



Fund of the Month: Libyan Investment Authority (LIA)

The Libyan Investment Authority (LIA) was established in 2006 to manage surplus O&G revenues. With assets over \$67 billion, the LIA is Africa's largest SWF and has invested in assets such as Banking Hall in London, Juventus FC and Corinthia Group. However, political unrest and division of power in the wake of Gaddafi's ousting from power had repercussions on the fund, which saw its international portfolio frozen by the UN in 2011. We had the pleasure of finding out more about the LIA's latest developments with its current Chairman, Dr. Ali Mahmoud.



[GSWF] What are the country's prospects in terms of politics, and how will this affect the LIA?

[LIA] The LIA is legally and financially independent. While the fund is accountable to the government, we retain full operational independence and will continue to protect and grow the country's assets for the benefit of current and future Libyan generations.

[GSWF] The LIA has had seven Chairmen since 2006. How will you ensure an end to the instability and high turnover?

[LIA] Following the UK Courts' decisive ruling, we can now focus our efforts on LT reform to ensure stability and good governance.

Date	Milestone	Body / Firm
25-Mar	Dr. Ali recognized as lawful Chairman of LIA	UK Courts
14-Jun	Frozen assets (US\$ 15 b) to remain in LIA's account	Brussels Courts
28-Sep	Transformation Program Phase I concluded	Oliver Wyman
14-Oct	External auditor for 2019 FS appointed	Ernst & Young
TBC	Results of the Portfolio reappraisal exercise	Deloitte

2020: An eventful year for the LIA

[GSWF] What can you share about the recent ruling on LIA's assets?

[LIA] The Brussels Court's was a landmark ruling which ensured that LIA's assets will not be transferred to a third-party account – these assets remain frozen. The LIA respects the UN Sanctions regime and fully intends to operate within its parameters. However, an independent report by Deloitte has assessed that there has been a significant negative impact on the value of our investments: e.g., had sanctions not been imposed and had our equities performed in line with the market, the value of our portfolio would have been approx. US\$ 4.1 billion higher. We are committed to working closely with the UN Sanctions Committee to prevent further losses to Libya's assets.

[GSWF] How was Phase I of the Transformation Program?

[LIA] Phase I focused on strengthening the foundational core of the LIA. Some of the key achievements include: a new organizational structure including 130 job roles more aligned to our LT strategy; four new Board Committees; and improved audit and reporting processes in line with IFRS.

[GSWF] The LIA was conceived as a savings fund – has this changed now and will it support Libya's economic recovery?

[LIA] The mandate and vision of the fund has never changed, and we remain committed to protecting and growing Libya's assets. We are an active investor in Libya's LT recovery and aim to diversify the domestic economy through sustainable investment.

[GSWF] How has the devaluation of the Libyan Dinar affected the LIA's portfolio?

[LIA] The majority of the LIA's assets and deposits are overseas and are held in foreign currencies. The LYD 10 billion (US\$ 7.4 billion) contribution to the Libyan Local Investment and Development Fund (LLIDF), which has a mandate to invest domestically in Libya, may be influenced by the devaluation of the Dinar, and this impact will be analyzed as part of Deloitte's valuation exercise.

[GSWF] In 2010, 40% of the portfolio was allocated to private markets – how has this changed and what's the target AA?

[LIA] We are working on an investment strategy and will appoint an appropriate firm to define the asset allocation in due course.

[GSWF] The LIA has sued several financial institutions, with different results. Have these been finalized and settled now?

[LIA] Only the claim against Credit Suisse remains ongoing, and we look forward to our case being heard in due course.

[GSWF] What is the status of LIA's overseas offices?

[LIA] We recently re-established a presence in London, which will play an integral role in how we operate in future including: acting as an interface with our London-based advisors and serving as a center of excellence for investment operations. The Malta office remains the LIA's Office of Service and Emergency Continuity and will continue to oversee assets in that jurisdiction.

[GSWF] What is the status of LIA's various subsidiaries?

[LIA] Despite an uncertain global economic outlook, the LIA's overseas investments in over 550 companies (as of 2012) remain secure and I am confident of the fund's long-term growth. Our subsidiaries' investment portfolios are also currently being valued as part of Deloitte's valuation exercise.

[GSWF] How do you rate the past three years leading the LIA?

[LIA] It is my honor to serve as Chairman of the LIA, and I am committed to ensuring we continue our mission of fostering transparency and good governance. I am proud of the work we have achieved in these years, particularly with our Transformation Program. The LIA is now advancing with a clear and achievable strategy, with a system in place to ensure continued progress.



Dr. Ali Mahmoud Hassan Mohamed, Chairman of the LIA