



The Collapse of Libya's Investment Sector

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In 2008, a small team from the Qatar Investment Authority (QIA) visited Tripoli to meet with the leadership of Libya's newly established sovereign wealth fund, the Libyan Investment Authority (LIA). Seeking strategic cooperation, the Qatari delegation proposed joint ventures across various sectors alongside a reciprocal exchange of knowledge and financial expertise. However, the LIA rejected all of the Qatari proposals.

Fourteen years later, the divergence between the two funds is staggering. The Qatari fund has grown to a valuation of \$445 billion, bolstered by an impressive 22% return in 2021. Meanwhile, Libya's fund has remained entirely stagnant, locked at its initial oil-backed capital injection of \$67 billion and generating an annual return of less than 0.5% in 2021.

This stagnation occurred during a highly profitable period for global markets. The years 2020 and 2021 were exceptionally busy and lucrative for many Gulf state and African investment vehicles. For instance, in 2021, the \$17 billion Oman Investment Authority (OIA) posted a robust return of 10.3%, while the \$580 billion Kuwait Investment Authority (KIA) expanded by 33% during its 2021 fiscal year.

According to data from the International Forum of Sovereign Wealth Funds (IFSFW), global sovereign wealth funds experienced an outstanding year in 2021. The total number of transactions rose from 316 in 2020 to 429 in 2021, climbing to an aggregate value of over \$71.6 billion (up from \$67.8 billion the previous year). Driven by shifting global markets, these international funds collectively allocated over \$25 billion toward digital technologies alone.

Institutional Marginalization and Political Exploitation

For years, Libyan financial professionals and investment experts have questioned why the LIA consistently fails to generate positive returns on its substantial resources. The answer is straightforward: a profound deficit of human capital within Libya's investment entities. Individuals possessing genuine market expertise and technological know-how have been systematically pushed aside and marginalized. Furthermore, over the last several years, heavy pressure from armed militias and regional factions has compromised the investment sector, sacrificing institutional independence, integrity, and growth for partisan influence.



As part of a localized political agreement intended to allot a share of state institutions to Libya's southern region, the LIA has been led by Dr. Ali Mahmoud Hassan Mohamed. While Dr. Mahmoud is perceived as a humble man, he notably lacks the contextual knowledge required to navigate the complexities of the international financial landscape. There is a glaring deficiency not only in his command of the English language—the primary medium of global commerce—but also in his fluency with the terminology of international finance and portfolio management. Unqualified for the dual role of Chief Executive Officer and Sovereign Wealth Chairman, his leadership leaves the LIA structurally detached from the advancements and realities of the global investment world.

The Crisis of Translation and Incompetence

The systemic decay of the LIA's leadership is further illustrated by a telling incident at an international conference. During a conversation with a prominent global fund manager, it was revealed that at a previous high-level engagement, Dr. Ali Mahmoud's personal translator struggled so profoundly with basic financial terminology that the organization was forced to secure a secondary translator just to facilitate the meeting.

This pattern of structural dysfunction extends to the LIA's leading subsidiary, the Libyan Foreign Investment Company (LAFICO), which oversees a massive portfolio of 525 companies. LAFICO is currently managed by its recently appointed director, Moussa Atig, who secured the position as part of the country's regional political quota system. While Mr. Atig is an ambitious young man with a legal background, his rapid ascent through the corporate ranks was engineered entirely by political patronage and the leverage of local militias. Unfortunately, he lacks the requisite financial expertise and macroeconomic knowledge required to manage such a vast, complex international conglomerate. In direct discussions with LAFICO portfolio managers, senior executives described the current state of the fund as "utterly chaotic" and noted that employee morale has plummeted to an all-time low.

Absurd Appointments and Sector Collapse

To truly grasp the alarming decline of Libya's investment sector, one only needs to examine the recent board reshuffle at the Libya Africa Investment Portfolio (LAIP), one of the LIA's most significant sovereign sub-funds. In a shocking move, an administrative secretary holding only a basic technical degree was appointed to the board of directors alongside highly respected veterans of global finance. In an equally egregious appointment, a former hotel front desk clerk was recently named



chairman of a major state-linked oil and gas enterprise.

At present, Libya's investment sector is suffering an institutional collapse. There is an urgent, undeniable need for an independent, technocratic task force—completely insulated from regional quotas and militia influence—to overhaul the sector. This governing body must be legally mandated to aggressively reform the LIA's structure, redefine its institutional vision, and draft a modern investment strategy.

Following the successful blueprint established by top-performing Gulf and African sovereign wealth funds, the appointment of highly vetted foreign managers and international financial experts should serve as the crucial first step in restoring the fund's integrity, profitability, and global reputation.