



## Santiago Principles Self-Assessment

### Libyan Investment Authority

Fund Details <sup>[1]</sup> Fund Website <sup>[2]</sup> Search Assessments <sup>[3]</sup>

#### Pillar 1

#### Legal framework, objectives, and coordination with macroeconomic policies

##### Principle 1 Description:

1. The legal framework for the SWF should be sound and support its effective operation and the achievement of its stated objective(s).
  - 1.1. The legal framework for the SWF should ensure legal soundness of the SWF and its transactions.
  - 1.2. The key features of the SWF's legal basis and structure, as well as the legal relationship between the SWF and other state bodies, should be publicly disclosed.

##### Principle 1 Implementation:

The legal framework of the Libyan Investment Authority ('the Libyan Investment Authority', 'Fund', 'Authority') is outlined in Law 13 of 2010 with provisions describing the Fund's purpose, Board responsibilities, funding mechanism and structure. The framework is designed to establish the sound and effective operation of the Fund and achievement of its objectives.

##### Principle 2 Description:

The policy purpose of the SWF should be clearly defined and publicly disclosed.

##### Principle 2 Implementation:

The Libyan Investment Authority was established with three main objectives as outlined in Article 5 of Law 13:

1. development and diversification of the national economy;
2. securing resources for future generations; and
3. fiscal stabilization.

**Principle 3 Description:**

3. Where the SWF's activities have significant direct domestic macroeconomic implications, those activities should be closely coordinated with the domestic fiscal and monetary authorities, so as to ensure consistency with the overall macroeconomic policies.

**Principle 3 Implementation:**

To ensure consistency, the Libyan Investment Authority's senior-most governing body (Board of Trustees) consists of key government members such as the Prime Minister and Minister of Finance. Moreover, it is the Chairman of the Board's explicit responsibility to coordinate between the Libyan Investment Authority and other relevant public and private bodies and departments with regard to the Libyan Investment Authority's business and activities (Law 13 Article 13.3).

**Principle 4 Description:**

4. There should be clear and publicly disclosed policies, rules, procedures, or arrangements in relation to the SWF's general approach to funding, withdrawal, and spending operations.

4.1. The source of SWF funding should be publicly disclosed.

4.2. The general approach to withdrawals from the SWF and spending on behalf of the government should be publicly disclosed.

**Principle 4 Implementation:**

Law 13 sets out the funding, withdrawal and spending arrangements for the Libyan Investment Authority, including arrangements for oversight and public disclosures. The source of funding is highlighted in Articles 15 and 16 together with the approach to withdrawals in Articles 31.

**Principle 5 Description:**

5. The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic data sets.

**Principle 5 Implementation:**

The Libyan Investment Authority has sought the support of a third-party advisor to develop a disclosure plan that enhances its on-going reporting requirements under Libyan Law and

international best practice.

## **Pillar 2**

### **Institutional Framework and Governance Structure**

#### **Principle 6 Description:**

6. The governance framework for the SWF should be sound and establish a clear and effective division of roles and responsibilities in order to facilitate accountability and operational independence in the management of the SWF to pursue its objectives.

#### **Principle 6 Implementation:**

Law 13 establishes clear operational independence for The Libyan Investment Authority and establishes standards of public accountability.

As an autonomous government entity, the Libyan Investment Authority is legally separate from the Government. This means that, although the Libyan Investment Authority is accountable to the Government, it has operational independence.

#### **Principle 7 Description:**

7. The owner should set the objectives of the SWF, appoint the members of its governing body(ies) in accordance with clearly defined procedures, and exercise oversight over the SWF's operations.

#### **Principle 7 Implementation:**

The objectives of the Libyan Investment Authority and the separation of roles and responsibilities among the Board of Trustees, Board of Directors and the Executive Management are detailed in Law 13.

#### **Principle 8 Description:**

8. The governing body(ies) should act in the best interests of the SWF, and have a clear mandate and adequate authority and competency to carry out its functions.

#### **Principle 8 Implementation:**

Law 13 outlines the responsibilities and mandate of the Libyan Investment Authority's governing bodies including the separation of roles and responsibilities among the Board of Trustees, Board of Directors and the Executive Management.

#### **Principle 9 Description:**

9. The operational management of the SWF should implement the SWF's strategies in an independent manner and in accordance with clearly defined responsibilities.

#### **Principle 9 Implementation:**

The Libyan Investment Authority has clear operational independence between the

Trustees, Board of Directors and the Executive Management. Law 13 articulates the delegated responsibilities of Executive Management.

**Principle 10 Description:**

10. The accountability framework for the SWF's operations should be clearly defined in the relevant legislation, charter, other constitutive documents, or management agreement.

**Principle 10 Implementation:**

Accountability arrangements, including the requirement for publication of annual reports and provision of reports to the Government, are detailed in Law 13.

**Principle 11 Description:**

11. An annual report and accompanying financial statements on the SWF's operations and performance should be prepared in a timely fashion and in accordance with recognized international or national accounting standards in a consistent manner.

**Principle 11 Implementation:**

The Libyan Investment Authority prepares its financial statements on an annual basis using accounting principles that are considered appropriate to its unique situation. The Libyan Investment Authority has recently contracted with a leading international accounting firm to update and close the accounts and to then have these audited by an external auditor.

**Principle 12 Description:**

12. The SWF's operations and financial statements should be audited annually in accordance with recognized international or national auditing standards in a consistent manner.

**Principle 12 Implementation:**

The Libyan Investment Authority has recently contracted with a leading international accounting firm to update and close the accounts and to then have these audited by an external auditor.

**Principle 13 Description:**

13. Professional and ethical standards should be clearly defined and made known to the members of the SWF's governing body(ies), management, and staff.

**Principle 13 Implementation:**

The Libyan Investment Authority has sought the support of a third-party advisor to review and publish the Code of Conduct incorporating requirements under Libyan Law and international best practice.

**Principle 14 Description:**

14. Dealing with third parties for the purpose of the SWF's operational management should be based on economic and financial grounds, and follow clear rules and procedures.

**Principle 14 Implementation:**

The Libyan Investment Authority has sought the support of a third-party advisor to develop and publish a Third-Party Management Policy and a Procurement Policy incorporating requirements under Libyan Law and international best practice.

**Principle 15 Description:**

15. SWF operations and activities in host countries should be conducted in compliance with all applicable regulatory and disclosure requirements of the countries in which they operate.

**Principle 15 Implementation:**

The Libyan Investment Authority's Legal & Compliance Department is responsible for ensuring adherence to host country rules and applicable laws. Through third-party custodians and other sources, The Libyan Investment Authority monitors legislative developments in jurisdictions in which it manages investments.

**Principle 16 Description:**

16. The governance framework and objectives, as well as the manner in which the SWF's management is operationally independent from the owner, should be publicly disclosed.

**Principle 16 Implementation:**

The governance framework and objectives of the Board of Trustees, Board of Directors and the Libyan Investment Authority are set out in Law 13. The Law establishes the independence and accountability arrangements of the Board of Directors and the Libyan Investment Authority.

**Principle 17 Description:**

17. Relevant financial information regarding the SWF should be publicly disclosed to demonstrate its economic and financial orientation, so as to contribute to stability in international financial markets and enhance trust in recipient countries.

**Principle 17 Implementation:**

The Libyan Investment Authority has sought the support of a third-party advisor to develop a disclosure plan that enhances its on-going reporting requirements under Libyan Law and international best practice.

**Pillar 3**  
**Investment and Risk Management Framework**

**Principle 18 Description:**

18. The SWF's investment policy should be clear and consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies), and be based on sound portfolio management principles.

18.1. The investment policy should guide the SWF's financial risk exposures and the possible use of leverage.

18.2. The investment policy should address the extent to which internal and/or external investment managers are used, the range of their activities and authority, and the process by which they are selected and their performance monitored.

18.3. A description of the investment policy of the SWF should be publicly disclosed.

**Principle 18 Implementation:**

The Libyan Investment Authority's international assets are currently under sanctions (United Nations Security Resolution 1970 as of 2011). The Libyan Investment Authority is currently evaluating options and the associated investment policies to enhance the management of these assets.

**Principle 19 Description:**

19. The SWF's investment decisions should aim to maximize risk-adjusted financial returns in a manner consistent with its investment policy, and based on economic and financial grounds.

19.1. If investment decisions are subject to other than economic and financial considerations, these should be clearly set out in the investment policy and be publicly disclosed.

19.2. The management of an SWF's assets should be consistent with what is generally accepted as sound asset management principles.

**Principle 19 Implementation:**

The Libyan Investment Authority's investment decisions are based on its economic objectives as set out in Law 13 and its obligations under UNSR 1970 of 2011.

**Principle 20 Description:**

20. The SWF should not seek or take advantage of privileged information or inappropriate influence by the broader government in competing with private entities.

**Principle 20 Implementation:**

Law 13 establishes clear operational independence and standards of public accountability for the Libyan Investment Authority. As an autonomous government entity, the Libyan Investment Authority is legally separate from the Government. This means that, although the Libyan Investment Authority is accountable to the Government, it has operational independence.

**Principle 21 Description:**

21. SWFs view shareholder ownership rights as a fundamental element of their equity investments' value. If an SWF chooses to exercise its ownership rights, it should do so in a manner that is consistent with its investment policy and protects the financial value of its investments. The SWF should publicly disclose its general approach to voting securities of listed entities, including the key factors guiding its exercise of ownership rights.

**Principle 21 Implementation:**

The Libyan Investment Authority understands and is committed to fulfilling its responsibilities as a global investor where practical whilst under UNSR 1970 of 2011.

**Principle 22 Description:**

22. The SWF should have a framework that identifies, assesses, and manages the risks of its operations.

22.1. The risk management framework should include reliable information and timely reporting systems, which should enable the adequate monitoring and management of relevant risks within acceptable parameters and levels, control and incentive mechanisms, codes of conduct, business continuity planning, and an independent audit function.

22.2. The general approach to the SWF's risk management framework should be publicly disclosed.

**Principle 22 Implementation:**

The Libyan Investment Authority understands and is committed to implementing a holistic risk management framework to comprehensively identify and analyze all types of risks across asset classes and to ensure any potential issues are managed efficiently and effectively.

**Principle 23 Description:**

23. The assets and investment performance (absolute and relative to benchmarks, if any) of the SWF should be measured and reported to the owner according to clearly defined principles or standards.

**Principle 23 Implementation:**

The Libyan Investment Authority has sought the support of a third-party advisor to develop a disclosure plan that enhances its on-going reporting requirements under Libyan Law and international best practice.

**Principle 24 Description:**

24. A process of regular review of the implementation of the GAPP should be engaged in by or on behalf of the SWF.

**Principle 24 Implementation:**

The Libyan Investment Authority has sought the support of third-party advisors to develop a periodic review against the GAPPs.

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**Links**

[1] <https://www.ifswf.org/node/449>

[2] <http://www.lia.ly/>

[3] <https://www.ifswf.org/assessments>