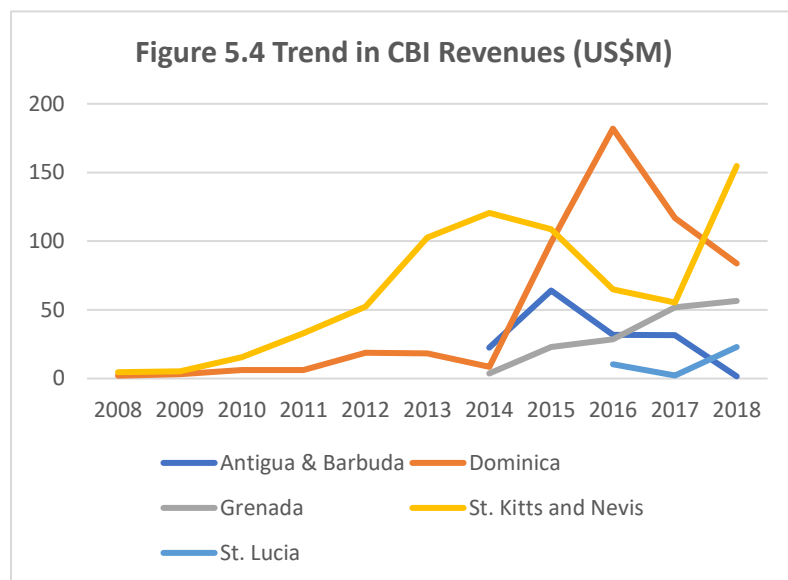
it benefitting?” (Interview 4, personal communication, February 12, 2020). In a similar vein, another interviewee suggested that the construction of universities where the larger portion of employment is at the top-end versus hotels where the bulk of employment is at the lower end, would be more beneficial to the advancement of the country (Interview 11, personal communication, February 19, 2020). Lending credence to the points raised by these individuals, an examination of the country’s tourism statistics reveals that the country’s visitor arrivals has not had any meaningful increase in recent years. Even more importantly, a larger proportion of visitors stay in private homes than in paid accommodation. Hence, it is unclear that all these new hotel infrastructures will have any significant socio-economic impact in the near term. One interviewee commented on this, stating, “We have how many new hotels that are a result of the

CBI program. These structures are up, but they are not influencing the economy at this time in any significant way” (Interview 5, personal communication, February 13, 2020). Compounding this is the apparent disregard for the smaller local hoteliers in the targeting of CBI funded tourism upgrades. Several respondents pointed to this, and one asserted that the program provides the CBI hotel developers, who are largely foreigners, with an unfair advantage over local developers by providing them with essentially interest-free funds and so it does not stimulate local enterprise development (Interview 10, personal communication, February 18, 2020). This sentiment was shared by other interviewees who questioned why the program has not targeted indigenous hotels especially those who were severely impacted by the passage of hurricane Maria, and have in the past made notable contributions to the local economy but now stand abandoned due to the financial inability of the owners to rebuild (Interview 14, personal communication, February 19, 2020; Interview 19, personal communication, March 23, 2020).

Similarly, doubts were expressed as to the long-term or spillover benefits of the housing projects. Several interview participants emphasized that while these developments are meeting the needs of some, they are concerned about the long term benefits to the country as a whole, as they do not see these projects being done in such a way as to put monies back into the state coffers once the recipients have been given the houses since there has been no publication of any costs to the recipients. Hence, the overall benefit to the country where it could possibly be put in a position to no longer rely on CBI funds for such programs appears to be lacking. Concerns were also voiced that the housing projects may negatively affect the livelihoods of some rural persons. Stated one interviewee, “I have a few issues with the housing projects. I think they look attractive and they probably set a new standard to housing but I don’t think they were well

thought out. You are removing peasant people who had access to land so they could grow their little crops and their livestock...You sort have corralled people into a housing scheme...whereas they were more independent before” (Interview 14, personal communication, February 19, 2020). Another interview participant recognized the importance of helping the vulnerable segments of the country’s population, but pointed to the unsustainability of these programs, asserting, “So, yes, social programs are important; there will always be people within a society that requires housing assistance, be it low cost or whatever; but it cannot be that a government decides to do a housing program...and there is no minimum contribution from the recipient of the house...it cannot be that a government that relies on taxes, grants, and loans, has the resources to build multi-million dollar complexes for people; and you think that is a good economic model? No, that will run your country to the ground; you simply just cannot afford it” (Interview 19, personal communication, March 23, 2020).

The Caribbean CBI programs are in direct competition with each other, hence, the success of one largely comes at the expense of the others. Accordingly, as more countries have entered into the citizenship selling arena there has been a fear of a “race to the bottom” (Antigua Observer Newspaper, 2016b; Editor, 2015a; Jessop, 2017) as countries cut prices in order to



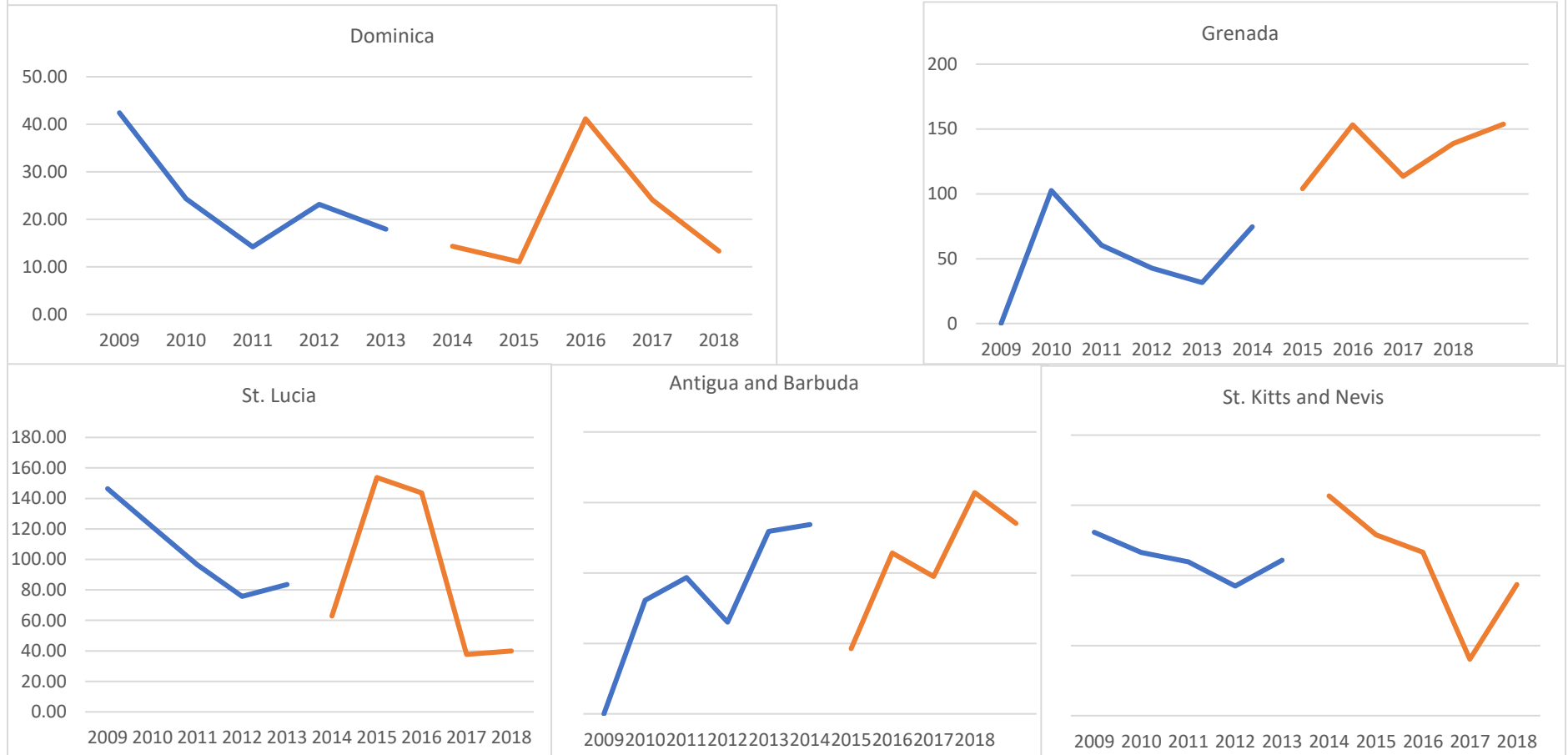
maintain their competitiveness; further evidencing the short-term vision of these programs. In 2017 St. Lucia reduced the cost for a single applicant to US\$100,000, competing with Dominica for “the ‘cheapest’ citizenship by investment program in the

World” (CIP Journal, 2017, para. 1). Not wanting to be left behind, Antigua and Barbuda quickly followed suit and cut its price also (EB5 Investors Magazine Staff, 2017). In 2018, Grenada joined in the price cutting, reducing its direct contribution amount from US\$200,000 to US\$150,000; this was after St. Kitts and Nevis introduced a special hurricane relief option priced at US\$150,000 (Citizenship Shop, 2018). This price slashing, however, only reduces the revenues for each country as a CBI expert observed that “It’s not as if the lower price is increasing demand...At least half of it is just taking it from other programs” (EB5 Investors Magazine Staff, 2017, para. 10). *Figure 5.4* demonstrates that rises in one country’s revenue is generally accompanied by dips in the other countries. There have been discussions among the countries on unifying their CBI policies (Dominica Vibes News, 2017; Nesheim, 2019); however, there is no evidence that this has come on stream.

As discussed in the previous chapter, one of the aims of the program in the various countries has been to attract FDI. However, despite recording high CBI revenues, FDI inflows to Dominica remains well below that of its peers and with the exception of a spike in 2016, there

has been no significant increase in FDI (*see Figure 5.5 below*). Among the five CBI Caribbean countries only Grenada has seen any substantial increase in its FDI. This lack of change in FDI may be attributable to investors preference for the contribution options of the different programs, which do not involve monies going directly towards any business interest, but rather the country's designated development fund.

Figure 5.5 Net FDI Inflows (US\$M) - 5-Year Comparison



Source: Charts compiled using data from the World Bank Development Indicators.

5.2.2. Role of middlemen

Of the CBI program, the Prime Minister of Dominica stated “the CBI program is a product which is owned by us, is marketed by us, and one from which the direct benefits flow into our Treasury and our economy” (Caribbean News Now, 2017b, para. 17). However, there is evidence that real estate project developers, and the marketing, and sales agents are benefitting handsomely from these programs, with limited benefits to the countries and citizens in comparison (Caribbean News Now, 2019; CANA News, 2017). A review of Dominica’s official CBI website reveals that the authorized marketing promoter for the program is a UK based company, and there are fifty-three authorized agents⁴⁵ located all over the globe. St. Kitts has over seventy authorized persons and international marketing agents⁴⁶. There was some controversy involving agents and developers who fraudulently siphoned millions away from the government in that country (Alphonse, 2019a). Antigua has thirty-one licensed agents. Grenada has fifty authorized international marketing agents but all applications for investor citizenship must be made with the assistance of an authorized local agent. St. Lucia has a more moderate number, with fifteen authorized agents. An interviewee spoke to this use of authorized and marketing agents, suggesting that such individuals or companies may be earning significant revenues from the sales of the country’s citizenship since no one knows how much commission these agents receive for facilitating the investors in obtaining their citizenship (Interview 8, personal communication, February 15, 2020). Speaking on the apparent unfairness of such arrangements, Dominica’s

⁴⁵ The authorized agents provide professional advice and assistance with preparing and submitting applications for citizenship by investment. The fees for these services and the commissions received for successful applications are undisclosed

⁴⁶ Marketing agents are trusted global entities authorized to market and distribute promotional information about the CBI program <https://www.ciu.gov.kn/agents/>. A perusal of the list reveals that some marketing agents are also authorized persons. A list of these agents can be found on the various country official CBI websites.

Opposition Leader, Lennox Linton, stated publicly “we want the government to stop this business of paying these huge multi-million dollar commissions to a marketer of the CBI program when Marigot has no hospital, when the people of Dominica have no jobs...but they say they have CBI money” (CANA News, 2017a, para. 8).

The benefits to foreigners from the CBI program are further evidenced by the much talked about Kempinski hotel. The project was developed by Range Developments, an international property company; the designs were done by Arcadia Design Architects, based in Spain; construction work was done by NH International Caribbean Limited, a Trinidad and Tobago based company; and it is being operated by the Kempinski Hotels, headquartered in Geneva (Caribbean News Now, 2016b). It would appear then that all the top positions on the development of such a prominent project were held by foreigners. Similarly, MMCE, the company undertaking much of the housing projects, is headquartered in the UAE. One interviewee highlighted an even more glaring shortcoming of the setup of the real estate option of the CBI program. The interviewee noted that these projects are actually problematic in that the developers have no real interest in ensuring the long term profitability of the property, as they, the developers, “are in the black” from the outset since there are no upfront costs to the property owners or the developers who are able to make large sums of money from the sales of the country’s passports which are used to fund the developments, and if the hotel is profitable, they still make returns in that way (Interview 11, personal communication, February 19, 2020). This assertion by the interviewee is supported by a statement made by the Prime Minister in his 2013 budget address to Parliament in which he spoke about the real estate component of the citizenship program, where he stated that “hotel inventory will be created with no long term capital cost to the resort, and rental

income is split between the resort company and the individual property owner in order to generate a return on the investment” (Skerrit, 2013, p. 16). Interestingly, before the hotel had even commenced operation, one party in the development of the much-talked about Kempinski hotel, took the other parties involved in the development to court in a dispute over his share of the money raised from the sale of 800 passports which “were issued at a cost of US\$225,000 each which yielded a gross total income of USD\$195,000,000” (Dominica News Online, 2019e, para. 7). According to the structure of the real estate option as detailed by the Prime Minister, none of that money obtained from the sales of what one interviewee described as “the soul of the country” (Interview 8, personal communication, February 15, 2020) actually went into the state treasury but to the foreign developers.

5.2.3. Transparency concerns

Questions remain as to how the funds from the contribution avenues of the various CBI programs are being spent (Fieser, 2014; Jessop, 2017). A 2016 Caribbean News Now article asserts that “the typical lack of transparency and accountability of government officials in relation to such cash payments has been the source of ongoing controversy” (Caribbean News Now, 2016a, para. 9). In Dominica, beside the amounts reported in the budget, the occasional media reports on projects being funded using CBI revenues, and the haphazard gazetting of the actual number of CBI citizens, there is no official report detailing how the funds received from the program are used. The Opposition has repeatedly called on the government to provide reports specifying how the monies obtained through the program are utilized (Dominica News

Online, 2019d). Several interview participants are of the view that there is a general lack of information in the public domain on the operations of the country's CBI program. Some interviewees therefore expressed a lack of clarity as to the true benefits of the program, suggesting that in the absence of any official document detailing how the proceeds of the program are used, while they think that there are some benefits, they remain somewhat skeptical of the actual impact of the program. One respondent stated flatly "there has been no publication of records of the complete program; so, I don't know. I'm not going to comment on that" (Interview 10, personal communication, February 18, 2020). Another mused, "So, in terms of the economic benefit, what do I know? It is said, and I can only tell you that it is said, that the money has been spent to assist with recovery post disaster, with housing, what else is it used for?...Hotel development" (Interview 3, Dominica, February 11, 2020).

During 2019 the Parliamentary Opposition launched a "Where the money gone" campaign which sought to get the government to account for what it asserted was a missing \$1.2billion (US\$44.4million) during the country's 2018/2019 fiscal period. According to the Opposition leader there was a discrepancy based on the gazetted number of investor citizens and the actual revenues reported in the budget for that period (Dominica News Online, 2019c, 2019f). In response, the Prime Minister asserted that it was ludicrous to suggest that such a huge sum of money was unaccounted for. However, in his very own explanation of the matter, he suggested that during that time period most of the revenue from the program was obtained under the special housing option and that if this amount were reflected in the budget, the total budget for the country would increase from \$1billion to \$2.2billion (Dominica News Online, 2019d). This

again is evidence of the large sums of money which never make it to the country's treasury but go instead to the coffers of project developers.

The operations of St. Kitts and Nevis has also lacked transparency. Evidence was found of at least one prominent person expressing concerns about the secrecy of how funds from the program are used. A 2014 news article states "Dwyer Astaphan, a former St. Kitts Minister of National Security who now works as a citizenship lawyer, estimates the program generates tens of millions of dollars for the country, but concedes that 'we don't know where the money goes'" (Fieser, 2014, para. 10). In fact, no official report on the program had been published up until 2015, when the current government took office and had to do an investigation to simply know how many persons had been granted citizenship under the program (Times Caribbean, 2016). Since then, however, no evidence of the publication of any detailed report on the operations of the program has been found. The other three countries have been shown to be more forthcoming with supplying information on the operations of their programs. St. Lucia provides an annual report on the CBI program which is tabled in Parliament and available to the public at the Parliament Library in the country's capital. In Grenada, concerns were earlier expressed regarding a lack of transparency on the revenues obtained and how they were being spent (The Grenada Informer, 2015). However, the government has since begun and currently maintains quarterly detailed reports on its CBI program which are available online via the Ministry of Finance's website. From the inception of its program, the government of Antigua has provided half yearly reports on its CBI program which are available on the CBI Unit's website.

5.3. Conclusion

The evidence reveals major cracks in Dominica's utilization of monies from its CBI scheme to achieve or even maintain substantial socio-economic advancement. One interviewee described the CBI program as "an unconventional revenue generation source" (Interview 15, personal communication, March 5, 2020), and while these revenues provide significant budgetary support for the government and fund some infrastructural projects, crucial questions remain as to the program's ability to provide medium- to long-term benefits beyond the injections of quick cash. Despite high reported revenues, the country has not attracted significant FDI inflows and has also not managed to put its debt on a sustained downward trajectory. Further, CBI revenues are being used to fund portions of recurrent expenditure, especially social assistance programs. The use of CBI revenue for such activities goes against the advice of the IMF and points to the inability of other traditional government revenue sources to meet such expenditures. The evidence suggests that certain segments of the population have seen some benefits through the provision of homes and support from social assistance programs. However, the agents, and project developers, most of them foreign, are evidenced to be benefitting handsomely from the sale of Dominica's citizenship. The data further supports the notion that the government has put all its eggs in the proverbial single basket, expending significant effort into marketing the CBI program, while the actual productive sectors languish in a pool of tepid growth. It is for these reasons that when asked whether they consider the CBI to be a useful economic tool, one respondent stated sarcastically, "Slavery was a useful economic tool, you know" (Interview 5, personal communication, February 13, 2020) while another stated "the CBI could have had good intentions, the road to hell is also paved with good intentions" (Interview

19, personal communication, March 23, 2020). Notwithstanding, the hotel and housing developments, in the absence of reports providing detailed information on the number of jobs created, directly or indirectly from the real estate and housing components of the program, and detailed breakdown of how the monies from the Economic Development Fund component are channeled into the country, the evidence that is available suggests that the program has not quite met its aim of supporting “resilient economic structures”.

The evidence points to a similar story in most of the countries. Comparable to what occurred in St. Kitts and Nevis, and Dominica, the countries with the longest running programs, St. Lucia’s CBI has been slow in getting off the ground. The other countries have, however, made significant strides in reducing their debt levels, and enhancing their tourism infrastructure utilizing funds from their CBI programs. However, there is evidence that countries tend to gravitate toward an over reliance on these programs for revenue generation, and do not sufficiently shore up the productive sectors of the economy (Dominica News Online, 2019b; Jamber Press, 2017; Q95 News, 2017). Further, competition among the countries and the volatility of CBI revenues suggest that there is an inherent danger in the countries’ being so reliant on them especially where they are used for ongoing expenditures like pension payments and poverty reduction programs.

In the short- to medium-term, the ECCB anticipates strengthened economic performance in these countries largely associated with construction related activities as the countries continue post-disaster reconstruction, and CBI infrastructural projects. “Positive developments” are also anticipated in “some of the major economic sectors, including hotels and restaurants, agriculture, livestock and forestry, wholesale and retail trade, transport, storage and communications and

real estate, renting and business activities” (ECCB, 2018, p. 15). It remains to be seen whether the performance of these sectors will begin to outpace that of the CBI programs. The countries tend to be optimistic in the revenue forecasts of their citizenship-selling schemes, however, given the volatility of such inflows, the ECCB continues to list “lower than anticipated CBI inflows” as one of the downside risks to the economic performance of these countries. Accordingly that institution cautions that these countries “need to implement measures to boost potential output growth and foster inclusivity” (ECCB, 2018, p. 17).

Overall, then, the CBI programs as an economic success story depends on how one measures such success. The programs bring in much needed revenue to the countries, and these revenues are evidenced to have been used to reduce debt, and enhance the infrastructure in some of the countries. However, this is done utilizing no real resources of the countries, much of the infrastructural development is undertaken by foreigners, hence, save for the few laborers who are employed on these projects, local enterprise development is not fostered; and the real productive sectors are shown to receive inadequate attention.

This chapter explored the role which the CBI programs have had in the socio-economic outcomes of the Caribbean countries. The empirical evidence largely revolved around the case of Dominica, but similarities were shown among this family of nations. The following chapter will explore the political impacts of the programs pertaining to citizens' views of how the programs impact their citizenship and will also explore how other countries have responded to the existence of these programs.

CHAPTER 6. THE POLITICAL IMPACTS OF THE CARIBBEAN CBI PROGRAMS

Utilizing data from media sources and interviews, this chapter explores the political impacts of the Caribbean CBI programs. It first looks at how the external face of citizenship has been affected, by examining responses at the regional and international levels. Then it examines the effects on the internal face of citizenship by looking at attitudes towards the rights and privileges of CBI citizens, how concepts of citizenship and attitudes toward civic duties, and quality of democracy have been affected.

6.1. The External Face of Citizenship

To recap, the external face of citizenship looks to other states and not only demands that they recognize the country's passport, but it also promises its citizens the right to return from abroad and the guarantee of diplomatic protections should the need arise (Bauböck, 2014).

6.1.1. Regional response

The five Caribbean countries with CBI programs are members of two regional organizations, the OECS⁴⁷ and CARICOM⁴⁸ which are largely geared towards fostering regional

⁴⁷The OECS is now an eleven-member grouping comprising of the full Member States of Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, St. Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines. These members are part of the Economic Union and receive the full benefits of Economic Union like free movement of people and goods, with the British Virgin Islands, Anguilla, Martinique, and Guadeloupe as associate members of the OECS. <https://www.oecs.org/en/who-we-are/about-us>

⁴⁸ CARICOM is comprised of fifteen Member States: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago; and five associate members Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, and the Turks and Caicos. <https://caricom.org/member-states-and-associate-members/>

integration. However, the existence of the programs in some of the countries has resulted in disagreements among Caribbean leaders as to how such citizens (i.e. those who received citizenship via the CBI programs) should be recognized, particularly given the fact that “The practice has developed without any regional agreement or protocol regarding the terms and conditions of the programs, qualifications and restrictions or the need for prior consultations or sharing of information with other member states who have the obligation under the CARICOM Treaty to accord the same rights to these ‘citizens’ as to any other CARICOM national” (Caribbean News Now, 2018b, para. 2). According to the Caribbean Council:

“Many politicians and citizens in the region object in principle to the idea that nationality is something that can be sold; finding unacceptable the granting of rights and free movement within CARICOM to those who are not required to reside, make no long-term contribution, and who have no historic or cultural affinity” (Jessop, 2017, p. 2).

Some also worry about the harm which can be caused to the reputation of countries in the region as a result of the CBI programs. A former Ambassador of Jamaica to the United Nations, remarking on the decision by the government of Antigua & Barbuda to open its CBI program to Iraqi citizens⁴⁹ described the move as “a threat to the whole Caribbean region”, noting that:

“Antigua and Barbuda is a member of CARICOM; people travel on CARICOM passports; people who have access to an Antigua and Barbuda passport also have access as a citizen to a CARICOM passport, which means they can enter any CARICOM country quite easily. So, there

⁴⁹ See Appendix F for list of restricted nationalities of the Caribbean CBI programs.

are implications for other countries within the region” (Antigua Observer Newspaper, 2016a, para. 1,12).

Dr. Ralph Gonsalves, the Prime Minister of St. Vincent & the Grenadines, has openly expressed his view that not all methods of acquiring citizenship are created equal, and has stated that CBI citizens will not be allowed to enter that country in the same manner as “a bona fide citizen of any other OECS country”. The Prime Minister is reported as stressing the point even further, stating “We do not give any succor or support to any person who has such a citizenship and accompanying passport to enter our country on the term in which other citizens who have their citizenship” (Antigua Observer Newspaper, 2012a, para. 3). Antigua’s Prime Minister has firmly expressed his dissatisfaction with this stance and has stated that the means through which citizenship is obtained is irrelevant and all citizens are to be recognized equally (Dominica News Online, 2016).

Table 6.1 Reported Number of CBI Citizens by Country												
	Up to 2013*	2014	2015	2016	2017	2018	2019	Total No. of CBI Citizens	Population	No. of CBI Citizens as a Percentage of the Population	No. of Registered Voters ⁵⁰	No. of CBI Citizens as a Percentage of Registered Voters
Antigua & Barbuda	-	252	655	1,016	399	401	1,112	3,835	96,286	3.98	51,528	7.44
Dominica	2,633	189	562	1,542	1,665	3,961	-	10,552	71,625	14.73	74,895	14.09
Grenada	-	19	227	484	842	851	375	2,798	111,454	2.51	78,294	3.57
St. Kitts & Nevis	6,152	2,329	2,296	-	-	4,084	-	16,544**	52,441	31.54	42,185	39.22
St. Lucia	-	-	-	61	282	288	-	631	181,889	0.35	161,883	0.39
								34,360	513,695	6.69		
<i>Source: Table compiled using data from country CBI reports, gazetted CBI figures, and media reports</i> <i>*Dominica: 1993 to 2013; St. Kitts & Nevis: 2005 to 2013</i> <i>See Appendix D for yearly breakdown in respect of Dominica and St. Kitts and Nevis prior to 2014</i> <i>** See Appendix D for explanation of discrepancy in total</i>												

⁵⁰ Data obtained from CaribbeanElections.com and is based on the most recent election held in each country.

Prior to the launch of Antigua & Barbuda's CBI program, the country's Ambassador to the OECS was questioned as to whether the program would have any impact on the free movement mandate of the organization, to which he responded "A citizen is a citizen is a citizen, no matter how you acquire the citizenship. Once a person is a citizen of the OECS (he or she is) entitled to all the benefits of the OECS economic union, including free movement and all the other things" (Antigua Observer Newspaper, 2012b, para. 2). Similarly, before the introduction of that country's program, the Prime Minister of St. Lucia remarked that even in the absence of its own CBI scheme, someone who has purchased citizenship from one of the other islands with existing programs would still have OECS citizenship and be entitled to the full rights of being in St. Lucia (CMC, 2016). Comparably, a former minister in St. Kitts and Nevis observed that the CBI programs are not structured such that they create a qualified citizenship and as such, in the event that they chose to, investor citizens could settle in any of the OECS countries. He also expressed concerns about the number of passports issued under the St. Kitts program alone, and given the small population, the potential imbalances this could cause not only on that island but in the other islands given their similarly small populations (Dixon, 2017a). One interviewee expressed a parallel concern that during times of difficulties in their own countries investor citizens may just choose to flock to the islands and this can cause problems in light of the countries' small populations (Interview 17, personal communication, March 12, 2020). Such fears are not unwarranted considering that the population of St. Kitts and Nevis is just above 50,000 and over 16,000 citizens have been created through the CBI program. Similarly, Dominica has more than 10,000 CBI citizens, while the country's population stands only at just over 70,000. While their

populations are a bit larger, just from 2014 to 2019, Antigua & Barbuda, and Grenada have created almost 4,000 and 3,000 investor citizens, respectively (*see Table 6.1 above*). Further, from the outset of these programs officials have reportedly conveyed that a haven is available to the investor citizens if the need arose (James, 1993).

6.1.2. Response from advanced countries

More than twenty years ago, at the start of Grenada's first attempt at a citizenship selling scheme, the country's Trades Union Council lambasted the move as one which would put the citizens' privilege of non-visa travel to developed countries, like the UK and Canada in jeopardy (Bascombe, 1996). Such concerns have not subsided over the decades during which the citizenship selling programs have continued in the region. In Dominica, some citizens have expressed fears that the recent occurrences of criminals being found with the country's passports has already led to increased scrutiny of the country's citizens and may lead to visa restrictions from more countries being imposed in the future. One interviewee stated, "Recently there have been a few cases of international criminals who held Dominican passports; so, I do believe that people are watching outside the region" (Interview 18, personal communication, March 18, 2020). Examples of such occurrences were found as early as the 1990s. In 1998 a disgraced Australian businessman reportedly purchased Dominican citizenship in an effort to use his new passport to escape justice (Debelle & Cumming, 1998; James, 2002). More recently, in 2014 an Iranian businessman was granted citizenship under the CBI program and later given a diplomatic appointment. It was subsequently learnt that he was at the center of a corruption scandal in Iran (Dominica News Online, 2017a). A former Nigerian oil minister was granted Dominican citizenship

and appointed as a diplomat in 2015. She was later charged with money laundering by her country (Dominica News Online, 2017d). At a regional level, in 2017, a number of Iranian nationals granted citizenship under some of the Caribbean CBI programs, which they used to enter Canada, were reportedly deported to the countries which issued them the passports, while some others were detained (Antigua Observer Newspaper, 2017). During that same year, in a news article discussing a Chinese national who was a wanted fugitive in his homeland and who was in St. Kitts at the time awaiting a new passport following some complications regarding his old one, his lawyer reportedly stated that the individual “wanted to return to China with the protection, however limited, of his St. Kitts and Nevis passport” and that he “is as entitled to a passport as any citizen and entitled to the privileges and protection it affords overseas” (Fraser, 2017, paras. 9–12)⁵¹. A number of former prominent businessmen of Indian nationality are also alleged to have obtained citizenship through some of the islands’ CBI programs so as to escape facing criminal charges in their homeland (Gupte, 2018).

It is because of such occurrences that one interviewee declared that the country may have a large number of citizens who are not affecting the country economically in any real way but may still contribute to making travel more difficult for the persons who actually live there (Interview 5, personal communication, February, 13, 2020). Similarly, another asserted that the number of persons carrying Dominica’s passport, who are clearly not of Dominican ancestry based on their physical appearance has led to less respect and recognition being given to the country’s travel document (Interview 5, personal communication, February 13, 2020). One

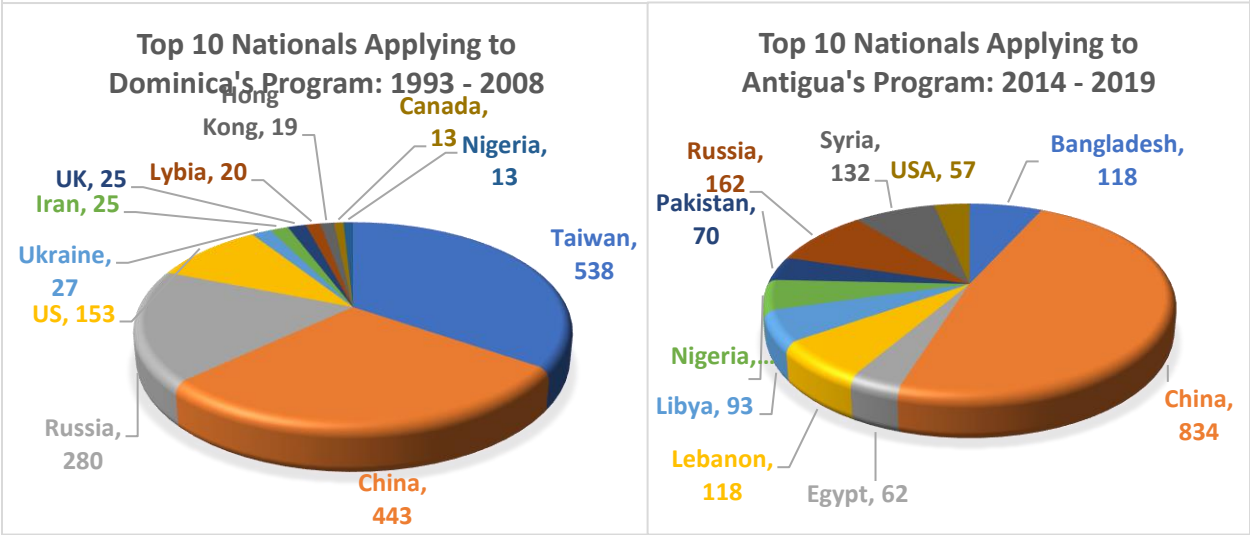
⁵¹ According to a subsequent news report, that individual later turned himself over to the Chinese authorities (Richards, 2017). He did not have a valid St. Kitts & Nevis passport at the time (Dixon, 2017b).

interviewee also suggested that most of the countries where citizenships are highly sought after are in “troubled spots” of the world (see Figure 6.1) and therefore it is expected that Dominica’s passport bearers would face greater scrutiny (Interview 19, personal communication, March 23, 2020). The legitimacy of such concerns was evidenced in 2017 when a traveler in transit through the UK and bearing a Dominican passport “was detained by UK Border Force, questioned at length, and had his bags and computer searched” and “was reportedly told that he was traveling from a ‘high-risk’ country” (Caribbean News Now, 2017c, para. 12).

Figure 6.1 shows the composition of the top nationalities of applicants to two of the Caribbean CBI programs. Antigua & Barbuda is the only country which currently provides a breakdown of the list of nationals applying to its program. While Dominica gazetted the names of successful applicants, along with their nationalities and current country of residence from the program’s inception until about 2008, after that time only a list of names is provided in the gazette. Due to ethical and security reasons, this list cannot be replicated in this project; however, it should be noted that a significant number of the names appear to be of Asian and Middle Eastern origin. The countries have the same target markets for investor citizens. Hence, while Antigua’s program did not exist during the 1990s and early 2000s, it is expected that Dominica’s composition would have generally moved the same way, especially given that according to a 2017 news article, many wealthy Chinese people seek to acquire foreign citizenships as an insurance policy against their capricious political system (Bland, 2017). Similarly, the growing demand from countries in the Middle East is said to be as a result of continuing conflict and political instability in that region (Underwood, 2015). Nationals of western countries may seek second citizenships in the Caribbean for different reasons. A 2019 article in the London Times suggests that nationals

of advanced countries like the US can be terrorism targets in some of the countries to which they may travel and may choose to acquire second citizenships from these smaller countries in an effort to avoid revealing their nationality on hotel registers (Arlidge, 2019). That article also suggested that some of these applicants may see these second citizenships as providing tax benefits. Similarly, an article in the Wall Street Journal suggests that US citizens are attracted to these programs “in part for the possibility of cutting their US tax bills” (Karmin, 2015, p. 1). The citizenship-selling countries list minimal taxation, such as no wealth, gift, inheritance, foreign income, or capital gains tax, as one of the benefits for investor citizens; hence, this may help explain why nationals of countries such as the US and Canada, though not troubled spots, would apply for these citizenships.

Figure 6.1. Composition of Nationals Applying for Caribbean CBI Citizenship



Source: Chart compiled using data from Dominica's gazette and Antigua and Barbuda's CBI reports

Even before the programs had garnered much popularity they were already being viewed as problematic by some of the world powers. As early as 2000, the US and Canada were already expressing concerns that Dominica's program "was being abused by international criminals and provided a cover for illegal migration" (James, 2000a, para. 1). On the heels of the 9/11 terrorist attacks in the US (James, 2002), citing fears that passports issued under these countries' citizenship selling schemes "pose criminality, security and border integrity concerns", Canada revoked the visa waiver extended to nationals of Dominica⁵² and Grenada⁵³ in December of 2001 (*Canada Gazette*, 2001, p. 2811). Visa requirements were imposed on nationals of St. Lucia in 2012 even before its CBI program was implemented. Canadian authorities expressed concerns that the country's travel document was unreliable as criminals from that country "could legally change their names and acquire new passports" (Government of Canada, 2012, para. 5). In November of 2014, St. Kitts and Nevis nationals lost the privilege of entering Canada visa free amidst concerns that owing to the country's CBI program persons who would normally be barred from entering Canada due to security concerns, were unwittingly being allowed entry using passports issued by the St. Kitts and Nevis authorities⁵⁴ (Caribbean News Now, 2014b). This move "was cited as a friendly government 'publicly telling the world it could not endure a relationship that had become risky to its national security interests'" (Hopper, 2015, para. 14). Similarly, in 2017, the visa-free entry privilege which citizens of Antigua & Barbuda enjoyed to Canada was

⁵² In 1999 eleven Chinese nationals bearing Dominican passports were detained trying to gain entry into Canada (James, 2002; TDN, 2012).

⁵³ Canadian authorities expressed a lack of trust towards the passports which had already been issued and were in circulation through the country's citizenship scheme (Smith, 2002).

⁵⁴ Leading up to this revocation, Canadian authorities issued a document to the St. Kitts-Nevis Government speaking of the "perceived inadequacy of the due diligence resulting in persons acquiring and using SKN passports to enter Canada despite being denied visas by that country; attempts by some SKN passport holders, primarily those who acquired them through the CBI program, to file for refugee status once they had entered Canada; and concern that at least one individual who by virtue of his/her involvement in fraudulent activities was granted citizenship under the investment program in contravention of St. Kitts and Nevis' very own regulations" (Hewlett, 2013, para. 1).

ended (Caribbean News Now, 2017c) amid “concerns about ‘the integrity’ of the nation’s passport” (Antigua Observer Newspaper, 2017, para. 3). Interestingly, prior to the launch of the program, at a consultation with citizens, officials asserted that there was no threat to the country's visa-free status with Canada nor the UK (Antigua Observer Newspaper, 2012c). The country’s Prime Minister at the time assured its nationals that the citizenship selling program “should in no way jeopardize the integrity of the national passport” (McFadden, 2013, para. 4). Some of the countries have reportedly lobbied the Canadian government to reverse the decision to impose visa restrictions but to no avail (Smith, 2002). In 2018 Canadian Prime Minister Justin Trudeau reportedly stated, “We will always ensure Canadians stay protected and if countries like Antigua and Barbuda make the significant improvements and changes necessary to their programs then we could look at lifting the visa requirement” (Antigua News Room, 2018, para. 3).

Britain has also issued warnings of possible imposition of visa requirements on those Caribbean countries running CBI programs, stating that while they take no issue with countries doing what they must to sustain their economies, the UK must remain committed to ensuring the security of its own borders (Antigua Observer Newspaper, 2012b, 2014a). Further, in 2018 Transparency International also issued a warning to the EU that it should review its visa-free agreements with Caribbean countries running CBI programs “in light of the risks of admitting the corrupt and the criminal” (Transparency International, 2018, para. 8). Various US government organizations, as well as the OECD have continued to express concerns that the Caribbean CBI programs pose a threat to international security and financial security architectures (Caribbean News Now, 2018a; Dominica News Online, 2017c; FinCEN, 2014; Hopper, 2015; Kemp, 2018).

The CBI programs are evidenced to blur the line between those who belong or should be granted entry to a particular country and those who should not. Therefore, as this signaling function of the institution of citizenship and the accompanying passport is altered, leaders at both the regional and international levels have taken issue with this, and responded accordingly by issuing warnings and restricting access to their countries. This is in line with the emphasis of normative institutionalism of the symbiotic relationship between institutions and actors' responses or actions (Hall & Taylor, 1996).

While some governments have been shown to take actions against the citizenship-selling countries, with the interests of securing their own borders and protecting their citizens, they have, however, been limited in the actions which they can take. As sovereign states, the citizenship-selling countries cannot be compelled to halt their programs. Hence, at a regional level, beyond placing limitations on the ease with which CBI citizens are allowed access to their countries, as St. Vincent's Prime Minister has indicated he will do, or issuing warnings concerning the possible dangers to the region as a result of the CBI schemes, the regional governments are guided by the treaties and rules governing their membership organizations, and so, cannot impose harsher restrictions like visa requirements. Similarly, the advanced countries have expressed that they will act to preserve the security of their citizens from threats posed by the Caribbean CBI programs; however, all they have been able to do thus far is impose or threaten to impose visa restrictions if the programs continue to be evaluated as a threat to the security of their citizens. If the third countries have considered harsher means of dealing with the citizenship-selling countries, this has not been publicly articulated and may be hampered by international rules and conventions. This is in line with rational choice theory (RCT), which asserts

that rational, self-interested actors evaluate the trade-off between the costs and benefits of their possible courses of action and choose the one which provides the greatest benefit (Parsons, 2005), while constrained by scarcity and limited resources (Lovett, 2006; Parsons, 2005).

6.2. The Internal Face of Citizenship

The second side of citizenship, the internal face, informs individuals of their equality and their prerogative to “govern themselves through their right to vote” (Bauböck, 2014, p. 19). That equality is afforded in the rights and privileges which are granted to all citizens of a country while their prerogative to govern themselves is maintained through the quality of the country’s democratic processes. Accordingly, sub-sections 6.2.1 and 6.2.2 discuss the rights and privileges extended to investor citizens and how the ordinary citizens’ views on citizenship and their attitudes toward their duties as citizens have been altered as a result. Sub-section 6.2.3 examines how democratic elections could be compromised via corruption through the CBI programs and so threaten the privilege of citizens to govern themselves.

6.2.1. Rights and privileges

None of the Acts enforcing the Caribbean CBI programs make any distinction between investor citizens and other citizens, and as such, the programs afford investor citizens the full rights and privileges of citizenship. An Ambassador within the ranks of the Antiguan government remarked that the country does not have different classes of citizens regardless of the method

through which an individual obtained citizenship (Antigua Observer Newspaper, 2012d). The understanding that investor citizens are indeed considered to be full citizens bestowed with all rights, regardless of maybe never even having visited the country, is understood by most, with many persons being in agreement with this. One interviewee stated, “If you are a citizen, you’re a citizen; you can’t be a half citizen; even by birth, or by investment or by whatever other means. A citizen is a citizen” (Interview 7, personal communication, February 14, 2020). Another remarked, “As long as they become citizens they should be entitled to certain rights, just like we Dominicans. If we do not want that, we probably shouldn’t call the program ‘citizenship’, you see? Cause once you have the passport, whether it’s by birth or you purchase it, you are a citizen” (Interview 12, personal communication, February 19, 2020). Lending support to these statements, another interviewee suggested that as long as the program is being conducted in accordance with international laws and practices, then the investors should indeed be entitled to enjoy the usual benefits of citizenship awarded to all citizens of the country (Interview 6, personal communication, February 13, 2020).

However, there has been some unease regarding the level of rights which are extended to these citizens, with the main concerns being centered largely around issues of voting, access to land, and limiting the rights which these persons have to engage in investments or occupations which would compete with the local citizens. One individual expressed misgivings regarding investor citizens’ access to, and ability to make significant land purchases within the country, and the possibility of voting rights being extended to them (Interview 5, personal communication, February 13, 2020). Another interviewee suggested that these persons should not be allowed to make the same investments as locals (Interview 9, personal communication, February 17, 2020),

while another recommended that there should be restrictions on what lands such foreign citizens are given access to (Interview 13, personal communication, February 19, 2020). Similarly, a St. Kitts and Nevis observer remarked that investor citizens should have designated areas in which they can invest or work so as not to compete with other Kittitians and Nevisians (Editor, 2015b). One interviewee qualified his reservations regarding the rights and privileges afforded to investor citizens this way, “Yes, they are citizens, they should be able to enjoy the types of freedoms that are afforded people in terms of their rights as human beings under the United Nations charter. But I think there should be a clear caveat stating that these citizens by investment should not be involved in electioneering and in voting and in those types of rights” (Interview 19, personal communication, March 23, 2020). In a similar vein, another stated, “When it comes to the right to vote, I don’t believe that you can just buy a passport and you should be able to have a say in who runs the country for the people who actually live here. And I believe that the actual citizens of the country should be responsible for the actual country, to own the land and so on”. This respondent was asked to clarify his use of the phrase “actual citizens” to which he responded “I consider real citizens to be people who are born here, or people who have naturalized, and people who got married to citizens of this country. Buying of citizenship is kind of strange for us, we don’t, well, I don’t necessarily consider them real citizens” (Interview 18, personal communication, March 18, 2020). Analogously, another interviewee suggested that in order for persons to be afforded the full rights and privileges of citizenship, “they need to do their time”. According to this individual, the lack of residency is the issue and persons who have not resided within the country for a significant period of time and have no real ties to the country, should not

have access to the same rights as other citizens (Interview 4, personal communication, February 12, 2020).

6.2.2. Valuation of citizenship and attitudes toward civic duties

According to one news report “Some Caribbean leaders oppose the sale of citizenship, arguing that it undermines the integrity of their country's passport and could dilute national identity” (McFadden, 2013, para. 9). The Opposition Leader in St. Lucia has voiced his opinion that “the value of being a citizen of the OECS” is being diluted owing to the citizenship selling schemes in the region (Antigua Observer Newspaper, 2016a, para. 6). Another regional leader has warned “that selling citizenship ‘undermines the integrity’ of the very citizenship” adding “that other countries would also regard nationals with jaundiced eyes if you go about selling your citizenship” (Jamaica Gleaner, 2012, paras. 8–9). Following an incident in which an Iranian national entered Canada using a St. Kitts-Nevis diplomatic passport, which he allegedly purchased for \$1million (Times Caribbean, 2013), one observer remarked “When the government sells our passports, it sells our reputation as a nation. It sells the Nevisian and Kittitian identity. When it makes a mistake, it effectively sullies the identities of the people” (Editor, 2013, para. 1). On the heels of that same incident, the country’s Opposition Leader declared that the country’s passport had been “debased and devalued” (Hewlett, 2014, para. 1). Similarly, one interviewee averred that due to reports of nefarious characters having obtained Dominica’s citizenship through the CBI program, “it has sort of decreased the value of the citizenship in a way, not in terms of free

movement but in terms of how the passport is viewed around the world” (Interview 15, personal communication, March 5, 2020).

When asked whether they think that the CBI has affected their citizenship, some of the responses received were:

“I believe it makes it less valuable if it can be obtained so easily” (Interview 18, personal communication, March 18, 2020).

“It reduces my value, quote, unquote, my birthright, my value as a Dominican citizen and none of us know how many passports have been sold. We really don’t know how many citizens are out there. We may be about sixty thousand people in Dominica, but then there may well be eighty thousand CBI citizens” (Interview 8, personal communication, February 15, 2020).

“Having the country’s passports in the hands of all sorts of people makes it less valuable” (Interview 1, personal communication, February 10, 2020).

“I think it has devalued the citizenship, my citizenship. And it’s primarily because the citizenship program, we are not aware of who is getting the citizenship and then there are so many things on the international media about persons who have obtained citizenship through the Dominica program, who have been involved in all kinds of shady dealings and activities. So, that has put Dominica’s citizenship in a certain light. So, it has devalued my understanding of citizenship” (Interview 5, personal communication, February 13, 2020).

"I do believe it has, and it will continue to compromise and erode our citizenship, the value of our citizenship. And it is a big concern for me" (Interview 14, personal communication, February 19, 2020).

A few interviewees, though in the minority, see the program as being beneficial to their citizenship or not affecting it in any real way.

"I think that it has made my citizenship more valuable. Because Dominica is more known by more persons, so when I travel as a Dominican it makes me feel more important" (Interview 9, personal communication, February 17, 2020).

"I do not see it as affecting my citizenship in any way... Maybe it is because we don't have as many to cause me to feel that way, maybe it's because I don't come in contact with them" (Interview 13, personal communication, February 19, 2020).

Apprehensions have also been voiced that with so many persons having citizenship but having no ties to the country, the culture which defines nationals of the country will become watered down. One interviewee puts it this way, "Because that in itself will mean that our population outside will really grow and then you are going to have an island that is rich in its traditional culture but then you have a separate set of citizens that are quote, unquote 'citizens' with different cultures and everything, and none of it is neither mixing nor mingling" (Interview 3, personal communication, February 11, 2020). Ralph Gonsalves asserts, "Citizenship binds people with a sense of obligation to one another. A person who purchases citizenship, in whatever truncated form that citizenship might be, has no bond with us. They view the country as a shop from which they buy a service and, having bought the service, they treat the seller

however they want to treat them" (James, 2000a, para. 9). Antigua's Prime Minister, however, argues against all this talk that citizenship means a connection with a place and its people, stating "We need to stop thinking in narrow and artificial 'silos' of the nation state and arbitrary borders on a map, he lectures. "We are all fundamentally one and the same —human beings, global citizens" (Arlidge, 2019, p. 4).

Notwithstanding any misgivings which they may have towards the CBI program, most interviewees asserted that this does not affect their attitude towards their civic duties. One interviewee suggested that it is rather disconcerting that "persons can just enjoy the rights of saying that they're Dominican and not live or experience the Dominican way of life, nor have the experience that I've had living in the country, whether good or bad and yet they, quote, unquote, they're Dominican and they have the rights". However, this same individual states that this does not impact her attitude towards the civic duties which are required of her as a citizen, declaring "Nothing will stop me from taking part in my civic duties...If there are opportunities to voice my opinion on that I would voice my opinion on it, but it does not affect me personally taking part in my civic duties. I think as a Dominican there are things that you are supposed to do for your country that you just have to do" (Interview 3, personal communication, February 11, 2020). Similarly, when other individuals who share comparable reservations towards the program were asked whether they have developed any negative attitudes toward their civic duties in light of the program, in terms of obeying the law, paying taxes, serving on a jury, participating in their local community, and activities geared towards nation building, some of the responses received were:

“Oh, not in any way. It’s my responsibility. I ought to have a responsibility towards nation building, with or without this business” (Interview 12, personal communication, February 19, 2020).

“I think the passion for my country can override that” (Interview 14, personal communication, February 19, 2020).

“No, I will still do what I have to do, pay my taxes, respect the law, and so on” (Interview 8, personal communication, February 15, 2020).

“No, at the end of the day Dominica belongs to all of us and we have a responsibility to take care of her and to look after her. As much as there may be things that will aggravate us and may anger us, one of which might be the CBI program and how it is being run, we all still have our responsibility to take responsibility and to stand up for Dominica. As much as some of us would love to walk away, it’s difficult to do that” (Interview 10, personal communication, February 18, 2020).

“It is not going to make me less of an active citizen” (Interview 15, personal communication, March 5, 2020).

“The truth is most of these people, holders of CBI, they just use that as a doorway to go to a third country because most of these countries that they are from they require visas and certain background checks, and so on. So, the fact that they would have a Dominican passport that does not restrict them from entering certain countries, they would gladly take it. But I am not bothered about them because they really do not live here. We only know them

by names we see printed in the gazette, not in the physical space” (Interview 19, personal communication, March 23, 2020).

One interviewee, however, stated that he is no longer interested in participating in such things largely because he has seen a decline in what is valued as the principles of citizenship. This individual contends, “We are going the pure economic way; you bring in money, and you get high ranks, you get top treatment. So, the original concept of citizenship in which you love Dominica, and you do everything you can to help the country, that is no longer major, they are still relevant, but they are no longer major tenets of citizenship” (Interview 5, personal communication, February 13, 2020).

Several of the theoretical arguments against investor citizenship and discussed earlier hold that citizenship should represent genuine links to a country and that CBI schemes erode this essential component of the institution (Barbulescu, 2014; Džankić, 2012; Ochoa, 2014; Shachar, 2018; Shachar & Hirschl, 2014; Tanasoca, 2016). The evidence presented in sub-sections 6.2.1 and 6.2.2 provides support for these arguments as demonstrated through the objections that “real” citizens, and those who have “done their time” in the country are the ones who should be allowed such rights as purchasing land and taking part in voting. It is further shown in the alarms sounded by regional leaders as well as ordinary citizens that the national identity of the citizenship-selling countries is becoming watered down due to the large number of citizens who have no real ties to the countries in which they have purchased citizenship. The evidence also adds another dimension to the hollowing out of citizenship argument, which is that the CBI programs foster the devaluing of citizenship due to criminals of other nationalities using the

programs to hide their identities. Van Fossen (2007) warned that passports of convenience as provided by the Caribbean CBI programs, could pose such challenges.

The evidence reveals that even in light of the CBI programs, most persons still regard it as their responsibility as citizens to continue exercising civic mindedness, taking part in whatever activities are essential towards nation building, etcetera. This is in line with the normative institutionalism perspective which holds that individuals are guided by standards or norms of appropriateness (Hall & Taylor, 1996; Thomas, 2009). However, it provides evidence against the scholarship which argues that the CBI schemes negatively affect civic mindedness (Džankić, 2012; Mavelli, 2018; Ochoa, 2014; Shachar & Hirschl, 2014).

6.2.3. Quality of democratic elections

No real evidence was found of any CBI citizens mobilizing themselves to influence the political or democratic landscape of these countries; however, anxieties over this possibility have been voiced. The CBI programs have created thousands of citizens who have no real ties to any of the citizenship selling countries (*see Table 6.1 above*); hence, questions have been raised as to how these large number of citizens could possibly impact the quality of democracy of these islands. A former senator in the Antigua and Barbuda government speaking to a Dominican audience questioned, “How many citizens have we created by selling passports? Can this new citizen be a deciding factor in our elections or worst yet can a CBI citizen decide that he or she wants to become the Prime Minister of Dominica and use his money to mobilize all those thousands of CBI citizens?” (Dominica News Online, 2019b, para. 12). Similar sentiments have

been articulated by a former Attorney General of Dominica who has cautioned that through the CBI programs the countries are building up a large population of outside citizens who have no bonds to the countries but whose numbers are significant enough to potentially “lead to ‘serious’ changes in the political landscape” of these countries (Antigua Observer Newspaper, 2016a, para. 2). One interviewee expressed concerns about this scenario as well, stating, “If you have more citizens with our citizenship than bona fide, it can have implications in so many ways, even in terms of elections...they can override the local sentiment on the ground. I think it is a very worrisome matter, and I am very, very worried about it as a citizen” (Interview 14, personal communication, February 19, 2020). Another stated, “For something as essential as your right to vote, we need to guard that...lest we have seventy thousand foreigners deciding on my future or your future, which is of no interest to me or you. So, I think that there has to be restrictions on what these people are entitled to” (Interview 10, personal communication, February 18, 2020).

In Dominica, the number of registered voters already exceeds the population, indicating that a significant number of registered voters are already resident outside the country. In St. Kitts & Nevis the number of registered voters is 42,185; the number of investor citizens is currently about one-fourth of this. Considering these countries small populations, and accompanying small number of registered voters (*see Table 6.1*), it is not hard to imagine that an investor citizen could mobilize fellow investor citizens to influence elections in these countries if that were their intention. Bauböck (2014) discussed the potential which linking citizenship to investment has to corrupt democracy with a resultant hollowing out of democratic standards. In his argument the writer used the example of an Austrian investor citizen who was able to buy political influence and establish a political party named after himself.

Dominica's Attorney General has however reasoned that such concerns over CBI citizens taking part in voting is unfounded, based on the laws of the country which stipulate that an individual must be resident in a given polling district for at least three months prior to their registration as a voter (Dominica News Online, 2018d). However, this defense suggests that all which stands between CBI citizens and their ability to alter the country's political direction is a three-month stay. The law as it pertains to a citizen's rights to take part in the electoral process in Dominica⁵⁵ is detailed below:

A person is qualified to be registered as an elector for a polling district if he –

- (a) Is a citizen of the Commonwealth of Dominica; or*
- (b) Is a Commonwealth citizen who has resided in Dominica for a period of twelve months immediately before the qualifying date; and*
- (c) Has resided in that polling district for a continuous period of at least three months immediately preceding the date of registration. (Registration of Electors Act, 1974)*

A person shall be qualified to be elected as a Representative if, and shall not be so qualified unless, he –

- (a) Is a citizen of Dominica of the age twenty-one years or upwards;*
- (b) Has resided in Dominica for a period of twelve months immediately before the date of his nomination for election or is domiciled and resident in Dominica at that date; and*

⁵⁵ The other countries have similar electoral laws.

(c) Is able to speak and, unless incapacitated by blindness or other physical cause, to read the English language with a degree of proficiency sufficient to enable him to take an active part in the proceedings of the House.

A person shall not be qualified to be elected or appointed as a Representative or Senator if he – (a) is by virtue of his own act, under any acknowledgement of allegiance, obedience or adherence to a foreign power or state. (The Constitution of the Commonwealth of Dominica, 1978).

These laws do not appear to put much in the way of an investor citizen's ambition to take over the political landscape of the country.

Further, the possible effects on democratic processes also extend to the large sums of money which are at play in the citizenship selling industry. One interviewee expressed unease that those in power may have too much access to the monies from these programs. This individual stated "I really see the volume of money coming in as giving a political party just supreme power, any political party. That to me, has been my greatest concern re the CBI" (Interview 3, personal communication, February 11, 2020). An article published in the Guardian in October 2018, details findings of a five-month investigation into the global practice of citizenship selling. According to the article, the Disinformation and 'fake news' Interim Report by the British parliament's Digital, Culture, Media and Sport Committee revealed a major role played by Henley & Partners, in providing financing and strategizing, in Caribbean elections which had CBI programs or where interest was expressed regarding establishing such schemes (Garside & Osborne, 2018). The Guardian investigative report also reveals that the head of Henley &

Partners was closely involved in the successful 2010 re-election campaign of the St. Kitts and Nevis Labor Party government with which the firm had a contract for marketing the country's CBI program. In addition, they were also involved in the unsuccessful 2010 election campaign of the Opposition Leader in St. Vincent and the Grenadines, who was keen on establishing a CBI program, unlike the incumbent. Following that same report, the opposition party in St. Lucia asked the government to come clean about the role which Henley had played in the country's 2016 election, during which time, Henley which did not have the contract for marketing that country's CBI program, published a less than flattering report about the program which reportedly helped put the former administration in a bad light. Following the incumbent's loss at the polls, when the new government took office, Henley & Partners "was appointed as the lead marketing agent for the Saint Lucia citizenship program" (Alphonse, 2018, para. 7).

The evidence suggests that citizens privilege of governing themselves could possibly be affected by the CBI programs. While much of the fears expressed that CBI citizens could possibly take part in electoral processes either through voting or running for office, have thus far not materialized, there is evidence that the major players in the marketing of these programs have had a hand in electioneering in some of these countries.

6.3. Conclusion

Overall, the evidence indicates that the political impacts of the CBI programs lean most heavily toward the costs side. Further, these political costs are, so far, largely external. From the perspective of the ordinary citizens there are some apprehensions regarding persons obtaining

citizenship so easily and not “doing their time” in the countries. However, the evidence indicates that the anxieties regarding how the CBI programs have affected the valuation of citizenship have mostly centered around issues pertaining to illicit actors who have obtained citizenship through the programs being found in other countries and how this has reflected on the countries’ nationals. In addition, there is growing concern that there will be a watering down of national and regional identity given the small populations of these countries in comparison to the growing number of CBI citizens. Most persons do not feel concerned about these individuals within the borders of the country as they generally do not see them and do not know who they are. Their concerns revolve around what occurs in other countries and how this affects the everyday citizen. The evidence also indicates that persons’ attitudes towards their civic duties have not been significantly impacted by the CBI programs.

The evidence also reveals that at the regional level the CBI programs have caused some tension due to concerns over how investor citizens should be treated, especially in light of the free movement mandate of regional membership organizations, which means that even those without CBI programs must open their doors to these investor citizens. At the international level, world powers like the US, Canada, and Europe, have taken issue with the Caribbean CBI programs. Canada has withdrawn visa-free privileges from all of the CBI countries; US authorities continue to closely monitor these programs; and Britain and the EU have issued warnings of possible imposition of visa requirements in light of security concerns regarding the CBI schemes.

Alarms have been sounded that CBI citizens could possibly mobilize themselves to influence the political or democratic landscape of the citizenship-selling countries. This concern appears to be warranted as the electoral laws themselves do not adequately safeguard against

this possibility. Further, there is evidence that given the large sums of money at play in these programs, large, foreign promoters of these CBI programs have an incentive for meddling in these countries electoral processes in an effort to help whichever party may be more biased towards having CBI programs. This could possibly undermine the democratic electoral process within these countries.

CHAPTER 7. CONCLUSION

This thesis employed process tracing and content analysis in a case study analysis of the CBI programs of the five Caribbean countries, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, and St. Lucia, which currently have such schemes. I endeavored to shed light on how the countries came to the point of selling their citizenship, whether and how the countries were able to foster economic growth and development through revenues and projects from citizenship selling, and how notions of citizenship at the domestic level, as well as the privileges afforded to citizens of citizenship-selling countries by other states have been affected because of these citizenship-selling programs. Empirical evidence gathered from three main sources, official reports, international and local media, and local interviews was used to test three hypotheses; 1: CBI schemes are a significant tool of economic growth; 2: CBI programs result in an undervaluing of the citizenship of citizenship-selling countries in the eyes of third states; and 3: CBI programs are not harmful to notions of citizenship and democracy.

Three conditions were found to be present prior to the imposition of the CBI programs in the case countries: Condition I – an adverse economic environment; Condition II – having a strong passport in comparison to the program’s target market; and Condition III – a ruling government that is willing to trade the country’s citizenship for financial gain. Conditions I and II were shown to be insufficient. However, a combination of all three conditions was evidenced to be both sufficient and necessary for the imposition of CBI programs in the case countries.

Support for Hypothesis 1: CBI schemes are a significant tool of economic growth was partially found as the evidence points to mixed results in the countries’ utilization of their CBI

programs to shore up their economies. The programs bring substantial revenues to state coffers and significant strides have been made in most of the countries to reduce their debt levels and improve their tourism infrastructure using revenues generated from citizenship sales. However, the countries are shown to have become over-reliant on these programs, with revenues from citizenship sales sometimes accounting for more than half of some of the countries' recurrent revenues. This is worrisome in light of the fact that receipts from these programs can be very volatile. Further, much of the infrastructural development is undertaken by foreigners, local enterprise development is not being fostered, the real productive sectors are shown to receive inadequate attention, and according to the persons interviewed, they are largely not perceived to be economically beneficial.

Hypothesis 2: CBI programs result in an undervaluing of the citizenship of citizenship-selling countries in the eyes of third states, cannot be rejected. At the regional level, some leaders and prominent individuals have objected to the CBI programs based on concerns regarding how they reflect on other islands which have chosen not to implement such programs. At the international level, advanced countries, including the US, have continuously expressed concerns that the Caribbean programs pose threats to international security architectures. As a result, Canada has revoked visa-free entry privileges once extended to all the countries. In addition, the UK and the EU have issued warnings of possible imposition of visa requirements in light of the continuing CBI program.

Hypothesis 3: CBI programs are not harmful to notions of citizenship and democracy is only partially accepted. There is increasing concern that there will be a watering down of national and regional identity given the small populations of these countries in comparison to the growing

number of CBI citizens. However, the evidence indicates that the anxieties regarding how the CBI programs have affected the valuation of citizenship have mostly centered around issues pertaining to illicit actors who have obtained citizenship through the programs being found in other countries and how this has reflected on the countries' nationals. Despite these reservations, the evidence indicates that persons attitudes towards their civic duties have been largely unimpacted by the CBI programs. While concerns have been expressed about the possibility of CBI citizens mobilizing themselves to influence the political or democratic landscape of these countries, no evidence of this occurring thus far was found. However, there is evidence of the foreign marketers of the programs getting involved in the electoral processes of some of the countries.

7.1. Limitations of Research

The conclusions drawn from this study have to be seen in the light of some limitations. Firstly, the interviews conducted were concentrated in only one country due to logistical constraints. While an assumption on the generalizability of the views expressed by the interviewees is assumed, it is possible that citizens of some of the other countries may have a differing take on the topic, especially in those countries where the leadership has been more forthcoming with information regarding the running of the programs. In addition, it was not possible to dialogue with any of the country's leaders past or present who were involved in the decisions to implement and run the programs. This therefore limited the discussion on the

decisions and actions taken with regard to introducing the CBI program and its continued utilization.

Secondly, there were also some data limitations. Not all the countries publish regular reports on the performance of the CBI programs. Hence, it is not possible to know the actual number of CBI citizens and what this may mean for the small populations of these countries. In addition, there are gaps in the economic data especially as it pertains to employment and job creation as a result of the programs. There was some limitation to the discussion of the importance of mobility to investor citizens due to missing data on the countries of origin of the investor citizens as well as a lack of data on the number of investor citizens who choose to migrate.

Thirdly, several themes which emerged and were relevant to the discussion had to be left unexplored due to time limitations. Three themes were most prominent. Firstly, while this thesis did not seek to address the investor citizenship programs of more advanced countries, parallels were drawn in some of the media and interviews, between the CBI programs and the immigrant investor programs of some of the advanced countries, especially the EB-5 preferential investor immigration program of the US. Exploring this could help unpack the differences in the structures of these programs and how these differences may have contributed to different economic outcomes. It would also be instructive as to why these programs are not considered to be threats to international security architectures while those of the Caribbean are. A second theme which emerged from the interviews as well as the media analysis was that of alleged corruption on the part of the countries' leaders in the sale of the countries' citizenship with frequent reference also being made to the issue of diplomatic passports ostensibly being sold. This would also play a role

in the economic outcomes of the programs as corruption tends to hinder economic progress. However, this would require investigations into the administration of the programs, which were beyond the scope of this project. The third theme is the threat of investor citizens with criminal intent being aided through the programs. It is this threat which has been used as the basis for visa impositions and threats of such impositions by the advanced countries. However, while some examples of this was presented in the discussion, it was not possible to delve into deep detail on these occurrences as a detailed discussion on issues of criminality and international security challenges possibly posed by the Caribbean CBI programs were beyond the scope of this project.

7.2. Avenues for Further Research

These limitations could possibly be addressed in future research. Firstly, a more detailed study involving interviewees and leaders from all the countries which currently have programs, as well as those where consideration has been given to the possibility of introducing such programs. Future research should also explore whether the security concerns levelled against the Caribbean CBI programs are warranted, that is, whether there have been significant occurrences of criminal activity being aided by the CBI programs, and delve into issues of corruption in the administration of the CBI programs. It would also be interesting to explore the ramifications of immigrant investor programs of advanced countries, especially the CBI programs of the EU to see whether they have been met with the same backlash as those of the Caribbean. Finally, further studies could explore in greater detail the mobility aspect of the CBI programs and what that means for citizenship as a whole.

7.3. Contribution to the literature

This thesis has contributed to filling several gaps in the scholarship on the topic of granting citizenship in exchange for financial contributions. Firstly, it has shifted from the Western focus of such discussions, focusing instead on the citizenship by investment programs of the Caribbean, which have been in existence for decades but yet have received scant attention. Secondly, a significant segment of the literature has argued that countries should be wary of these schemes, but has failed to explore why countries resort to selling their citizenship in the first place. Hence, this thesis has sought to fill this gap by exploring the conditions under which governments considered it necessary to turn to selling their countries citizenship as an economic tool. Thirdly, scholarship on the topic of investor citizenship has been largely theoretical, hence this thesis has contributed to the literature by taking an empirical lens to some of the theoretical arguments raised.

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APPENDICES

Table A1. Tourism Sector Percentage Contribution to GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Antigua & Barbuda	46.7	50.6	50.1	45.8	45.1	44.2	43.8	44.9	44.7	45.3	42.8	43.6	43.0	44.0	45.3	42.9	42.0	42.1	41.4	39.4
Dominica	28.4	31.4	33.6	30.2	31.9	30.0	27.8	27.8	29.2	30.7	30.1	34.3	33.3	31.6	31.6	36.5	39.8	30.9	38.8	44.6
Grenada	45.6	48.3	46.5	40.6	40.6	39.1	35.3	37.6	37.8	33.1	25.8	31.9	38.7	35.5	34.2	33.8	32.4	30.5	29.8	44.3
St. Kitts & Nevis	29.2	32.2	31.5	29.5	26.7	23.2	23.2	22.0	25.8	30.8	32.0	30.5	29.2	26.2	21.8	22.3	23.6	23.3	22.9	23.5
St. Lucia	37.0	39.6	41.2	40.3	37.2	37.7	36.5	35.7	38.2	39.3	41.0	35.1	33.6	33.7	31.9	30.5	31.0	31.9	32.9	35.0

Figure A1. Tourism Direct Contribution to Employment

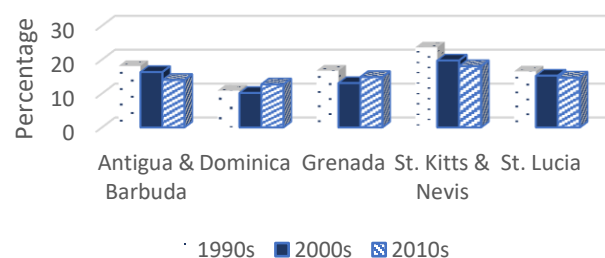


Figure A2. Tourism Total Contribution to Employment

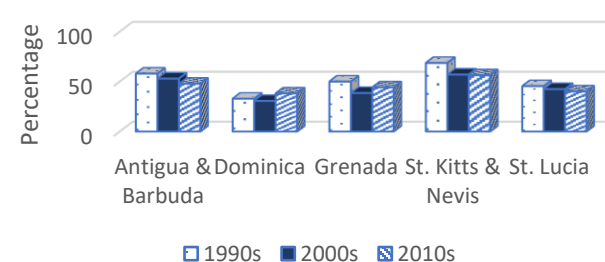
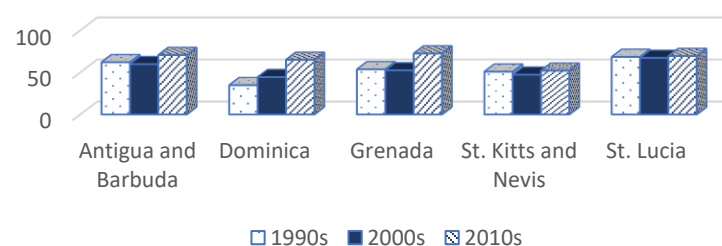
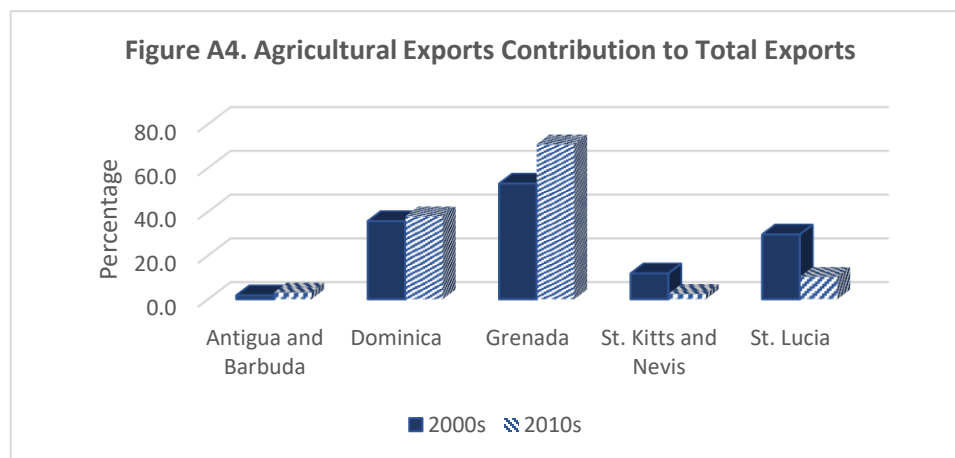


Figure A3. International Tourism Receipts as a Percentage of Total Exports



⁵⁶ Source of agriculture sector data: the Eastern Caribbean Central Bank (ECCB) online statistical publications <https://www.eccb-centralbank.org/statistics/dashboard-datas/>. Source of tourism data: the World Travel and Tourism Council via <https://knoema.com/atlas/sources/WTTC>. The economies of Antigua & Barbuda and St. Kitts & Nevis are heavily dependent on tourism. Dominica, Grenada, and St. Lucia rely heavily on tourism, but agriculture still continues to be important.

Table A2. Agriculture Sector Percentage Contribution to GDP																				
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Antigua & Barbuda	1.1	1.0	1.0	1.0	0.9	0.9	0.9	0.8	0.9	0.9	0.8	0.8	0.7	0.7	0.8	0.9	1.0	0.9	0.9	0.9
Dominica	17.0	17.5	16.8	15.8	15.2	14.4	13.5	13.7	12.5	12.4	12.5	12.1	10.5	11.3	11.6	10.6	11.2	12.3	13.0	12.3
Grenada	8.9	7.9	7.4	6.5	6.9	6.3	5.7	5.8	5.5	5.2	2.0	3.1	3.0	3.2	4.1	3.7	3.8	4.0	4.0	5.7
St. Kitts & Nevis	1.5	1.7	1.6	1.6	1.4	0.8	0.8	1.0	1.1	1.1	1.1	0.9	0.9	0.9	0.8	0.9	0.9	0.9	0.9	0.8
St. Lucia	9.1	8.8	6.7	6.3	4.9	5.0	3.8	4.7	3.5	3.7	2.8	2.9	2.8	3.3	3.1	2.1	1.9	2.5	2.5	2.2



APPENDIX B. ECONOMIC IMPACT OF NATURAL DISASTERS⁵⁷

Table B1. Antigua & Barbuda - Effects of Hurricanes			
Storm Name	Year	Economic Loss (US\$)	Damage (US\$)
Hurricane Luis	1995	347 million	494 million
Hurricane Georges	1998	200 million	620 million
Hurricane Jose, Hurricane Lenny	1999	247 million	652 million
Hurricane Omar	2008	49 million	1.4 billion
Hurricane Earl	2010	52 million	1.1 billion
Hurricane Irma, Hurricane Maria	2017	18.9 million	136.1 million

Table B2. Dominica - Effects of Hurricanes			
Storm Name	Year	Economic Loss (US\$)	Damage (US\$)
Hurricane Luis	1995	...	47 million
Hurricane Lenny	1999	...	27.78 million
Hurricane Iris	2001	...	...
Hurricane Dean	2007	...	60 million
Tropical Storm Ophelia	2011	...	...
Tropical Storm Erika	2015	79.56 million	403.28 million
Hurricane Maria	2017	382 million	931 million

Table B3. Grenada - Effects of Hurricanes			
Storm Name	Year	Economic Loss (US\$)	Damage (US\$)
Hurricane Lenny	1999	...	...
Hurricane Ivan	2004	...	900 million

Table B4. St. Kitts and Nevis - Effects of Hurricanes			
Storm Name	Year	Economic Loss (US\$)	Damage (US\$)
Hurricane Luis	1995	...	197 million
Hurricane Georges	1998	...	271 million
Hurricane Lenny	1999	...	41.4 million
Hurricane Irma	2017	...	19.7 million

Table B5. St. Lucia - Effects of Hurricanes			
Storm Name	Year	Economic Loss (US\$)	Damage (US\$)
Hurricane Lenny	1999	...	6.6 million
Tropical Storm Earl	2004	...	...
Hurricane Dean	2007	6.84 million	11.97 million
Hurricane Tomas	2010	...	336 million
Christmas Eve Trough	2013	19.85 million	80.03 million
Tropical Storm Matthew	2016	...	...

⁵⁷ Source of hurricane year EM-DAT: The Emergency Events Database - www.emdat.be; storm names and financial losses obtained from various documents. Damage are defined as affected (damaged or destroyed) physical assets. Losses are defined as changes in economic flows resulting from the disaster (e.g. loss of income, higher operational costs, exceptional expenditures resulting from the need to address immediate effects of a disaster etc. (Government of Antigua & Barbuda, 2018)

APPENDIX C. CBI INVESTMENT OPTIONS AND REVENUES

Table C1. CBI Investment Options					
	Antigua & Barbuda	Dominica	Grenada	St. Kitts & Nevis	St. Lucia
	Required Investment (US\$) ⁵⁸				
Direct Cash Contribution Option	100,000	100,000	150,000	150,000	100,000
Real Estate	400,000	250,000	350,000	200,000	300,000
Business / Enterprise Investment	1,500,000				3,500,000
University of the West Indies (UWI) Fund	150,000				
Government Bonds					500,000

Source: Table compiled using information from the various country CBI websites

CBI REVENUES⁵⁹

Table C2. Antigua & Barbuda – CBI Revenues			
	CBI Receipts in US\$M	CBI Receipts as % of Recurrent Revenue	CBI Receipts as % of GDP
2014	22.44	8.91	2.09
2015	64.06	21.02	5.75
2016	31.92	11.23	2.72
2017	31.60	10.59	2.61
2018	1.58	0.52	0.12

Table C4. Grenada – CBI Revenues	
	CBI Revenues Due
2014	3.68
2015	22.88
2016	28.63
2017	51.80
2018	56.50

Table C3. St. Kitts & Nevis – CBI Revenues			
	CBI Receipts (US\$M)	CBI Receipts as % of Recurrent Revenue	CBI Receipts as % of GDP
2008	4.62	2.88	0.67
2009	5.26	3.16	0.80
2010	15.58	10.02	2.37
2011	32.89	16.74	4.92
2012	52.22	26.52	7.99
2013	102.57	40.00	14.90
2014	120.52	42.38	16.47
2015	108.68	38.95	14.70
2016	64.91	27.65	8.54
2017	55.34	23.99	7.43
2018	154.73	65.91	20.18

Table C5. St. Lucia – CBI Revenues			
	CBI Receipts (US\$M)	CBI Receipts as % of Recurrent Revenue	CBI Receipts as % of GDP
2016	10.31	2.66	0.80
2017	2.20	0.55	0.17
2018	22.93	5.29	1.73

⁵⁸ In addition to the investment amounts are there also processing and due diligence fees

⁵⁹ Tables compiled using data from the various country budget reports. In the case of Grenada, the country does not record its CBI receipts under recurrent revenues like the other countries. Proceeds from the program are classified as financing for capital expenditure (Mitchell, 2013b); revenues due were obtained from the CBI reports.

APPENDIX D. CBI CITIZENSHIP APPLICATIONS AND CITIZENSHIPS GRANTED

Table D1. Number of New Citizens/Passports Issued		
	Dominica ⁶⁰	St. Kitts & Nevis ⁶¹
1993	206	-
1994	45	-
1995	239	-
1996	273	-
1997	228	-
1998	150	-
1999	125	-
2000	112	-
2001	197	-
2002	38	-
2003	1	-
2004	4	-
2005	4	6
2006	26	19
2007	17	75
2008	6	202
2009	292	292
2010	93	664
2011	289	1,092
2012	104	1,758
2013	184	2,044
2014	189	2,329
2015	562	2,296
2016	1,542	Total up to 2015: 12,496
2017	1,665	Passports issued from 2016 to mid-2018: 4,048
2018	3,961	
Total	10,552	16,544
<i>Source: Table compiled by author from various data sources</i>		

Table D2. Number of Program Applications Received by Investment Category (ATG & GND)⁶²		
Investment Category	Antigua & Barbuda	Grenada
Contribution Option	1938	646
Real Estate Investment	274	471
Business Investment	208	
Total Applications	2420	1117
<i>Source: table compiled using data from country CBI reports.</i>		
<i>Data is from program inception to Dec 2019</i>		

⁶⁰ Gazette Vol. CXVI, 1993 to Vol. CXLII, 2019 was mined to for data on the number of citizenships granted through the CBI program. The figures proved to be incomplete. From 1993 to 2008 the names of these individuals were published, along with their nationality and current country of residence. Data from 2009 to 2012 was simply listed as naturalizations and therefore may also include those who went through normal processes of naturalization. Data for 2012 to 2014, and 2016 was obtained from a news article in which the country's Financial Secretary revealed the number of citizenships granted during that period (Dominica News Online, 2017e). Figures for 2015 are only for the months of July to December; 2017 – April to September; and 2018 – August to December. Given the incompleteness of the data, the number of CBI citizens is expected to be significantly higher.

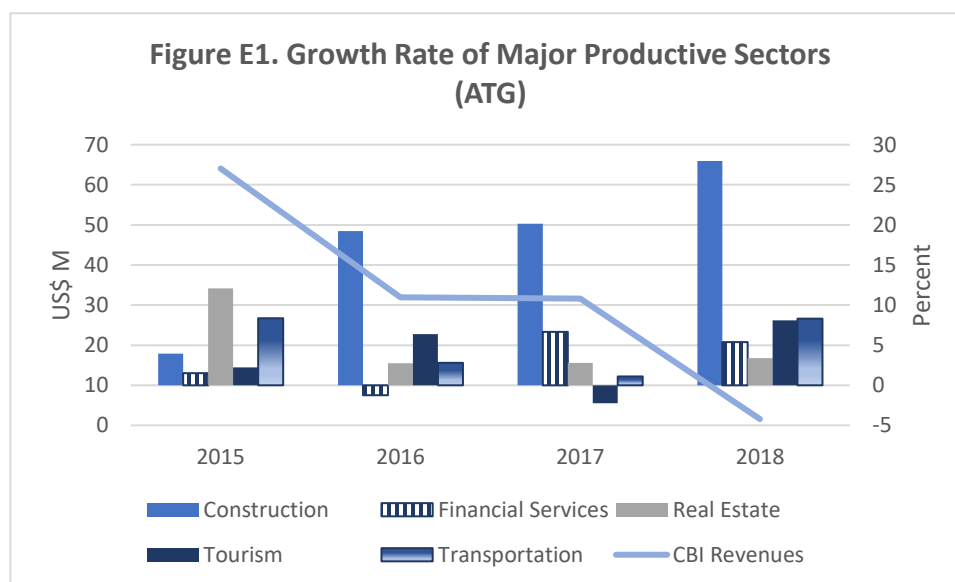
⁶¹ Data for St. Kitts & Nevis was only available from 2005. In a 2016 news article the Prime Minister revealed the number of passports which had been issued under the CBI program from 2015 to 2016 (Times Caribbean, 2016). In a 2018 news article, the Prime Minister disclosed that the total number of passports issued up to 2015 should be 12,296 but did not provide a yearly breakdown. That same article revealed that the number of passports issued during the existence of the programs was 16,544 (Imidaily, 2018b).

⁶² Data was only available for Antigua & Barbuda, and Grenada

APPENDIX E. GDP AND GROWTH RATE OF MAJOR PRODUCTIVE SECTORS⁶³

Table E1. Antigua & Barbuda – GDP by Economic Activity				
	2015	2016	2017	2018
	US\$ (Millions)			
Agriculture, Livestock and Forestry	8.16	8.36	8.49	8.46
Fishing	8.16	8.57	10.98	11.21
Mining & Quarrying	9.91	11.04	12.63	14.64
Manufacturing	22.74	24.20	23.60	25.13
Electricity & Water	39.21	39.47	39.85	40.03
Construction	90.49	107.87	129.61	165.87
Wholesale & Retail Trade	137.72	139.99	140.49	142.34
Hotels & Restaurants	141.59	150.60	147.22	159.15
Transport, Storage and Communications	106.70	109.69	110.90	120.11
Financial Intermediation	86.71	85.64	91.36	96.30
Real Estate, Renting and Business Activities	141.43	145.30	149.34	154.38
Public Administration, Defense & Compulsory Social Security	80.07	84.45	87.05	94.72
Education	50.47	59.88	59.42	60.56
Health and Social Work	30.50	32.07	32.95	34.29
Other Community, Social & Personal Services	26.51	25.14	25.13	26.43
CBI Revenues	64.06	31.92	31.60	1.58

Note: Unlike the other countries, revenues from Antigua and Barbuda's major productive sectors have not been outpaced by revenues from the CBI program.



⁶³ The GDP tables are a summary presentation of the ECCB GDP table by economic activity for each country available at <https://www.eccb-centralbank.org/statistics/gdp-datas/comparative-report/2>. The major sectors are highlighted in red (by author) and are based on priorities outlined in official documents outlining the governments' development strategies (Antoine et al., 2014; Bureau of Economic and Business Affairs, 2015; Ministry of Finance and Corporate Governance, 2015). Numbers in red and highlighted indicate that those revenues fell below reported CBI revenues for that period. St. Lucia's program has thus far not performed very well, therefore that table was excluded. The charts were compiled based on GDP growth rate data from the ECCB.

Table E2. Grenada – GDP by Economic Activity				
	2015	2016	2017	2018
	US\$ (Millions)			
Agriculture, Livestock and Forestry	54.55	46.97	37.79	38.96
Fishing	10.91	11.60	11.76	12.06
Mining & Quarrying	2.01	1.50	1.58	1.63
Manufacturing	23.08	24.13	24.78	27.12
Electricity & Water	28.75	30.31	30.64	32.31
Construction	46.39	52.46	67.72	76.01
Wholesale & Retail Trade	55.11	53.27	58.21	62.58
Hotels & Restaurants	38.57	42.70	44.83	49.07
Transport, Storage and Communications	87.69	91.07	95.70	103.82
Financial Intermediation	49.40	51.73	52.98	55.81
Real Estate, Renting and Business Activities	93.37	95.15	97.51	99.22
Public Administration, Defense & Compulsory Social Security	52.40	51.99	51.46	50.59
Education	127.42	131.39	137.47	130.43
Health and Social Work	14.34	14.30	14.44	14.50
Other Community, Social & Personal Services	13.04	13.75	13.95	14.12
CBI Revenue	22.87	28.62	51.80	56.50

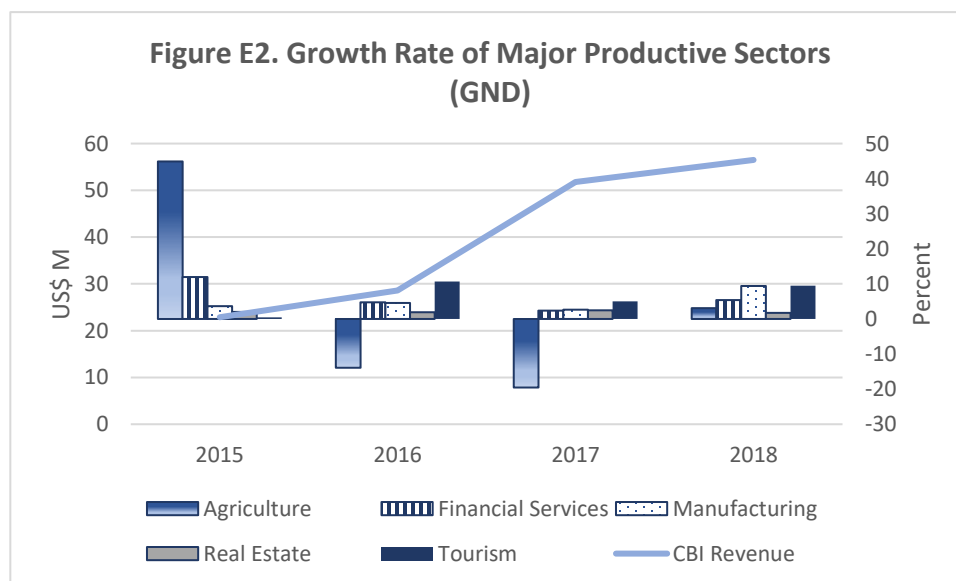
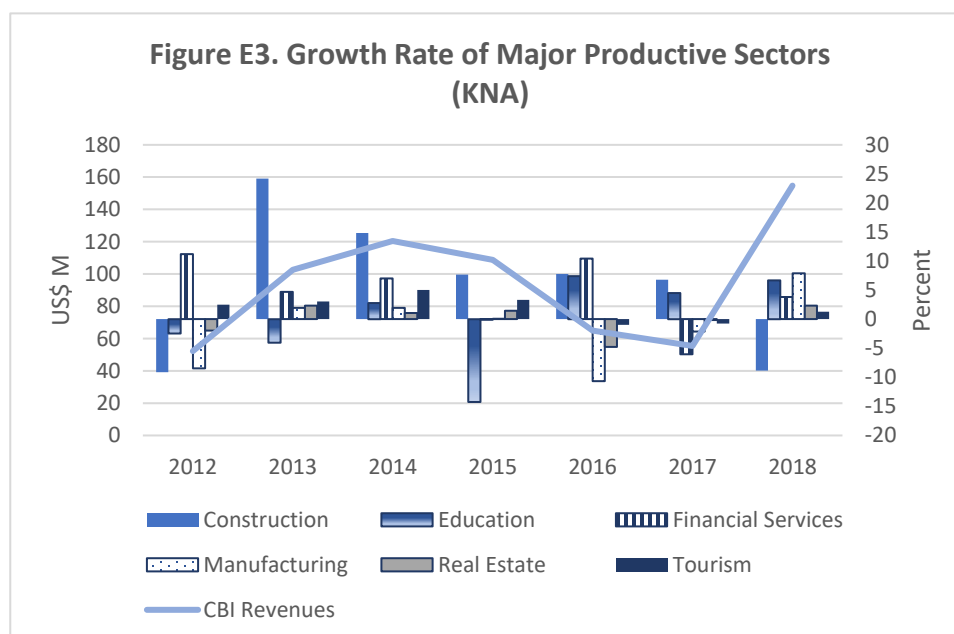


Table E3. St. Kitts & Nevis – GDP by Economic Activity							
	2012	2013	2014	2015	2016	2017	2018
	US\$ (Millions)						
Agriculture, Livestock and Forestry	5.17	5.43	4.96	4.52	4.58	4.94	4.63
Fishing	2.85	2.33	2.85	3.14	2.40	3.91	4.54
Mining & Quarrying	0.72	1.27	1.34	1.26	1.39	1.24	1.61
Manufacturing	33.07	33.71	34.38	34.40	30.73	30.08	32.46
Electricity & Water	8.70	8.79	8.93	9.19	9.06	9.16	9.60
Construction	73.92	91.83	105.45	113.56	122.41	130.70	119.16
Wholesale & Retail Trade	40.53	42.72	42.76	43.27	47.01	44.85	49.31
Hotels & Restaurants	58.63	60.43	63.46	65.57	64.94	64.46	65.30
Transport, Storage and Communications	74.37	75.21	81.84	92.23	92.52	96.50	101.17
Financial Intermediation	72.47	75.87	81.19	81.12	89.60	84.18	87.39
Real Estate, Renting and Business Activities	83.16	85.11	86.03	87.29	83.15	83.03	84.96
Public Administration, Defense & Compulsory Social Security	54.89	59.55	63.41	64.54	70.43	71.75	74.25
Education	74.22	71.21	73.20	62.77	67.42	70.46	75.16
Health and Social Work	14.78	16.09	16.63	16.43	18.21	19.00	19.85
Other Community, Social & Personal Services	12.36	12.32	12.82	13.95	14.28	14.46	14.06
Activities of Private Households as Employers	2.08	2.08	1.74	1.70	1.77	1.68	1.66
CBI Revenues	52.22	102.57	120.52	108.68	64.91	55.34	154.73

Note: The program of St. Kitts and Nevis has been running the longest and has also had a longer period of bringing in significant revenues; therefore, a longer period is shown here to better illustrate the trend in the productive sectors versus CBI revenue performance



APPENDIX F. RESRICTED NATIONALITIES⁶⁴

Dominica: Applications from citizens of Iran, North Korea and Sudan will only be accepted where such persons (1) have not lived in these countries for the last 10 years, (2) have no substantial assets there, and (3) are not performing and have not performed any business or similar activity, in whole or in part, in or with these countries.

Antigua & Barbuda: Nationals of Afghanistan, Iran, North Korea, Somalia, Yemen, and Sudan are eligible to apply for citizenship in Antigua and Barbuda under the Citizenship by Investment Program after having met the following criteria: Individuals born in these restricted countries but who migrated before the age of majority and/or have maintained permanent residence in any country other than those on the restricted country list, for a period of not less than 10 years and maintain no economic ties to any restricted country.

Grenada: Grenada does not explicitly restrict citizens of any countries or territories.

St. Kitts & Nevis: Nationals of Afghanistan, Cuba, Iran, Myanmar, and North Korea are ineligible for citizenship by investment in Saint-Kitts & Nevis unless the applicant is a permanent resident of the United Kingdom, the United States, or Canada.

St. Lucia: Applicants from Iran and North Korea are ineligible.

⁶⁴ Information on restricted nationalities for Antigua & Barbuda, and Dominica was obtained from the official government CBI websites for those countries. That information was not found on any of the other country's websites and so, were retrieved from an article by Investment Migration Insider (Nesheim, 2018)

APPENDIX G. INTERVIEW GUIDE

GENERAL QUESTIONS

1. Have you heard of CBI? In your own words, what is the Citizenship by Investment program?
2. Have you ever met a CBI citizen within the country?

ECONOMIC CONSEQUENCES

3. Do you think the CBI has been a useful economic tool? Have you personally seen any tangible economic benefits of the program? Do you think the country has?

POLITICAL CONSEQUENCES

Internally

4. Do you think the CBI has any impact on YOUR citizenship? Has it negatively affected it, making it less valuable? Has it positively affected it, making it more desirable?
5. What are your thoughts on the rights and privileges given to CBI citizens? Do you think they should be given the same as those afforded to Dominicans born in Dominica? Why or why not?
6. Does knowing that there are CBI citizens make you feel less inclined to participate in everyday civic duties? (*civic duties: the responsibilities expected from members of the society, eg. Obeying the law, paying taxes, serving on a jury, paying taxes, participating in your local community*)

Externally

7. Do you think that other countries see your country's citizenship as being less valuable because of the CBI program? Why?
8. When travelling, have you ever encountered any negative feedback being the holder of a Dominican passport?

OVERALL ASSESSMENT

9. What is your overall assessment of the program? Would you like it to continue? Why or why not?

CONCLUSION

10. Is there something you would like to talk about that you haven't mentioned?

APPENDIX H. CODING SCHEME

Effects on civic mindedness

Negative effects on civic mindedness

No effect on civic mindedness

Positive effects on civic mindedness

Effects on concepts of citizenship

Negative effects on citizenship

No effect on citizenship

Positive effects on citizenship

Effects on democracy

Negative effects on democracy

No effect on democracy

Positive effects on democracy

Migration

Mobility/Passport Strength

Are the programs merely passport selling?

No-Passport selling

Yes-Passport selling

Reasons for persistence of programs

Positive views of international
community

Positive views of regional community

Success/socio-economic benefits

Tangible benefits of the program?

No-Benefits

Unclear-Benefits

Yes-Benefits

Reasons for programs implementation

Financial/Economic

Is the contribution sufficient?

No-Contribution sufficient

Yes-Contribution sufficient

Rights and privileges given to CBI citizens

Should CBI citizens have same rights as
others?

No-Same rights

Yes-Same rights

Threats to programs

Criminality

Improper use of funds

Lack of Information/Transparency

Negative Views of regional community

Negative Views/Actions of international
community

Volatility of market conditions

Should the program be continued?

No-Program continued

Unsure-Program continued

Yes-Program continued