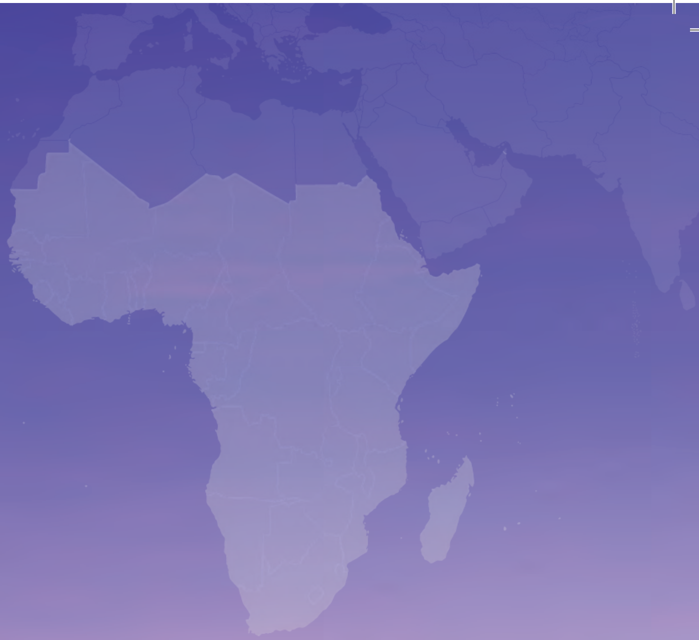

kalexius ODYSSEY GLOBAL ENTITY MANAGEMENT

Managing an entity portfolio in

SUB-SAHARAN AFRICA

White Paper

Many companies operating globally have a small corporate secretarial function to deal with a large number of legal entities around the world.

Whilst the principle of maintaining legal entities may seem simple, the process can vary significantly across emerging markets. Considerable fines and reputational damage are the likely fall out if entities are found to be non-compliant, or even worse, if illegality is discovered.

Companies face four major hurdles:

- Extreme diversity;
- Lack of digitalization;
- Responsiveness issues;
- Reputational risks.

Emerging markets can be more challenging in terms of digital infrastructure, connectivity and institutional reforms.

Sub-Saharan Africa is a region which is representative of the challenges faced in emerging markets when trying to set up and maintain legal entities.

However, it remains a pivotal region with tremendous economic potential and geopolitical significance. Many international companies are investing in the region as it has some of the fastest growing economies in the world.

Let's imagine the following scenario.

With successful operations in place in Asia and Europe, a US-based corporation has been developing a market position in Sub-Saharan Africa over the past five years. The corporation now operates in Burkina Faso, South Africa, Mozambique and Uganda. Depending on the jurisdiction, the company has set up subsidiaries or external companies.

In order to maintain the entities in good standing and ensure all are fully compliant in each jurisdiction, the company needs to consider four legal systems, four official languages, and four sets of corporate compliance requirements.

Given the complexity of the situation, the risk of oversight is high. While mistakes may be small, their consequences are often disproportionately greater.

CHALLENGES

.01 EXTREME DIVERSITY

Legal Systems

The variety in types of legal system adds complexity when working in developing countries.

In very rough terms, about 40% of Sub-Saharan countries have legal systems based on or heavily influenced by continental European civil law. Another 40% operate under common law systems while 20% are a mix of civil and common law.

By way of illustration, the countries in our scenario have the following breakdown:

MOZAMBIQUE
Portuguese-based civil law

BURKINA FASO
Harmonized OHADA French-based civil law

UGANDA
English-based common law

SOUTH AFRICA
Mix of Dutch-based civil law & English-based common law

The countries in our scenario also demonstrate that:

- Common law jurisdictions usually operate in English while others operate in French, Spanish or Portuguese;
- The jurisdictions' legal framework varies from one system to another, and;
- Compliance requirements differ significantly from one jurisdiction to another.

Languages

Language is one of the most obvious challenges when conducting business in emerging markets.

Although almost half of Sub-Saharan countries count English as an official or institutional language, French is overwhelmingly present in the second half, with Portuguese and Spanish coming in a distant third and fourth. As explained above, this distinction follows the common law versus civil law demarcation.

Unlike other regions where English is de facto the lingua franca, many French-speaking countries such as Burkina Faso or Senegal will have few English speakers. Most websites and key documents are offered in French only and English-speakers in administrative offices are rare.

Civil Law v. Common Law

The diversity of legal frameworks in emerging markets brings its own set of challenges. For US or UK companies, operating in common law based jurisdictions is likely to feel familiar in spite of regional differences. Yet setting up and managing a new entity in civil law jurisdictions is fundamentally different.

As of 2026, 17 out of the 21 French-speaking jurisdictions in Sub-Saharan Africa have joined the Organization for the Harmonization of Business Law in Africa (OHADA). OHADA developed a revised legal framework based on French civil law, unifying similar yet distinct legal systems throughout French-speaking jurisdictions.

However, OHADA members represent mostly Western and Central African jurisdictions. Jurisdictions such as Madagascar or Burundi have yet to join the organization and still operate under their own adaptation of French or Belgian civil law.

In addition to a small number of jurisdictions such as Mozambique or Angola, both operating under Portuguese-influenced civil law, several countries rely on a mix of common and civil law. In South Africa and Namibia, Dutch- and German-based civil law coexists with English-based common law. In Somalia, the legal system is a patchwork of common, civil, Sharia and customary law.

Compliance Requirements

Annual compliance checklists come in all shapes and forms in emerging markets and Africa is no exception.

While purely common law-based systems often require minimal actions – a Board resolution or filing annual returns may be enough - compliance in civil law jurisdictions is a much more complicated process. From formal shareholder meetings to detailed management reports, the list goes on.

For a company with multiple entities in jurisdictions operating under different legal systems, the challenge of keeping track of all requirements grows exponentially.

Table 2 *(right)* shows the different requirements across three of the countries in our scenario. For those countries with a long list of compliance requirements, there are high volumes of complex, detailed work to keep corporate entities in good standing.

SOUTH AFRICA	∆ Filing an annual return once a year ∆ Filing approved annual statements once a year
BURKINA FASO	∆ Board of Directors resolution approving financial statements ∆ Detailed management report prepared by the directors ∆ Resolutions of the general meeting of the company approving financial statements
UGANDA	∆ Filing an annual return once a year

.02 LACK OF DIGITALIZATION

Access to connectivity remains expensive in many places, digital infrastructures are not always reliable and bandwidth availability may be low. Although some countries such as Kenya, Ghana or Mozambique have made significant strides towards a digital economy, many Sub-Saharan jurisdictions still rely mostly on paper.

In areas with the lowest levels of digitization and a lack of functional infrastructures, simple tasks can be hindered by unresponsive servers or faulty phone lines. Businesses often interact with public officials with Yahoo or Gmail emails as government provided email systems may be unreliable (see 'Reputational Risk' section below). Phone lines are also notoriously unreliable in some locations.

In this context, it comes as no surprise that most compliance work is still mostly paper-based. However, with local and regional postal systems facing their own sets of hurdles, getting documents to the right place at the right time is challenging.

.03 RESPONSIVENESS

Getting things done in a timely manner can be a challenge in some jurisdictions. Most administrative centers such as business registries or auditing bodies are located in capital cities with little regional presence. Often filing work is done in person. In some areas, working hours can be unreliable and in-person procedures bear the brunt of this.

Serious oversights from public bodies can happen too - from court services validating acts with no shareholders listed to unverified signatures on key documents - costly mistakes do occur. Overall, dealing with public institutions in emerging markets requires rigorous scrutiny and repeated chasing over long periods of the time.

.04 REPUTATIONAL RISKS

Although progress is made daily, high levels of corruption still plague some jurisdictions. Figures vary significantly amongst jurisdictions but recent data from the World Bank Enterprise Survey still highlights the overall challenge in Sub-Saharan Africa.

The mere suspicion of corruption can tarnish a company's credibility, both in the country where the incident occurred and with investors back at home. Additionally, criminal and/or administrative proceedings against the company may apply.

SOLUTION

Corporates tend to make more informed choices as they grow and mature. However, initially many organisations need to put something in place quickly to meet the demands of the business.

As such, companies operating internationally often cycle through different options before reaching the optimal solution.

There are five main options to manage legal entities in emerging markets:

- Trying to undertake the work in-house from head office;
- Using operational resources in-country (i.e. non-lawyers);
- Employing in-house lawyers in-country;
- Relying on a panel law firm with a partner network;
- Using a specialist corporate secretarial provider.

As the table below shows, specialist corporate secretarial providers are normally the best fit for managing legal entities in emerging markets.

While most specialist providers do rely on local partners in order to cover a wide spread of jurisdictions, these are robust relationships that have been built up over time.

This differs from law firms who may not regularly undertake work in the jurisdictions - and if they do, it is likely to be higher cost niche advisory work.

In short, specialist corporate secretarial providers tick all the required boxes at a lower cost.

	LANGUAGES	KNOWLEDGE OF LOCAL LEGAL SYSTEMS	IN-PERSON LOCAL PRESENCE	COST	REPUTATIONAL RISK COVERED
In-house team from head office	✗	✗	✗	✗	✓
Operational resources in country	✓	✗	✓	✓	✗
In-house lawyers in country	✓	✓	✓	✗	✓
Panel law firm with a partner network	✓	✓	✓	✗	✓
Specialist entity management provider	✓	✓	✓	✓	✓

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