

# Progressive taxation and philanthropy



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**Each has a role to play in redistribution and the securing of social benefit. Comparison of the two shows how these can sometimes be complementary- it should be both/and, not either/or**

**T**ax Justice Network Africa (TJNA) is a research and advocacy institution that operates as a civil society organisation. Our mandate is to promote progressive taxation systems in African countries with a focus on curbing illicit financial flows from the continent. Our work fosters and is founded on the belief of a capable state that plays a crucial role in the provision of public services.

Philanthropy allows wealthy individuals and corporations to quickly address specific societal concerns. For example, philanthropy has led to significant

advancements in global health, education, and poverty alleviation in Africa including the eradication of polio through the Bill and Melinda Gates Foundation's Global Polio Eradication Initiative, or HIV and AIDS through the distribution of antiretroviral therapy. African philanthropists Strive and Tsitsi Masiyiwa supported education for underprivileged children through The Higherlife Foundation, offering scholarships, leadership training, and mentorship. Philanthropy's flexibility allows it to rapidly address needs where government resources and efforts are slow or fall short.

But philanthropy has notable limitations. Given that it is premised on the concentration of resources within the hands of a few, it can reinforce power imbalances, allowing individuals within a society to determine where resources are directed based on their individual preferences rather than the needs of society. This leads to unaccountability, lack of transparency, and decisions driven by donor priorities rather than local needs. At times, dependency on resources from philanthropy can mean that funding is unpredictable and subsequently fails to address systemic issues comprehensively. Over the past few years, we have seen certain philanthropic organisations switch areas



of focus or go through significant internal changes that ultimately affect the direction of resources towards a cause they might have identified and subsequently supported.

Conversely to philanthropy, progressive taxation provides a stable revenue source, enabling governments to systematically and equitably approach redistribution. Barring any major or significant events, it ensures that governments have consistent revenue to support public services, social protection, infrastructure, education, healthcare, and target poverty and inequality more pointedly within a society.

By mandating contributions from individuals and corporations based on income level, progressive taxation also ensures revenue to reduce wealth inequality. Despite the value of progressive taxation, it often faces challenges in its implementation, particularly in lower income countries. Impeded by resistance from wealthy individuals, corporations, and insufficient tax administration capacity, low-income governments struggle to capture all the revenue generated.

Philanthropy can supplement progressive taxation, but it should not replace it. While the impact of philanthropic contributions to health, education, economic development, human rights and social justice are invaluable and cannot be underestimated, they are insufficient on their own. Progressive taxation ultimately provides a more reliable mechanism for public goods, services, and redistribution that ensures all members of society both contribute to as well as benefit from.

In an ideal egalitarian society, the existence of the super wealthy and the system by which they choose to channel resources towards their preferred societal needs would be eliminated. Such decisions should be the exclusive function and responsibility of the state. Therefore, the question we need to explore is, how can philanthropy support strategies that will eventually reduce its own necessity? ●

**Left:** An infant receives the polio vaccine in Tanzania, Africa. In 2020, the entire World Health Organisation African Region was certified free of wild poliovirus thanks to immunisation efforts.