



## HIGHLIGHTS

*"Tax policies have to be founded in law! If the law is silent on issues related to the digital economy, then there is no crime! IFFs can't be illegal if there are no laws to back it," Lyla Latif*

## African governments urged to create legal and regulatory frameworks for the digital economy to curb Illicit Financial Flows from Africa

*With the development of digital technologies, the use of information and communications networks as a tool to facilitate illicit financial flows is rising as one of the key challenges in tackling the problem of the movement of illegal funds.*



Participants pictured during the just ended Pan African Conference on Illicit financial flows and taxation held in Nairobi, Kenya

"African governments ought to create an enabling environment backed by a strong legal and regulatory framework for the digital economy in Africa" panel members told participants at the AFRODAD's side event of the Pan African Conference (PAC) on Illicit Financial Flows (IFFs) and Taxation held on 1<sup>st</sup> – 3<sup>rd</sup> October 2019 in Kenya. Key to this effort will be for Policy and Law makers to enable tax policies, accountable and transparent systems to trace movement of wealth and to establish responsive digital infrastructure among other innovative efforts to Curb IFFs.

"If the law is silent on issues related to the digital economy, then there is no crime! IFFs can't be illegal if there are no laws to back it" said Lyla Latif, a legal academic scholar teaching at the University of Nairobi and at Cardiff School of Law and politics in the United Kingdom.

AFRODAD side event added value to the conference as it tackled issues on regularizing the digital economies, how digital economies facilitate IFFs and how they can be used to tackle IFFs at earning, transfer and usage stages.

On the brighter side though, digital technologies could also be considered as a tool to tackle IFFs and foster empowerment and transparency. They could also be used in investigations, detection, and disruption of illegal money transfers."

Technology as a tool for tackling the IFFs challenge can complement, but will never substitute proper legal frameworks, international cooperation, and public-private collaboration. The problem IFFs requires implementation of a complex set of measures, which have to include technological, legal, and organizational components.

The Panel thus advised **African Policy and Law Makers:** to create an enabling environment for training and capacity building for auditors and revenue authority officers as well as enabling legal regulatory framework for digital economy. **Civil Society organizations** were advised to undertake Country specific research on inbound and outbound IFFs through digital tools; to continually review current tax legislation to identify provisions that need reform to respond to digital businesses and to dictate individuals listed on social media trading through unregistered companies. **Researchers** were urged to do further research into tax leakages through the digital system and data on IFFs resulting from digitalization and digital wealth chains.



AFRODAD side-event panelists: (from left) Owusua Afriyie Agyeman, (middle) Steve Kapoloma, (far right) Lyla Latif



A cross section of the audience that attended the just ended Pan African Conference (PAC) 2019 in Nairobi Kenya



Part of the leadership of the just ended Pan African Conference (PAC) 2019 on Illicit Financial Flows and Taxation

Feedback can be forwarded to: [communications@afrodad.co.zw](mailto:communications@afrodad.co.zw)

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