

## **Foreign Aid Dependency and the Politics of Development in the African Economy**

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**ABSTRACT:** Foreign aid has remained a dominant feature of development financing in many African economies, yet its persistence raises fundamental questions about policy autonomy, development politics, and long-term economic outcomes. This paper examines foreign aid dependency and the politics of development in the African economy with the objective of analysing the extent and patterns of aid dependency, the role of political processes and donor influence in shaping development policies, and the implications of sustained reliance on external assistance for economic sovereignty and development outcomes in Africa. The study is anchored in Dependency Theory, which provides a structural explanation for how external financial flows shape domestic economic and political arrangements in aid-dependent states. Using a qualitative methodology based on extensive review and synthesis of empirical studies, policy reports, and comparative African case evidence, the paper interrogates how foreign aid operates within political and institutional contexts. The findings reveal that foreign aid remains deeply embedded in public finance systems of many African countries,

significantly influencing development priorities and policy choices through conditionalities and donor-driven agendas. While aid has contributed to improvements in selected social indicators, particularly in health and humanitarian sectors, it has had limited impact on structural transformation, domestic revenue mobilisation, and industrial development. The study concludes that sustained foreign aid dependency constrains economic sovereignty, weakens state–society accountability, and reinforces vulnerability to external shocks. It therefore recommends strengthened domestic resource mobilisation, strategic use of aid to support productive sectors, and closer alignment of donor support with nationally defined development priorities to reduce dependency and promote sustainable development in Africa.

**Keywords:** *Foreign aid, Aid dependency, Politics of development, African economy, Dependency theory.*

## **Introduction**

The discourse on foreign aid dependency and the politics of development in the African economy has been central to development studies for decades, particularly given Africa’s enduring struggle to translate aid inflows into sustained economic growth and social welfare improvements. Foreign aid, primarily in the form of Official Development Assistance (ODA), has been positioned by donors and recipient governments alike as a tool to address poverty, support public services, and promote development objectives (Mangwanya, 2022). Sub-Saharan African countries have traditionally been among the top recipients of foreign aid; for many, aid constitutes a sizeable share of government budgets and expenditures. For example, in some highly aid-dependent economies such as Malawi, foreign assistance has at times accounted for more than 30 % of the national budget and a significant portion of health spending, demonstrating the scale of reliance on external resources. While proponents argue that such assistance can help bridge financing gaps and bolster critical sectors like health and infrastructure, a growing body of scholarship highlights that persistent reliance on external financing can erode the incentives and institutional capacity of African states to generate domestic revenue and pursue autonomous development strategies (Ita, 2022).

The political dimensions of aid are equally significant. Donor priorities often shape domestic policy choices in ways that align more closely with donor interests than with recipient countries' development plans. Conditionalities attached to aid and loans frequently require structural adjustments, including fiscal austerity and market liberalisation, which critics contend have undermined indigenous policy space and public investment in productive sectors (African Leadership Magazine, 2023). In this regard, foreign aid can reinforce dependency by imposing external policy frameworks that may not be well-suited to local conditions or long-term growth objectives. Empirical research shows that without robust governance and institutional quality, the developmental impact of foreign aid is limited; in contexts where institutional weaknesses prevail, aid is less likely to foster sustainable growth (Mwakalila, 2024).

Furthermore, the geopolitical politics of development aid has seen a shift in recent years with the rise of non-traditional donors. China's involvement in Africa through loans and development finance has altered traditional aid dynamics, provoking debate among Western donors who sometimes criticise Chinese engagement as lacking in governance conditions (Akindola, 2025). At the same time, recent changes in aid flows suggest evolving patterns of dependency: between 2020 and 2024, net financial flows from China to African countries turned from a positive inflow to a net outflow as debt repayments rose and new loans declined, while multilateral institutions increased their share of net development financing (Reuters, 2026). These developments illuminate how aid-dependent economies are vulnerable to shifts in donor strategies and global political priorities.

The implications of aid dependency extend beyond economics to social and political sectors. Humanitarian and development programmes funded by foreign donors often support essential services for vulnerable populations, including health services for HIV, malaria, and maternal care. Sudden changes in aid allocations, such as the suspension of funding from major donors, have had tangible consequences for service delivery and human welfare. For example, recent freezes in U.S. aid adversely affected health outreach programmes and NGO operations in countries like Somalia and Malawi, illustrating how fragile aid-dependent systems can be when

external support fluctuates (AP News, 2025; The Guardian, 2025). These disruptions reveal not only the vulnerability of aid-dependent economies to external policy decisions but also the political leverage wielded by donor nations over development outcomes.

Academic debates about aid dependency often draw on theoretical frameworks such as dependency theory, which posits that economic structures shaped by historical and ongoing inequalities impede autonomous development in peripheral (developing) states (Marah et al., 2025). Critics of dependency theory argue that internal governance issues also play a crucial role, yet the persistent centrality of foreign aid in public finance and development planning in many African countries underscores the theory's relevance in explaining the persistence of external influence in economic affairs.

While aid has the potential to support social and economic objectives, its persistent dominance in the financing structures of many African economies raises questions about sustainability, policy autonomy, and long-term growth. The evidence suggests that without stronger domestic resource mobilisation, effective governance, and strategic development planning, many African countries will continue to face the challenge of aligning foreign aid with genuine development rather than entrenched dependency.

### **Statement of the Problem**

Despite decades of substantial foreign aid inflows to African countries, development outcomes across much of the continent remain fragile, uneven, and highly sensitive to external policy shifts. Many African economies continue to rely heavily on Official Development Assistance to finance public expenditure in critical sectors such as health, education, and infrastructure, yet this dependence has not translated into sustained economic growth, strong domestic revenue systems, or durable institutional capacity. The continued influence of donor conditionalities and shifting geopolitical interests has constrained policy autonomy and exposed aid-dependent states to abrupt funding disruptions with serious social and economic consequences. Existing studies by Marah et al. (2025); Acheampong et al. (2024) among others

have largely examined either the economic effects of foreign aid or its political implications in isolation, often focusing on growth metrics or governance indicators without sufficiently addressing how persistent aid reliance actively shapes development politics and state decision-making in African economies. This paper therefore addressed a clear gap by examining foreign aid dependency as a political process that influences development priorities, policy choices, and economic sovereignty in Africa, thereby contributing to a more grounded understanding of why long-term development outcomes remain limited despite sustained external assistance.

### **Aim and Objectives**

The aim of this paper was to critically examine foreign aid dependency and its influence on the politics of development in the African economy, with a focus on how sustained reliance on external assistance shapes development policies, political decision-making, and economic autonomy across African states. The specific objective of the paper includes:

- i. To assess the extent and patterns of foreign aid dependency in the African economy.
- ii. To examine the role of political processes and donor influence in shaping development policies in aid-dependent African countries.
- iii. To evaluate the implications of sustained foreign aid dependency for economic sovereignty and long-term development outcomes in Africa.

### **Literature Review**

The literature for this paper was reviewed under conceptual review, empirical review and theoretical framework as follows:

#### **Conceptual Review**

The key concepts in this paper are reviewed as follows:

#### **Foreign Aid**

Foreign aid is generally understood as the transfer of financial resources, technical assistance, or material support from external actors—primarily governments and

multilateral institutions—to developing countries with the stated aim of promoting economic development and welfare. The Organisation for Economic Co-operation and Development (OECD, 2023) defines foreign aid, formally termed Official Development Assistance (ODA), as flows provided by official agencies to countries on the DAC list that are concessional in character and intended to promote development. Scholars such as Lancaster (2007) argue that foreign aid is never politically neutral, as it reflects donor interests alongside developmental goals. Similarly, Alesina and Dollar (2000) demonstrate empirically that aid allocation is influenced not only by recipient need but also by strategic and political considerations of donors. More recent analyses highlight that while aid can support service delivery in low-income contexts, its effectiveness depends heavily on governance quality and domestic policy alignment (Bräutigam & Knack, 2020). Drawing from these perspectives, foreign aid in this paper is understood as concessional external assistance provided by state and multilateral actors to African countries, intended to support development objectives but shaped by donor priorities and political interests.

### **Foreign Aid Dependency**

Foreign aid dependency refers to a condition in which a country relies heavily on external assistance to finance public expenditure, sustain key social services, or stabilise its economy, often at the expense of domestic resource mobilisation. Bräutigam (2011) describes aid dependency as a situation where aid constitutes a large share of government revenue, thereby weakening fiscal accountability between the state and its citizens. Moyo (2009) offers a more critical stance, contending that prolonged aid dependence entrenches weak institutions, distorts incentives, and discourages productive investment, ultimately undermining growth. Empirical studies continue to show that countries with persistent high aid-to-GDP ratios often struggle to build effective tax systems and autonomous development strategies (Bwire et al., 2023). However, other scholars caution against treating aid dependency as inevitable, noting that its effects vary across contexts depending on political leadership and institutional strength (Bräutigam & Knack, 2020). For the purpose of this paper, foreign aid dependency is defined as a sustained structural reliance on

external development assistance that constrains domestic fiscal capacity, policy independence, and long-term development planning in African economies.

### **The Politics of Development**

The politics of development refers to the processes through which power, interests, and institutional arrangements shape development choices, policy outcomes, and the distribution of resources within and across states. Leftwich (2000) argues that development is fundamentally political because it involves contested decisions about resource allocation, authority, and social priorities. Mkandawire (2015) further emphasises that development outcomes are shaped by political settlements and the capacity of the state to manage economic and social change. In the context of aid-dependent countries, development politics often extend beyond national borders, as donor agencies, international financial institutions, and foreign governments exert influence over domestic policy agendas through conditionalities and funding priorities (Whitfield et al., 2015). Recent scholarship highlights that this external involvement can weaken democratic accountability by shifting responsiveness away from citizens towards donors (Bukonya & Hickey, 2022). In this paper, the politics of development is understood as the interaction between domestic political actors and external donors in shaping development policies, priorities, and outcomes in African states.

### **The African Economy**

The African economy refers to the aggregate economic systems, structures, and processes of African countries, characterised by significant diversity but also shared structural challenges linked to colonial legacies, global market integration, and state capacity constraints. According to the African Development Bank (AfDB, 2023), African economies are marked by low levels of industrialisation, high dependence on primary commodities, and persistent financing gaps that limit development. Scholars such as Ndulu et al. (2007) argue that post-independence African economic trajectories have been shaped by both internal policy choices and external economic relations, including aid and trade. More recent analyses underscore that while several African countries have recorded periods of growth, structural vulnerabilities remain

evident in debt exposure, aid reliance, and weak productive capacity (UNECA, 2022). Within this context, the African economy in this paper is defined as the collective economic systems of African states that operate within a global political economy and are significantly influenced by external financial flows, including foreign aid.

### **Foreign Aid Dependency and the Politics of Development in the African Economy**

Foreign aid dependency has long been embedded in the development trajectory of many African economies, shaping not only economic outcomes but also political decision-making processes. Since the post-independence era, foreign aid has played a prominent role in financing public expenditure, stabilising macroeconomic conditions, and supporting social sectors such as health and education. According to the OECD (2023), Sub-Saharan Africa received over USD 60 billion in Official Development Assistance in 2022, accounting for nearly 40 per cent of total global ODA. While these flows have contributed to improvements in selected social indicators, their sustained dominance in public finance has raised concerns about the political consequences of prolonged reliance on external resources. Scholars argue that aid dependency alters the relationship between the state and citizens by weakening fiscal accountability, as governments reliant on donor funding face reduced pressure to develop effective taxation systems (Bräutigam, 2011; Moore, 2015).

Case studies illustrate how aid dependency intersects with development politics. In Malawi, foreign aid has historically financed between 25 and 40 per cent of the national budget, particularly in the health and agriculture sectors (World Bank, 2023). The suspension of budget support by donors following governance disputes in 2011 and again in 2013 led to immediate fiscal stress, currency depreciation, and reductions in social spending, demonstrating how donor decisions can directly influence domestic policy outcomes. Similarly, in Mozambique, heavy reliance on donor budget support during the 2000s coincided with limited progress in domestic revenue mobilisation, leaving the country exposed when donor confidence declined after the 2016 hidden debt scandal (Hanlon, 2018). These cases show that aid

dependency is not merely an economic condition but a political arrangement that grants external actors substantial leverage over development priorities.

The politics of development in aid-dependent African economies are further shaped by donor-driven reform agendas. Structural adjustment programmes of the 1980s and 1990s imposed fiscal austerity and market liberalisation policies that reduced state capacity in key sectors (Mkandawire, 2015). Although aid modalities have shifted towards sector-wide approaches and results-based financing, donor influence remains significant through conditionalities tied to governance reforms, public financial management, and macroeconomic targets (Whitfield et al., 2015). As a result, development strategies in many African countries continue to reflect negotiated outcomes between domestic elites and external partners rather than nationally driven priorities. This literature suggests that foreign aid dependency plays a central role in shaping development politics by redistributing authority over policy design and implementation beyond national borders.

### **The Extent and Patterns of Foreign Aid Dependency in the African Economy**

The extent of foreign aid dependency in Africa varies across countries but remains substantial in many low-income and fragile states. Aid dependency is commonly measured through indicators such as aid-to-GDP ratios, aid as a share of government expenditure, and aid per capita. According to the World Bank (2024), foreign aid exceeds 10 per cent of Gross National Income in several African countries, including South Sudan, Somalia, Liberia, and Malawi. In fragile and conflict-affected states, aid often finances core government functions, humanitarian assistance, and basic service delivery, reinforcing structural reliance on external funding.

Patterns of aid dependency also differ by sector. Health systems in many African countries are heavily donor-funded. For instance, external financing accounts for over 50 per cent of total health expenditure in countries such as Mozambique and Uganda, largely driven by vertical programmes targeting HIV/AIDS, malaria, and tuberculosis (WHO, 2023). Education and agriculture sectors similarly depend on project-based aid, which can fragment planning and complicate long-term investment decisions. While middle-income African countries such as Ghana and Kenya have

reduced aid reliance relative to GDP, aid still plays a significant role in financing development projects and social interventions (UNECA, 2022).

Recent trends indicate shifting patterns rather than declining dependency. Traditional bilateral donors have reduced budget support, while multilateral institutions and global health initiatives have increased their presence. At the same time, non-traditional financiers, particularly China, have expanded development lending, although recent evidence shows a decline in new Chinese loans and rising debt repayments. Reuters (2026) reports that African countries collectively repaid more to China than they received in new loans in 2024, intensifying fiscal pressures and reinforcing dependence on multilateral lenders such as the IMF and World Bank. These evolving patterns highlight that while the sources of external financing may change, reliance on foreign resources remains a defining feature of many African economies.

The persistence of aid dependency is closely linked to weak domestic revenue mobilisation. The average tax-to-GDP ratio in Sub-Saharan Africa stood at approximately 16 per cent in 2022, well below the 25 per cent threshold considered necessary for sustainable development financing (OECD, 2023). Countries with high aid inflows often exhibit slower progress in expanding tax bases, suggesting that aid can reduce incentives for fiscal reform. This evidence underscores the structural nature of aid dependency and its entrenchment within African public finance systems.

### **The Role of Political Processes and Donor Influence in Shaping Development Policies in Aid-Dependent African Countries**

Political processes play a decisive role in mediating how foreign aid influences development policies in African countries. Aid-dependent states often operate within political settlements that prioritise regime stability and elite bargaining, which shapes how aid resources are allocated and utilised. Donor influence enters these domestic political arrangements through conditionalities, policy dialogue, and funding decisions. Whitfield et al. (2015) demonstrate that in countries such as Tanzania and Ghana, donor-government negotiations significantly shaped fiscal policy, public

sector reforms, and poverty reduction strategies during periods of high aid dependence.

Donor influence is particularly evident in macroeconomic management. IMF-supported programmes often require fiscal consolidation, subsidy removal, and exchange rate adjustments as conditions for disbursement. In Zambia, repeated engagement with the IMF has shaped debt management and fiscal reforms, especially following the country's sovereign default in 2020. While such programmes aim to restore macroeconomic stability, critics argue that they constrain policy autonomy and limit governments' ability to pursue expansionary development strategies (Kentikelenis et al., 2016).

Political incentives within recipient countries also affect how aid shapes development outcomes. In competitive political environments, aid-funded projects are sometimes used to secure electoral support rather than address structural development challenges. Research on Kenya and Uganda shows that aid-financed infrastructure and social programmes are often concentrated in politically strategic regions, reflecting domestic political calculations rather than development needs (Briggs, 2018). This politicisation of aid further complicates its developmental impact.

Moreover, donor preferences for short-term results and measurable outputs can skew policy priorities. Emphasis on service delivery targets may divert attention from long-term investments in productive capacity and industrial development. Mkandawire (2015) argues that this pattern has contributed to weak industrialisation outcomes across much of Africa, as states lack the policy space to pursue active industrial policies. The literature therefore suggests that donor influence, mediated through political processes, plays a significant role in shaping development policies in aid-dependent African countries, often with mixed consequences for long-term development.

### **The Implications of Sustained Foreign Aid Dependency for Economic Sovereignty and Long-Term Development Outcomes in Africa**

Sustained foreign aid dependency has significant implications for economic sovereignty and long-term development outcomes in Africa. Economic sovereignty

refers to the capacity of a state to design and implement policies independently in pursuit of national development objectives. High aid dependence can undermine this capacity by subjecting policy decisions to external approval and conditionality. Evidence from multiple African countries shows that aid-dependent governments often adjust fiscal and social policies in response to donor expectations, even when such adjustments conflict with domestic priorities (Bukenya & Hickey, 2022).

Long-term development outcomes in aid-dependent contexts have been mixed. While aid has contributed to improvements in health outcomes such as reductions in malaria mortality and expanded access to antiretroviral therapy, its impact on structural economic change has been limited. According to UNECA (2022), African economies remain heavily reliant on primary commodity exports, with manufacturing accounting for less than 12 per cent of GDP on average. This suggests that aid has not substantially altered production structures or reduced vulnerability to external shocks.

Aid dependency also exposes economies to volatility. Sudden reductions in aid flows can disrupt public services and investment planning. The temporary suspension of U.S. and European aid to several African countries in response to governance or geopolitical concerns has repeatedly led to budget shortfalls and service delivery gaps, particularly in health and humanitarian sectors (AP News, 2025). Such volatility undermines long-term planning and reinforces short-term crisis management approaches.

From a sovereignty perspective, reliance on aid can weaken domestic accountability by shifting the focus of governments away from citizens towards donors. Bräutigam (2011) argues that this weakens state–society relations and slows institutional development. Over time, this dynamic can trap countries in cycles of dependency, where external resources substitute for domestic capacity rather than enabling its development. The literature therefore converges on the conclusion that while foreign aid can support short-term development objectives, sustained dependency poses significant challenges to economic sovereignty and durable development in Africa.

## Empirical Review

In exploring the nexus between foreign aid and economic growth in Sierra Leone, Marah et al. (2025) conducted a study titled *The Nexus Between Foreign Aid and Economic Growth in Sierra Leone (1994–2024)* within the context of a developing, aid-dependent West African economy. Anchored in the endogenous growth theory, the research applied an *ex post facto* quantitative design using annual time-series data spanning three decades, sourced from national statistics and international development indicators. The analysis employed Ordinary Least Squares (OLS) regression to estimate relationships among foreign aid inflows, gross capital formation, labour force participation and economic output for Sierra Leone. The sample was not defined by statistical sampling techniques but constituted the full population of available annual data points for the period. Results indicated that foreign aid inflows were imperative for economic growth, with gross capital formation and labour force participation positively influencing growth while foreign direct investment carried an insignificant negative association with output. The study concluded that Sierra Leone's economic performance remains closely linked to foreign aid patterns, emphasising the need for policy environments that encourage stability and human capital development. While insightful, this research did not integrate political variables or institutional quality measures beyond basic macroeconomic controls, pointing to a gap in understanding how political processes mediate the effectiveness of aid on growth outcomes, which the current paper addressed.

Another empirical inquiry by Hadji and Bockarie (2024), titled *An Empirical Investigation and Analysis of Foreign Aid–Economic Growth Nexus in Sierra Leone (1980–2023)*, adopted a longer historical perspective within the same national context but emphasised econometric rigor grounded in time-series modelling. Guided by theories of aid effectiveness and structural macroeconomic models, the authors employed Ordinary Least Squares (OLS) with Newey–West corrections to account for heteroskedasticity and serial correlation, integrating additional controls such as investment-to-GDP ratio, exchange rates, terms of trade, inflation, and public debt. The sample comprised annual macroeconomic data obtained from international and

national statistical agencies over four decades. Empirical results showed a positive and significant effect of foreign aid on Sierra Leone's economic growth over the study period, especially when institutional and economic variables were considered simultaneously. The authors concluded that foreign aid plays a vital role in driving output and recommended continued attraction and prudent management of external assistance to stimulate sustainable growth. Despite the thorough econometric treatment, the study did not unpack how aid dependency might shape government policy decisions or political autonomy, leaving an explanatory gap regarding the political determinants and consequences of prolonged aid reliance that the present research filled.

At a regional scale, Boateng et al. (2021) examined Foreign Aid Volatility and Economic Growth in Sub-Saharan Africa: Does Institutional Quality Matter? focusing on 45 countries over 1980–2017, anchored in the endogenous growth model extended to include aid volatility and institutional quality. This panel study exploited fixed effects and advanced econometric techniques to accommodate heterogeneity and cross-sectional dependence, with the sample drawn from all available Sub-Saharan African nations for which complete data existed during the period. Primary data were sourced from international databases on aid commitments and disbursements, GDP growth rates, and institutional quality indicators. Their findings revealed that while committed foreign aid bolsters economic growth, volatility in aid flows undermines this relationship, and although institutional quality enhances growth prospects, it does not sufficiently mitigate the adverse effects of aid volatility. The study concluded that stable, predictable aid inflows are critical for growth, and that institutional frameworks need strengthening to improve absorptive capacity. A notable limitation was the aggregation of diverse political contexts without disaggregating by domestic political dynamics, suggesting a gap in understanding how specific political conditions and policy processes shape the responsiveness of growth to foreign aid patterns, an issue the current paper explored in greater depth.

Turning to the structural transformation dimension of development, Acheampong et al. (2024), in their *Analysing the Effect of Foreign Aid on Industrialization: Evidence from Africa*, evaluated the impact of foreign aid on the industrialisation process

across 42 African countries from 1995 to 2021, tested against theories linking aid dependence with structural economic change and institutional accountability. The empirical design utilised the Two-Step System Generalised Method of Moments (GMM) to address endogeneity and dynamic panel biases common in longitudinal cross-country analyses. The sample included all African states with consistent data on industrial output share to GDP and foreign aid inflows. Data were collected from the World Bank and OECD statistics. Results suggested that foreign aid negatively affected industrialisation on average, with sector-specific aid showing varied influences: education and energy aid supported industrial expansion, whereas health and humanitarian aid tended to exert negative effects. The authors concluded that while foreign aid aims to support economic growth, its distribution and sectoral composition may impede structural transformation in manufacturing if not aligned with democratic governance and human capital development. However, the study's focus on industrialisation outcomes did not directly investigate how political agency and donor polity influence aid prioritisation within national development strategies, revealing a gap that the current paper investigated by assessing the political determinants underlying aid dependency.

### **Theoretical Framework: Dependency Theory**

Dependency Theory is commonly attributed to Andre Gunder Frank, whose seminal work *Capitalism and Underdevelopment in Latin America* was published in 1967, although its intellectual roots also draw from earlier contributions by scholars such as Paul Baran (1957) and later refinements by Samir Amin (1976). Dependency theory is premised on the assumption that the global economic system is structured in a hierarchical manner that divides the world into core and peripheral economies, where resources, surplus value, and decision-making power flow disproportionately from poorer regions to wealthier ones. Within this structure, peripheral economies, including many African states, remain reliant on external capital, technology, and markets, which constrains their ability to pursue independent development paths. Foreign aid, from this perspective, is not a neutral instrument for growth but a mechanism that sustains external influence over domestic economic and political arrangements.

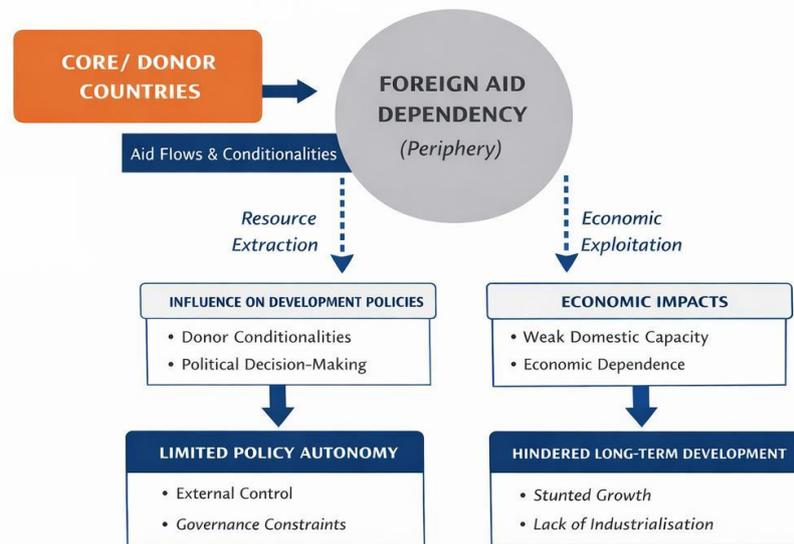
The theory assumes that sustained reliance on external assistance weakens domestic productive capacity, discourages internal resource mobilisation, and reinforces elite alliances that benefit from continued external engagement rather than structural change. It also holds that political institutions in dependent economies tend to align with external interests, thereby shaping development policies that favour stability and access to global markets over industrial expansion and self-reliance. These assumptions are particularly relevant to African economies where aid inflows constitute a significant share of public revenue and where development strategies are often negotiated with donors and international financial institutions. The major strength of dependency theory lies in its ability to link economic outcomes with political power relations at both domestic and international levels, offering a critical explanation for why decades of aid inflows have not produced sustained structural transformation across much of Africa. It also provides a useful framework for understanding how donor conditionalities and external financing influence policy choices and limit economic sovereignty.

However, dependency theory has notable weaknesses. Critics argue that it underestimates the role of domestic governance, leadership, and institutional quality in shaping development outcomes, and that it tends to portray developing countries as passive recipients of external forces. Empirical evidence from countries that have successfully reduced aid reliance through strong state capacity and strategic economic management suggests that dependency is not inevitable. Additionally, the theory does not fully account for variations in aid effectiveness across sectors or the changing nature of global development finance, including the rise of new donors and multilateral actors. Despite these limitations, dependency theory remains highly relevant to the present study because it offers a strong analytical foundation for examining foreign aid dependency as a political and economic condition rather than merely a financial one. Its emphasis on structural constraints, external influence, and policy autonomy aligns directly with the focus of this paper on how sustained aid reliance shapes development politics and economic decision-making in the African economy, making it a suitable framework for analysing the persistence of dependency and its implications for long-term development outcomes.

## Conceptual Framework

### CONCEPTUAL FRAMEWORK: FOREIGN AID DEPENDENCY AND THE POLITICS OF DEVELOPMENT IN THE AFRICAN ECONOMY

(Based on Dependency Theory)



Source: Aderinto & Joseph (2026).

The conceptual framework illustrates how foreign aid dependency functions as a central mechanism through which external actors influence development outcomes in the African economy, in line with the assumptions of Dependency Theory. At the core of the framework are donor or core countries, whose aid flows and conditionalities shape the behaviour of peripheral African states by embedding external priorities into domestic economic planning. These aid inflows foster dependency by financing key sectors and government expenditures, thereby reducing incentives for domestic revenue mobilisation and strengthening external leverage over policy decisions. The framework shows that donor influence feeds directly into development policies, as political decision-making in aid-dependent states becomes increasingly aligned with donor requirements rather than nationally defined goals. This process constrains policy autonomy and reinforces governance structures that prioritise external compliance over internal accountability. Simultaneously, foreign aid dependency contributes to weak domestic productive capacity and continued economic reliance, which limits industrial growth and long-term development prospects. The outcome is hindered development characterised by stunted growth

and persistent structural weakness. Dependency Theory underpins this framework by explaining how unequal power relations between core and peripheral economies reproduce dependency through financial flows, policy influence, and institutional alignment. The interconnectedness of the variables demonstrates that foreign aid is not an isolated economic input but a political instrument that sustains external dominance and constrains autonomous development in African economies.

## **Materials and Methods**

This paper adopted a systematic review approach relying exclusively on secondary data to examine foreign aid dependency and the politics of development in the African economy. The approach was justified by the broad, theory-driven nature of the study and the need to synthesise empirical evidence, policy analyses, and comparative case studies across multiple African contexts rather than generate new primary data. Peer-reviewed journal articles, scholarly books, working papers, and reports published by reputable international organisations such as the World Bank, OECD, African Development Bank, and United Nations agencies constituted the main data sources.

The inclusion criteria focused on studies published largely from 2000 onward, with particular emphasis on recent works addressing foreign aid, aid dependency, development politics, governance, and economic outcomes in African countries, and studies that employed clear methodological procedures and credible data sources. Excluded from the review were opinion pieces, non-academic commentaries, unpublished manuscripts, studies lacking methodological transparency, and works that focused solely on regions outside Africa without comparative relevance.

The systematic selection and synthesis of secondary sources enabled a rigorous examination of patterns, political mechanisms, and development outcomes associated with foreign aid dependency, while also allowing the study to engage critically with established theoretical and empirical debates and to situate its findings within the broader development literature.

## Results and Discussions

The findings of this paper demonstrate that foreign aid dependency remains deeply entrenched in many African economies and continues to exert a strong influence on development policies and outcomes. Consistent with the first objective, the analysis shows that aid inflows still constitute a substantial share of public finance in several African countries, particularly in low-income and fragile states, confirming earlier empirical evidence by Bräutigam (2011) and OECD (2023). This persistent reliance reflects structural weaknesses in domestic revenue mobilisation, limited industrial bases, and narrow export structures. Practical examples such as Malawi and Mozambique illustrate how aid dependence constrains fiscal flexibility, as governments rely on donor disbursements to sustain health, education, and agricultural programmes. The findings align with Mkandawire's (2015) argument that African states operating under such conditions struggle to pursue autonomous development strategies, as policy priorities are often shaped by external financing requirements rather than domestic economic planning.

In relation to the second objective, the findings reveal that political processes and donor influence play a decisive role in shaping development policies in aid-dependent African countries. Donor conditionalities attached to budget support, debt relief, and programme financing continue to influence macroeconomic management, public sector reforms, and social spending decisions. This supports the observations of Whitfield et al. (2015), who argue that development policies in highly aid-dependent states emerge from negotiated settlements between domestic elites and external actors. For instance, IMF-supported fiscal consolidation programmes in Zambia and Ghana have prioritised debt sustainability and subsidy reduction, sometimes at the expense of social investment and industrial policy. The findings further suggest that aid-funded projects are frequently aligned with donor priorities for short-term outcomes, such as disease control or humanitarian relief, rather than long-term productive capacity. This reinforces Briggs' (2018) view that aid can become politicised within domestic settings, with governments using donor-funded programmes to manage political pressures rather than address structural economic challenges.

With respect to the third objective, the paper finds that sustained foreign aid dependency has significant implications for economic sovereignty and long-term development outcomes in Africa. While aid has contributed to measurable improvements in social indicators, particularly in health, its impact on structural transformation remains limited. Evidence from UNECA (2022) and Acheampong et al. (2024) supports the finding that manufacturing and industrial development remain weak despite decades of aid inflows. Countries such as Uganda and Mozambique continue to depend heavily on donor-funded health systems, making them vulnerable to sudden funding withdrawals, as demonstrated by recent aid suspensions affecting service delivery. These outcomes suggest that aid dependency can undermine economic sovereignty by constraining policy choice and exposing national development plans to external shocks, thereby reinforcing cycles of dependence rather than fostering self-sustaining growth.

The adoption of Dependency Theory provides a strong analytical foundation for interpreting these findings. The theory's emphasis on structural inequality, external influence, and constrained policy autonomy directly supports the observed patterns of aid dependence and donor-driven development politics in African economies. As argued by Frank (1967) and later refined by Amin (1976), external financial flows such as foreign aid can reinforce peripheral status by shaping domestic institutions and policy priorities in line with external interests. The findings of this paper confirm this theoretical position by showing how aid dependency affects state–society relations, weakens domestic accountability, and limits the pursuit of industrial and fiscal self-reliance. From a practical standpoint, the results underscore the need for African governments to strengthen domestic revenue systems, invest in productive sectors, and gradually reduce reliance on external assistance. At the same time, donors must align support with nationally defined development priorities to avoid reinforcing dependency. In this regard, Dependency Theory not only explains the persistence of aid reliance but also highlights the structural reforms required to shift African economies towards greater autonomy and sustainable development.

## **Conclusions**

This paper examined foreign aid dependency and the politics of development in the African economy by analysing the extent of aid reliance, the role of political processes and donor influence, and the implications for economic sovereignty and long-term development. The findings show that despite sustained foreign aid inflows, many African countries remain structurally dependent on external financing, with development policies and public expenditure priorities significantly shaped by donor conditionalities and geopolitical interests. While foreign aid has supported improvements in social indicators, particularly in health and humanitarian sectors, it has not sufficiently driven structural transformation or strengthened domestic productive capacity. The continued dominance of aid in public finance has constrained policy autonomy, weakened domestic accountability, and exposed African economies to external shocks arising from sudden changes in donor priorities. These outcomes confirm that foreign aid dependency is not merely a financial issue but a political and structural challenge with lasting implications for development in Africa.

## **Recommendations**

Arising from the above therefore, the paper put forward the following recommendations:

- i. African governments should prioritise domestic resource mobilisation by expanding tax bases, improving tax administration, and reducing leakages in public finance management. Strengthening internally generated revenue will reduce excessive reliance on foreign aid and enhance fiscal accountability between the state and citizens, thereby supporting more autonomous and sustainable development planning.
- ii. Development policies in African economy should shift towards long-term investment in productive and industrial sectors rather than continued dependence on donor-funded consumption and social programmes. Governments should use external assistance strategically to support

industrialisation, infrastructure, and skills development, ensuring that aid complements rather than substitutes domestic development efforts.

- iii. Donor agencies and international development partners should align aid frameworks with nationally defined development priorities and reduce the use of rigid conditionalities that constrain policy choice. Supporting locally driven development strategies and strengthening institutional capacity will help mitigate the negative effects of aid dependency and contribute to more durable development outcomes across African economies.

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