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Selling Passports for \$140,500 Helps Nauru Fund Climate Defenses

Efforts to relocate about 10,000 people on flooding–threatened Nauru illustrate a gap in global adaptation funding estimated at as much as \$359 billion a year.

By Chanyaporn Chanjaroen, Ishika Mookerjee and Bernadette Toh

(Bloomberg) -- To help meet the cost of moving about 10,000 residents from low-lying homes menaced by rising sea levels and floods, the remote Pacific Ocean nation of Nauru aims to sell citizenships for the climate–threatened island.

President David Adeang is seeking to raise an initial \$65 million for work to transform the barren interior – left as an uninhabitable moonscape by decades of phosphate mining – with a project to ultimately develop a new township, farms and workplaces. Around 90% of the population would eventually be relocated under the plan.

Foreigners paying at least \$140,500 for a passport will likely never step foot on the island nation, which lies around 4,000 kilometers (2,485 miles) northeast of Sydney, though can take advantage of visa–free access to destinations including the UK, Singapore and Hong Kong.



David Adeang

“While the world debates climate action, we must take proactive steps to secure our nation’s future,” Adeang, elected in 2023, said in a written response to questions. “We will not wait for the waves to wash away our homes and infrastructure.”

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Nauru follows [Dominica](#) in aiming to use proceeds from citizenship sales to protect their populations from escalating impacts of climate change. It's an illustration of the challenges small nations face in securing funding to deploy on initiatives to boost resilience. While rich economies have increased the rate of loans and grants to developing countries, the gap between available and required adaptation financing could be as much as \$359 billion a year, the United Nations Environment Programme said in a [November report](#).



Negotiators for a bloc of small island states, including Nauru, at one point abruptly walked out of tense climate finance talks during last year's COP29 summit in Azerbaijan, and an eventual deal – under which wealthy states pledged to deliver at least \$300 billion in annual support for climate action – fell far short of the more than \$1 trillion a year that had been sought.

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Adaptation initiatives “require substantial financial resources which is an ongoing struggle,” Adeang [told](#) the UN General Assembly in New York last September. “When it comes to climate finance, we are too often relegated to the back of the queue.” Between 2008 and 2022, Nauru received [\\$64 million](#) in development financing that had a principal focus on addressing climate change, according to the Lowy Institute, a foreign affairs think tank.



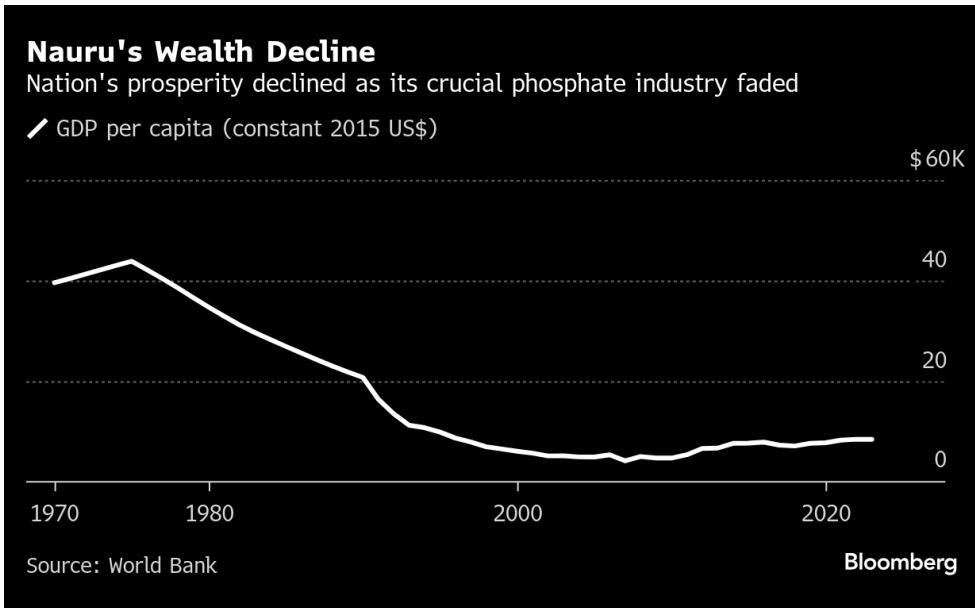
A man fishes with a net in a bay in Nauru, in January 2024.

Nauru faces significant increases in extreme flooding in the coming decades, according to NASA's Sea Level Change Team. The number of flooding days – when water levels were at least 0.5 meters above a benchmark – totaled 8 between 1975 to 1984, and 146 between 2012 and 2021, the NASA data shows. Already, the estimated annual cost to small island developing states – a group of 39 nations that includes Jamaica and Fiji – from coastal flooding is more than \$1.6 billion a year.

A higher frequency of major floods threatens to overwhelm Nauru's coastal population centers, government buildings, and the nation's only airport – with a runway that's adjacent to the ocean, said Alexei Trundle, associate director (international) at the Melbourne Centre for Cities, and who is helping Nauru develop a vulnerability assessment report.

On a July morning last year after heavy rainfall, houses were left inundated and roads were cut off, said Paul Dargusch, director of Monash Business School's Pacific Action for Climate Transitions, and who was visiting to conduct climate research. "The whole population lives around the fringe of the country, and three or four parts of that – the most populated parts around that fringe – are very exposed to storm surges," he said.

Passport sales alone won't fully cover the costs of Nauru's Higher Ground Initiative, first outlined in 2019, and officials are exploring the potential to also win support from public and private sources. An initial A\$102 million (\$65 million) phase is underway to free up about 10 hectares of land on the island's so-called Topside, which was mined for phosphate – commonly used in fertilizer – for about a century from the early 1900s. Nauru gained independence in 1968.



Nauru's per capita GDP plunged as its phosphate reserves were depleted, triggering a range of government efforts to generate new revenue, from establishing a sovereign wealth fund, to backing a London musical that flopped, and a contentious agreement to detain asylum seekers for Australia.

The nation previously came under pressure from the US over concerns that an earlier investor passport program was vulnerable to exploitation by international criminals. Nauru passports had been used by terrorists, including al-Qaeda operatives, and the sales were halted in 2003.



Phosphate mining site, now exhausted, in Nauru.

"We are acutely aware of the challenges faced by previous citizenship programs worldwide," Adeang said in an emailed statement. "We have learned from these experiences and have implemented robust measures to ensure the utmost integrity." Edward Clark, a former banker, was appointed chief executive officer of the Nauru Program Office and tasked with ensuring compliance. Applications from Russian nationals are currently prohibited.

Nauru is processing its first requests under the new program. Inquiries have been received from locations including the United Arab Emirates, the US, Pakistan, and the UK, according to Henley & Partners, a government advisory firm and immigration consultant that's acting as an agent for the citizenship by investment plan.



People watch an Australian rules football game in front of the phosphate processing factory in 2014. Nauru plans to redevelop the island's Topside, which hosted mining.

Adeang's government forecasts it will generate about A\$9 million from the program in the 12 months to June 30, which it says would translate to about 66 successful applicants, and aims to lift that total to about A\$68 million a year. That compares to forecast revenue in the current annual budget of A\$311 million. The nation's currency is the Australian dollar.

"Demand for these sorts of programs is not going to go away," said Kristin Surak, an associate professor of political sociology at the London School of Economics and Political Science, and author of *The Golden Passport: Global Mobility for Millionaires*. It means it's important there's transparency "in terms of vetting and in terms of flows of money," she said.

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