Choosing Your Structure

Angel Network Capacity Building
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1. Introduction

Every champion who has considered building a vehicle for angel investing in their country eventually runs into the exact same question: *Am I building an angel network, an angel syndicate, or an angel fund?*

These three terms are often used in the ecosystem as though they were interchangeable. In operational reality, however, they are three entirely different vehicles. They utilize three different legal forms, draw from three different capital pools, employ three different decision-making models, and make three very different asks of their members.

This document walks through each of the three models, demonstrates how they operate in practice using real-world African case studies, and provides a clear decision framework for champions.

2. Option 1: The Angel Network

An angel network is, fundamentally, a membership organisation. **It is not an investment vehicle.**

The network itself does not hold investor capital, does not make investment decisions on behalf of members, and does not take "carry" (a percentage of investment profits). Instead, members pay annual dues to belong to the organization. They sit through a shared pipeline of pitches, participate in disciplined screening processes, and when they decide to invest, they write cheques individually, in their own names, directly to the founder.

The network's primary role is to generate high-quality deal flow, run the screening process, organise events, facilitate peer learning, and hold the governance structures that make the entire process professional.

Legal and Economic Structure

- **Legal Form:** Usually a non-profit body. In common-law Nigeria, that is a Company Limited by Guarantee under CAMA 2020. In Kenya, it is typically a Companies Act limited-by-guarantee entity or an Associations Act registration. In francophone OHADA states, it is an Association under the local non-profit code. In lusophone Africa, it is an Associação. This non-profit framing is crucial: it keeps the network from being classified as a regulated collective investment scheme.
- **Economics:** Members pay annual dues (roughly US$500 to US$1,000 per year). These dues are pooled to cover the Secretariat, venue costs, and a modest operating budget. The network does not take a cut of any investment. A member who invests $25,000 into a portfolio company keeps 100 percent of the upside and carries 100 percent of the downside.
- **Syndication:** Happens deal by deal, entirely informally, when several members decide to co-invest in the same company.

The primary work on Day 1 is recruiting members, writing a charter, constituting a Steering Committee, and running the first pitch session. The work in Year 1 is protecting the quality of deal flow and maintaining the cadence of meetings.

Case Study: Lagos Angel Network (LAN)

Lagos Angel Network was founded in 2012 by Tomi Davies and Dotun Sulaiman, alongside an initial cohort of five Business Angels and institutional partners including CcHUB, Wennovation Hub, the World Bank's InfoDev programme, and Paradigm Initiative Nigeria.

Structurally, LAN is a non-profit. It operates a formal pitch-and-screen cadence for member angels, charging membership, diligence, and administration fees rather than taking carry on any investment. It never holds investor capital. Members write individual cheques in their own names. Notable LAN-touched companies include Big Cabal Media, Trove, Kyshi, and Chekkit.

What makes LAN the archetypal African angel network is the architecture it proved out. It demonstrated that a non-profit angel network with disciplined screening could survive its first decade in an African market and produce the human capital that goes on to populate other vehicles. This structure has been borrowed by Cairo Angels, Rising Tide Africa, the Kigali Angel Network, and Ivoire Angels.

3. Option 2: The Angel Syndicate

An angel syndicate solves the cheque-size problem that limits a pure network. A single angel writing US$2,000 into a company that needs US$100,000 does not move the needle for the founder. However, ten angels writing US$2,000 each into the same company, pooled through a special-purpose vehicle (SPV), contributes 20% of the round size. That pooling mechanism, activated on a deal-by-deal basis, is exactly what a syndicate is.

A "lead angel" finds the deal, runs the diligence, negotiates the terms, and opens a syndicate window to fellow angels. Each participating angel signs into a per-deal SPV (or nominee structure) that aggregates the cheques into a single line on the founder's cap table. The lead typically takes around 20 percent of the upside (carry) as compensation for doing the heavy lifting. There is usually no management fee because the lead is not managing a portfolio, only executing a single deal. When the deal exits, the SPV distributes the proceeds and closes. The next deal requires its own SPV.

Legal and Economic Structure

- **Legal Form:** This is a different legal form from the network. The SPV itself is a regulated vehicle in most African jurisdictions. The lead often needs to be registered as a capital markets participant (or operate under a securities exemption). In Kenya, the NIFCA route under the Finance Act 2024 is a useful channel. In Rwanda, the KIFC angel regime created an explicit syndicate-friendly structure. In Nigeria, it is typically run as a private placement under SEC exemptions.

- **Regulatory Burden:** Syndication has a significantly higher regulatory surface area than a pure network.
- **Trend:** The ABAN 2024 Angel Investment Survey found that 48 percent of member networks now facilitate syndication formally, up sharply from five years ago.

Case Study: HoaQ

HoaQ was founded in April 2020 by Joe Kinvi and Nubi Kay with a mission to back founders building economic infrastructure for Africa. It started as a small private community of African operators in the diaspora, formalised as a syndicate in 2021, and grew into a premier example of a diaspora-led syndicate model at scale.

The HoaQ club today comprises over 750 angel investors across roughly 30 nationalities. Members opt into individual deals starting from US$1,000, with the syndicate aggregating cheques into per-deal SPVs. The lead handles diligence, structuring, and post-investment engagement. Typical syndicate cheques range from US$25,000 to US$350,000 per deal. By early 2025, HoaQ had deployed approximately US$4 million across 120 investments, with an aggregate return of 5.73x across the active portfolio.

Crucially, in 2024-2025, HoaQ raised a US$5 million pilot venture fund led by Yewande Odumosu, sitting *alongside* the existing syndicate club rather than replacing it. The club continues to operate as the broader community and pre-seed deployment layer; the fund operates with General Partner (GP) discretion for slightly later-stage and larger cheques. The lesson: a well-run syndicate can evolve into a fund without abandoning the original vehicle.

4. Option 3: The Angel Fund

An angel fund is an investment vehicle with committed capital, professional management, and a defined life. It is the closest of the three to what institutional venture funds look like, and it is by far the most heavily regulated.

Limited Partners (LPs) commit capital upfront. The General Partner (GP) deploys that capital into portfolio companies over a defined investment period (typically three to four years). The fund has a total life of seven to ten years, with follow-on reserves, a formal investment committee, a fund administrator, audited financial statements, and ongoing LP reporting.

The cleanest line separating a fund from a network is decision-making: in a network, each member makes their own investment decision; in a fund, the GP makes it for everybody.

Legal and Economic Structure

- **Economics:** The GP typically takes a 2 percent annual management fee on committed capital and 20 percent carried interest on returns above a hurdle rate. Members of the fund (LPs) do not vote on individual deals.
- **Regulatory Burden:** In most African jurisdictions, a fund is regulated as a collective investment scheme. This requires a license from the capital markets authority, a compliance officer, a fund administrator, a custodian, and ongoing reporting. Cross-border fund structuring typically routes through Mauritius, the Cayman Islands, or Rwanda's KIFC.
- **Trade-offs:** The advantage of a fund is speed and discretion. The GP can write cheques quickly without recruiting investors deal by deal. The cost is that the GP now carries LP relationships, fiduciary duties, and intense performance pressure.

Case Study: Coprosperity Fund

Coprosperity Fund is a Tanzania- and East African Community-focused investment fund founded in 2024, led by Managing Partner Antony Adolf. It joined ABAN as a member in June 2025, making it one of the few funds inside the ABAN membership directly.

Coprosperity invests equity into small and growing businesses, operating on a "returns and relationships" philosophy. It manages both proprietary capital and third-party investor capital. Adolf explicitly states that Coprosperity operates "with an angel-investor mindset," meaning it is closer in behaviour to the kinds of vehicles a champion might build, rather than a distant institutional GP.

Structurally, it is a fund (with a GP, third-party LP capital, and discretionary investment decisions), but it is embedded in the ABAN network and operates with the practical posture of an angel.

5. Analysis of the Three Structures

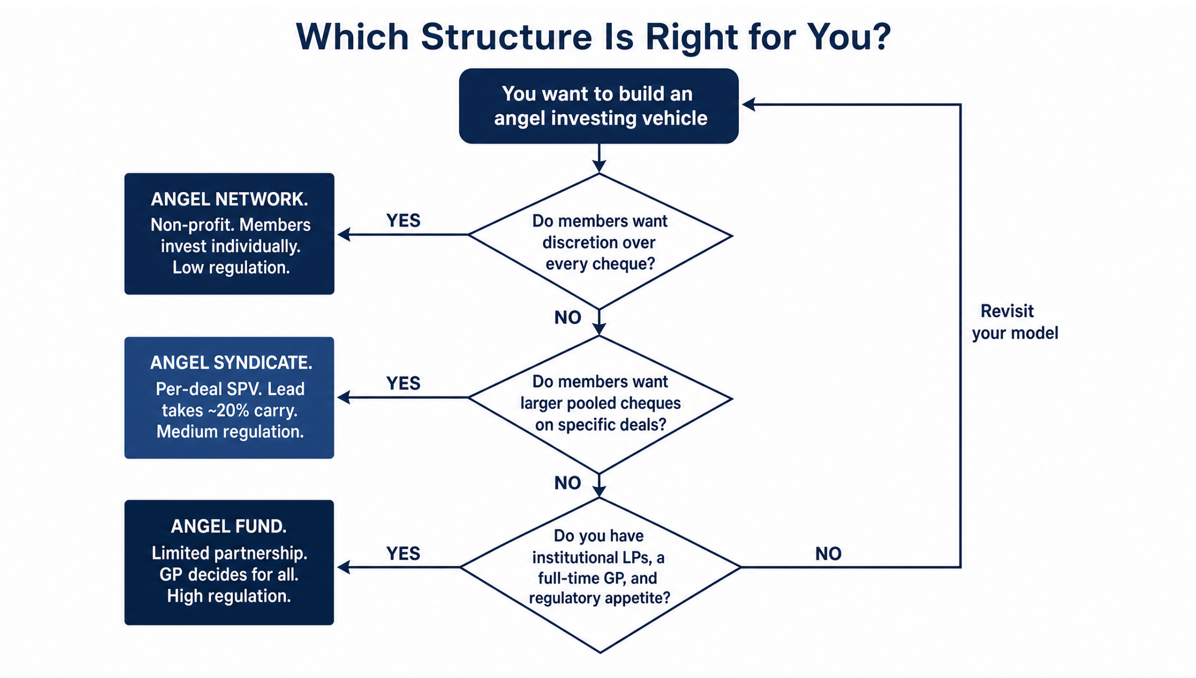
The following table summarizes the core operational, legal, and economic differences between the three models.

Dimension	Angel Network	Angel Syndicate	Angel Fund
Capital Pooled?	No; members write individually	Yes, pooled per deal via SPV	Yes, upfront and committed
Decision-Making	Each member decides for themselves	Each angel opts into each specific deal	GP decides on behalf of all LPs
Typical Legal Form	Non-profit (CLG / Association)	Per-deal SPV or nominee structure	Limited partnership; regulated CIS

Dimension	Angel Network	Angel Syndicate	Angel Fund
Regulatory Burden	Low	Medium	High
Economics for Organiser	Dues cover costs; no carry	~20% carry to lead; usually no fees	2% management fee and 20% carry
Member Commitment	Annual dues; discretion on each deal	None until opted into a specific deal	Full capital commitment for fund life
Time Horizon	Ongoing; no fixed life	Per deal (7 to 10 years to exit)	Fund life 7 to 10 years
Typical Cheque Size	US$5,000 to US$50,000 individually	US$50,000 to US$500,000 pooled	US$100,000 to US$2 million from fund
Best Suited For	Community, pipeline, peer learning	Larger cheque sizes without fund overhead	Institutional scale, GP discretion

6. How to Choose as a Champion

A few questions, answered honestly, will usually resolve which structure is right for you.



8 **Do your prospective members want to retain discretion over every cheque?** If yes, you need a network. Most African professionals moving into angel investing for the first time want discretion over where their money goes. If they want discretion pooled to a GP who writes full-time, you need a fund.

9 **Are your members high-conviction individual investors who already have deal flow and want larger cheque sizes?** A syndicate layer will serve them better than a generalist network calendar. Some networks make this available to a subset of members; some champions build syndicate-first and add network features later.

10 **Do you have institutional LPs willing to commit US$5 million+, a full-time GP, and appetite for heavy regulation?** If yes, you are building a fund. The *Formation Handbook* that follows will be less directly useful to you than a dedicated fund-formation guide would be.

11 **What is your country's regulator comfortable with?** OHADA jurisdictions with clear SAS and Association frameworks make the network-plus-syndicate model relatively clean. Markets with heavier fund regulation and weaker non-profit frameworks may require a hybrid form or an offshore vehicle. *(See Doc 02: Governance and Legal Pack for details on specific jurisdictions).*

12 **Which structure matches your founding team's time commitment?** A network survives with a Chair giving 20 to 30 hours per month. A syndicate lead needs to be deal-deep on specific transactions. A fund GP is a full-time role with fiduciary responsibility. Match the structure to your available capacity.

7. Where This Document Fits

This is **Doc 01a** in the ABAN framework, sitting between the *Introduction* (Doc 00) and the *Formation Handbook* (Doc 01).

- Read it **before** Doc 01 if you are still deciding what you are building.
- Read it **alongside** Doc 02 (*Governance and Legal Pack*) when you are ready to pick a legal form.
- Read it **alongside** Doc 09 (*Country Assessment Template*) when you are pressure-testing whether your country's regulatory environment supports the structure you have chosen.

For champions who have already decided they are building an angel network, you can skip this document and go straight to Doc 01. For champions who have not decided, this is the conversation worth having first.

For questions, country-specific structural advice, or introductions to champions at ABAN member networks running the hybrid model, contact secretariat@abanangels.org.