Governance and Legal Pack

Angel Network Capacity Building
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> ***IMPORTANT NOTICE:*** *Nothing in this document constitutes legal advice. These templates are starting points. Every document here must be reviewed by qualified local counsel in your jurisdiction before adoption. Corporate law, tax treatment, and non-profit regulation differ materially between African countries and between Anglophone, Francophone, and Lusophone legal traditions.*

> ***Budget for legal review as part of your network set-up costs.*** *A one-time fee of $500 to $2,000 for a local lawyer to review the full pack and advise on registration is one of the best investments a Year 1 network can make.*

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1. Choosing a Governance Structure

Two models cover most situations. Pick the one that matches where your network currently is, and upgrade as the network scales.

The Standard Model

This model includes a formal Charter, a Steering Committee with elected officers, a Screening Committee, a Membership Committee, an annual General Meeting, documented decision procedures, a separate bank account in the network's name, and formal legal registration (typically as an Association or a Company Limited by Guarantee).

Suitable for: Networks with 20 to 80 members and ambitions to invest regularly.

- **Pros:** Establishes legal personality, makes the network eligible for grants and ABAN membership, creates clear decision-making processes, and is fully auditable.
- **Cons:** Takes three to six months to set up properly and requires annual filings and ongoing compliance.

The Advanced Model

This model includes everything in the Standard model, plus a paid secretariat, audited accounts, multiple member classes, a formal investment vehicle (often a separate SPV or fund structure per investment), a committee of independent advisors, and a comprehensive policy manual.

Suitable for: Networks with 80+ members, annual capital deployment above $500,000, or networks actively raising operational grants from development partners.

- **Pros:** Highly professional operation, capable of supporting complex investment structures, and highly credible with international institutional investors.
- **Cons:** Carries an ongoing cost of $30,000 to $80,000 annually (depending on the country) and requires a full-time or fractional secretariat.

2. Regional Legal Considerations

The registration vehicle, the language of documentation, and the applicable company law differ meaningfully between regions. Three broad groupings cover most African markets.

Regional Comparison

Feature	Anglophone	Francophone	Lusophone
Legal Tradition	English common law	OHADA / French civil	Portuguese civil
Working Language	English	French	Portuguese
Network Vehicle	CLG or Registered Association	Association	Associação
Investment Vehicle	CLG or Ltd Co	SAS	Lda or SA
Registration Time	30 to 60 days	30 to 90 days	60 to 120 days
Estimated Cost	$200 to $800	$500 to $1,500	$1,500 to $3,500
Example Countries	Nigeria, Kenya, Ghana, SA	Côte d'Ivoire, Senegal, DRC	Angola, Mozambique, Cape Verde

Anglophone Jurisdictions

Countries include: Nigeria, Kenya, Ghana, Uganda, Tanzania, Rwanda, South Africa, Sierra Leone, Zambia, and Zimbabwe.

The legal tradition is English common law. Company law is typically codified in a national Companies Act (e.g., Nigeria's CAMA 2020 or Kenya's Companies Act 2015). All documentation is in English.

The typical registration vehicle for an angel network is a **Company Limited by Guarantee (CLG)** or a Registered Association. A CLG has no share capital and no shareholders—only members and guarantors. Profits cannot be distributed to members. This structure is perfectly suited to a network where members do not own equity in the network itself, only in the portfolio companies.

Francophone Jurisdictions

Countries include: Côte d'Ivoire, Senegal, Cameroon, DRC, Burkina Faso, Mali, Niger, Togo, Benin, Gabon, Republic of Congo.

These countries share the **OHADA** legal framework (specifically the Uniform Act relating to Commercial Companies). Documentation must be in French; English or Portuguese translations are not legally enforceable.

Many Francophone networks use a two-entity structure: an **Association** under national law for the network itself (memberships, events, training) and a separate **Société par Actions Simplifiée (SAS)** for the actual deployment of capital into portfolio companies. This separation is vital for both regulatory compliance and tax clarity.

Lusophone Jurisdictions

Countries include: Angola, Mozambique, Cape Verde, Guinea-Bissau, São Tomé and Príncipe.

The legal tradition derives from Portuguese civil law. Documentation must be in Portuguese to be enforceable.

The typical registration vehicle is an **Associação** for the network body, and a **Sociedade por Quotas (Lda)** or **Sociedade Anónima (SA)** for any separate investment vehicle. *Note for Angola:* Strict foreign exchange controls and the investment approval regime under AIPEX affect how international members can participate in funding rounds.

3. Tax and Investment-Incentive Comparison

Corporate structure is the first question; tax treatment and angel-investor incentives are the second. The following table summarises the 2026 position in eight key African markets. *(Note: Tax codes change frequently. Confirm all rates with local counsel).*

Jurisdiction	Corporate Income Tax	Capital Gains Tax (Angel Exits)	Angel-Specific Incentive
Nigeria	30% (large) / 20% (med) / 0% (small)	10%	Startup Act 2022 offers pioneer status (3-year tax holiday) for startups, but no angel-side incentive.

Jurisdiction	Corporate Income Tax	Capital Gains Tax (Angel Exits)	Angel-Specific Incentive
Kenya	30% standard; 15% preferential	5% via NIFCA route, otherwise 15%	5% CGT requires $3B+ investment via NIFCA; standard angels pay 15%.
Rwanda	30% standard; 3% preferential (KIFC)	**Waived** for angels	Strongest dedicated angel regime in Africa. Requires $500K+ investment and KIFC membership.
Egypt	22.5% standard	10% on listed; unlisted taxed as income	Investment Law provides incentives in targeted sectors, but no angel-specific regime.
South Africa	27%	18% effective for individuals	Section 12J sunset in 2021. Alternatives include Section 12B (solar) or Section 42 rollover.
Côte d'Ivoire	25%	25% on realised gains	No angel-specific regime. OHADA SAS structure simplifies round mechanics.
Senegal	30%	30%	No angel-specific regime.
Morocco	20-35% progressive	20% (<2 years), 15% otherwise	Casablanca Finance City (CFC) status offers reduced CIT and CGT exemptions.

Practical Implications for Champions

- **Rwanda** is currently the most tax-favourable jurisdiction for large-cheque angels, provided they establish minimum economic substance.
- **South Africa's** post-Section 12J environment is thin; networks must pitch returns rather than tax efficiency.
- For **Francophone** jurisdictions, the OHADA SAS structure is the most important legal improvement, allowing flexible share classes and no minimum capital.

4. How ABAN Member Networks Have Structured Themselves

Theory is useful; precedent is more useful. Here is how established ABAN networks have approached governance.

Lagos Angel Network (LAN), Nigeria

LAN operates as a registered Company Limited by Guarantee (CLG) under CAMA 2020. Membership is purely individual-based. The CLG structure means LAN itself cannot hold portfolio equity. Each investment is syndicated through individual member cap-table positions or via a separate SPV for larger rounds.

Cairo Angels, Egypt

Cairo Angels uses a dual structure: the network body operates as a registered association focused on knowledge exchange and deal curation, while investment activity runs through separate legal structures constituted for each deal. This allows the network to scale without becoming a regulated investment vehicle.

Rising Tide Africa (RTA), Nigeria

RTA is a women-only angel network, structured similarly to LAN with a CLG. Its distinctive features are its membership policy, thematic investment focus (female-founded companies), and active peer-learning programming.

Kigali Angel Network, Rwanda

Kigali-based angels operate within Rwanda's KIFC framework, taking advantage of the 3 percent preferential corporate rate and angel-specific CGT exemptions. The network uses an investment-vehicle-per-deal approach.

The Common Pattern

Across these networks, a clear pattern emerges:

10. The network body is **always** organised under a non-profit legal form (CLG, Association).
11. Investment activity is **always** organised through separate vehicles (SPVs).
12. Membership is individual; angels own positions in companies, not shares in the network.

Combining the member-body function and the investment-holding function in a single entity risks classification as a regulated collective investment scheme. **The dual-structure approach is the safer pattern.**

5. Charter Template

Adapt this template to your network's name, country, and chosen governance structure. Bracketed placeholders indicate where localisation is needed.

CHARTER OF [NETWORK NAME]

Preamble: [Network Name] is an independent association of angel investors formed to mobilise local and diaspora capital for early-stage investment in [Country]. The network exists to serve its members by providing curated deal flow, structured investment processes, training, and peer learning.

Article 1: Name and Legal Status: The network shall be known as [Network Name]. It is registered as a [Company Limited by Guarantee / Association / SAS / Associação] under the laws of [Country], with registered office at [Address].

Article 2: Purpose: The network's purpose is to: (a) facilitate angel investment by its members into early-stage companies; (b) provide training and education; (c) contribute to the national entrepreneurial environment; and (d) collaborate with ABAN and peer networks.

(Note: The full 10-article charter text covering Membership, Governance, Committees, Dealflow, Meetings, Dues, Amendment, and Dissolution is provided in the source PDF and should be reviewed by local counsel).

6. Steering Committee Terms of Reference

- **Composition:** Five to nine members, elected by Full Members at the AGM, serving two-year terms (renewable once). Officers (Chair, Vice-Chair, Treasurer, Secretary) are appointed by the Committee.
- **Responsibilities:** Setting network strategy, approving the annual budget, ratifying membership applications, overseeing the deal flow process, and representing the network externally.
- **Decision-making:** Simple majority. The Chair holds a casting vote in case of a tie. Quorum is three members including at least one officer.
- **Meetings:** Quarterly scheduled meetings at minimum.
- **Conflicts:** Members must declare conflicts of interest and recuse themselves from relevant discussions.
- **Compensation:** Service is voluntary and uncompensated.

7. Code of Conduct

All members agree to the following standards:

- **Integrity:** Members disclose material information honestly and do not use network relationships for personal benefit outside the network.
- **Respect:** Discussions are held with professional courtesy. Disagreement is welcomed; personal attacks are not.
- **Respect for Founders:** Founders are treated with courtesy. Feedback is direct but never personal.
- **Confidentiality:** Information shared by founders is treated as strictly confidential.
- **Non-circumvention:** Members do not pursue network-sourced deals outside the network without Steering Committee consent.
- **Breach:** Alleged breaches are investigated by the Steering Committee and may result in warning, suspension, or expulsion.

8. Conflict of Interest Policy

A conflict of interest exists where a member's personal interest may influence their conduct in network activities.

- **Disclosure:** Members must disclose conflicts at the time of joining, annually at the AGM, and at the start of any relevant meeting.
- **Recusal:** A member with a declared conflict on a specific investment does not participate in the pre-screening, diligence, or investment decision for that deal.
- **Consequences:** Failure to disclose a material conflict is a breach of the Code of Conduct and may result in expulsion.

9. Confidentiality Agreement (NDA)

This short-form NDA applies to all network members and is signed at the time of joining.

Obligations: The Member agrees to:
(a) use Confidential Information only for evaluating network activities;
(b) not disclose it to any third party without written consent;
(c) protect it with the same care used for their own confidential information; and
(d) return or destroy it upon request.

Duration: The obligations continue for three years after the Member's membership terminates.

> ***A Final Note:*** *These templates will take you most of the way. The last 20%—the country-specific adaptation, the tax positioning, the registration logistics—must be done with local counsel.* ***Do not skip that step.***

> *For help identifying local counsel in your country, contact secretariat@abanangels.org. ABAN maintains informal referrals to legal practitioners who have worked with angel networks across the continent.*