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RESEARCH

Investment migration host countries boosting climate resilience: Henley & Partners

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G7 countries, BRIC member states and governments hosting investment migration programs are assessed in a new report. Image credit: Henley & Partners

By ZACH JAMES

Climate change is pushing some investors to migrate funds in an effort to mitigate the financial impacts of global warming, according to new findings.

London-based investment migration consultancy Henley & Partners has released its first Wealth and Sustainability Report, which could be of interest to high-net-worth individuals (HNWI) seeking special residence rights for the reasons formerly mentioned. The firm's inaugural breakdown reveals that G7 countries provide strong, safe options for those looking to obtain golden visas, the nations faring well in the face of climate resiliency concerns.

"Investment migration can provide much-needed foreign direct investment to help meet our sustainability challenges," said Juerg Steffen, CEO of Henley & Partners, in a statement.

"Several countries are already channeling program inflows into projects to boost their countries' climate resilience for the benefit of their citizens," Mr. Steffen said. "Grenada, for instance, has strengthened its resilience against natural disasters by offering investors citizenship in exchange for a contribution to the country's National Transformation Fund, which supports a range of industries including alternative energy.

"A non-refundable contribution to Antigua and Barbuda's National Development Fund is another example of how a country is driving its transition to renewable energy through citizenship by investment."

For the report, Henley & Partners tapped global wealth intelligence firm New World Wealth to evaluate the performances of 31 countries. Data regarding population density, CO2 emissions and other such factors was pulled from the World Bank Group.

SDG Index Assessment

Of the countries with the top five scores, three are G7 members, with Germany ranking first, France in third and the United Kingdom taking fourth place.

Besides G7 affiliates, Brazil, Russia, India, China and South Africa (BRICS) were also audited. Rounding out the list is a group of 19 nations around the globe that host investment migration programs.

Each is assigned an SDG Index score. The metric lends insight into how well a government is adhering to the United Nation's

Sustainable Development Goals (SDG) with 2030 on the horizon.

> The Henley Wealth and Sustainability Report is an innovative study analyzing over 150 data points across five wealth and sustainability parameters.https://t.co/MgbKvAcKM8#HenleyWealthandSustainabilityReport #populationdensity #investmentmigration #sustainability
>
> Henley & Partners (@HenleyPartners) November 28, 2023

The report puts Austria and Switzerland in the listing's second and fifth spots respectively, with the latter European nation given a "very high" wealth tier label, meaning its wealth per capita is worth more than $300,000. Estimates for the remaining top five placeholders come in a bit lower, holding between $50,000 and $300,000 in wealth per capita, but still deemed "high" tier territories.

Of the countries in the "very low" and "low" tiers including Egypt, Iran, India and Ethiopia, the group said to generate between $3,000 and $10,000 in wealth per capita, are featured on the bottom of the list.

Ethiopia is positioned last, while India is ranked second-to-last. Despite the Global South climbing centi-millionaire rankings (see story), the region is not favored for investment migration due to several factors, the experience that harsher climate change impacts have on locals and their quality of life standing as one.

The report frames these figures in a proposal: the Index's top scorers are demonstrating an acute level of climate resilience. Authors in the Henley & Partners network argue that certain players are instituting policies and infrastructural investments that could work to support sustained "economic growth, environmental protection and societal development."

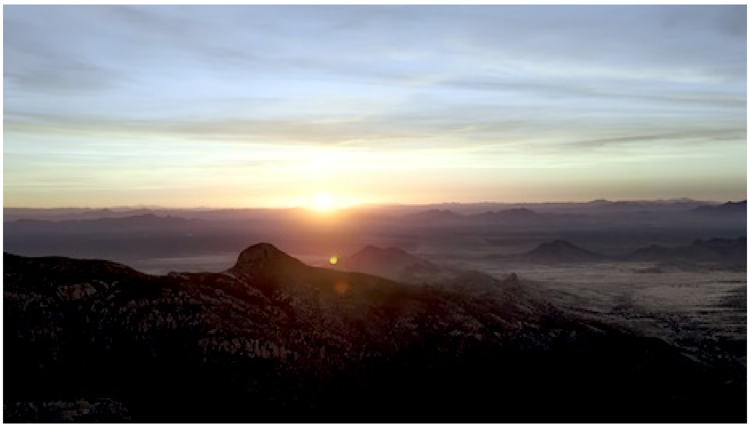
Embracing renewable energy sources, German automaker Audi showcases more than 700 regional micro wind turbines installed in Scotland. Image credit: Audi

Corresponding research published alongside the Wealth and Sustainability Report measures climate action by taking into account "the extent to which an economy uses natural resources and manages the negative externalities from its economic growth and participation in the global trading system."

The supporting exercise compares investment migration countries (IMs) including Australia, Canada, New Zealand, Singapore, the U.K. and the U.S. and non-investment migration countries (non-IMs) China, India, Japan and the Russian Federation. Results of the add-on suggest that IMs are better equipped to prioritize sustainable advances.

For instance, New Zealand and Canada, both IMs, lead the pack with positive air pollution indicators, while non-IMs China and India face the highest amounts of contamination, with ecological footprints that are worsening over time, impacting the regions' appeal with potential HNW citizens.

On the opposite end, further analysis outlines the ways in which factors such as corruption can be detrimental to wealth generation, threatening the investment migration status of IM nations.



Supporting conservation is paying off in more ways than one, as luxury customers heighten expectations around ESG. Image credit: Dior

In a review of corruption perception, countries such as New Zealand excel while the Russian Federation ranks last. Of the IMs appraised, the U.S. ranks relatively low in this area, the country's fairly polarized political landscape working against its reputation on the international stage.

Ultimately, IMs were found to navigate global uncertainties with high aptitudes, the data set naming the COVID-19 pandemic and the RussiaUkraine war as examples. Experts at Henley & Partners posit that this ability to safeguard residents against geopolitical threats, in conjunction with environmental strides, renders these nations highly attractive for investment migration.

"Adequate funding is essential for building resilience against the deepening environmental challenges brought by climate change," said Charles Phillips, an independent researcher and sustainable development consultant, for the report.

"Finance is equally desperately needed to transition to sustainable, low-carbon societies on a global scale," Mr. Phillips said. "Global warming has now passed 1.25 degrees Celsius above pre-industrial levels, and the climate impacts this is causing, and will increasingly cause, are highly disruptive to the economies and daily lives of countries worldwide, but especially lower-income countries."

Climate crisis

Henley & Partners insights arrive ahead of COP28. The annual conference for climate change action from the United Nations will convene in the U.A.E. this year, coming together in an attempt to sound the alarm on the state of the environment.

Many businesses are expected to be affected by rising temperatures and sea levels in the coming years if they have not been already. Luxury is no exception.

Luxury houses are adapting to the changing climate, revealing plans to center sustainability as part of that process. Image credit: Mot & Chandon

Though both ranked top 10 according to the report's SDG Index score, the average resident in Japan and Canada is responsible for generating lots more in carbon emissions than those based in emerging markets.

The G7 nations are two of luxury's largest sales drivers: as luxury continues to rely on countries that may be polluting at greater rates, the industry could be creating future ecological challenges in the process.

Luxury is also facing pressure from those seeking to counteract these effects, as ESG-related legislation and mandates increase by the year (see story).

If not for the betterment of the planet, brands could be convinced to hop on board for financial stability, as consumers overwhelmingly support sustainability efforts (see story).