

Letters of Intent to Invest (LOIs)

Background on Company Engagement with Grow Africa

Grow Africa was co-founded in 2011 by the African Union Commission (AUC), the NEPAD Agency and the World Economic Forum. Grow Africa is an **African-owned, country-led multistakeholder platform to accelerate private sector investment into African agriculture**, in support of the Comprehensive Africa Agriculture Development Programme (CAADP).

Since then, Grow Africa and the New Alliance for Food Security and Agriculture (New Alliance) have together mobilized **over US\$10 billion investment commitments from over 200 companies, the majority African-based**, aligned to national investment priorities of 12 African countries. The private sector commitments are represented in **Letters of Intent (LOIs)** to invest.

Companies taking part in the Grow Africa and New Alliance process have demonstrated an unprecedented commitment to agricultural transformation in Africa. Grow Africa's focus now is to **support the private sector** in this new way of doing business and ensure that the commitments outlined in the LOIs can be converted into real investments on the ground in each country.

Additional companies may join this process by making investment commitments through LOIs.

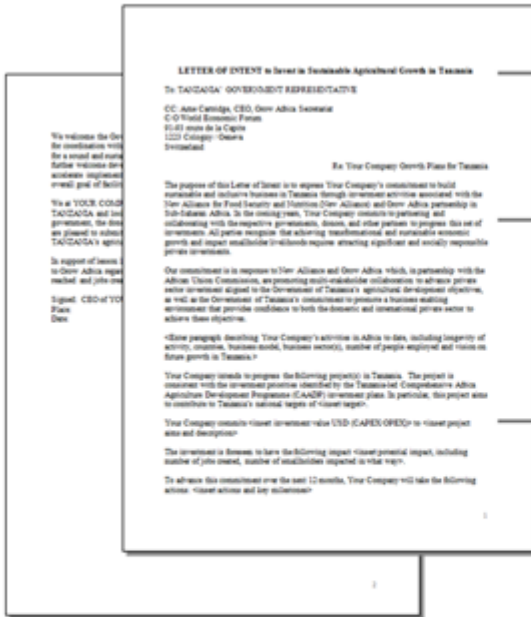
What is an LOI?

Primarily, the signing of an LOI signals a company's **commitment to responsible, inclusive and sustainable agricultural investment** in Africa.

Main Characteristics of a Letter of Intent:

- **Addressed to the government** of the country in which the investment is planned to take place
- **Not a binding contract** to invest
- **Confidential** between the company, the receiving government and Grow Africa
- Represented in the public domain through an agreed and approved **public summary** of the investment project

New Alliance & Grow Africa Letter of Intent (LOI)



While full LOIs will not be considered public documents, each company must approve a public summary of the LOI

Critical Characteristics of the LOI

- ALIGNMENT WITH HOST COUNTRY STRATEGIES**
 Investment intentions should be discussed with host government counterparts to ensure the investments align with host country strategies and priorities.
- MEASURABLE INVESTMENT TARGETS**
US \$ to be invested: This figure should be supplemented where possible by other quantifiable targets, such as jobs created, commodity sourcing goals, number of value chain partnerships established, etc.

Smallholder impacts: direct or indirect, with stated targets. Smallholder participation in commercial, value chain activities is one of the most important outcomes of this multi-stakeholder process.
- DEVELOPMENT IMPACTS ALONGSIDE BUSINESS BOTTOM LINE IMPACTS**
 Despite the fact that investments should be viable without donor support, donors and host governments may be interested in providing support to encourage and achieve greater development impacts.
- A COMMITMENT TO SOCIALLY RESPONSIBLE INVESTMENT**
 LOI investments should take a socially responsible approach to critical issues of concern, such as land use/acquisition, natural resource management, economic viability, shared value, etc.
- COMMITMENT TO THE NEW ALLIANCE AND GROW AFRICA PROCESS**
 In order to capture progress towards these goals, companies are responsible for providing annual progress reporting and maintain ongoing dialogue with key stakeholders

LOIs are signals of commitment and not binding contracts to invest.

Annual Reporting on LOIs

Grow Africa engages in ongoing dialogue with LOI companies and host governments to understand how implementation of the investments is progressing and where support may be useful. Specifically for companies, the dialogue focuses on understanding current private sector needs, helping companies to form partnerships and unlock specific and systemic constraints around their investment plans.

In addition, Grow Africa carries out a **stocktaking exercise in the first quarter of every year** as input into an **Annual Report**. (See <https://www.growafrica.com/resources> for Annual Reports to date.)

During the stocktaking, each company is asked to provide:

- **Update on the progress** on the investment / project during the previous calendar year
- Information about **Key Performance Indicators**, including investment made, jobs created and smallholders reached.
- Confidential feedback on the **enabling environment** in the country where the investment is intended
- Any **requests for intervention** in unlocking the investment

The reporting conducted by Grow Africa fulfils the reporting obligations under the **New Alliance** and feeds into the CAADP's **Joint Sector Review** process.

More Information

Please contact the Private Sector team at Grow Africa: Info@GrowAfrica.com