

## Exposing the Concealed Impact: Evaluating the Role of Development Projects on Corruption Perception in Afghanistan

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**Abstract :** This paper investigates the impact of foreign aid-funded development projects on corruption perception in Afghanistan, utilizing instrumental variable (IV) approaches in regression analysis setting. Seven sub-categories of development projects are examined in order to have a glance over comparative usefulness of each project. The study incorporates natural disaster indicators as exogenous variables to mitigate endogeneity concerns and control variables. The findings reveal significant associations between certain types of projects and corruption perception. Road and bridge construction, irrigation, and agriculture projects are found to decrease corruption perception, fostering optimism and trust within affected communities. Mosque construction and healthcare initiatives aligned with religious beliefs also contribute to reduced corruption perception. However, drinking water projects are associated with increased corruption perception, highlighting potential challenges in their implementation. The study emphasizes the importance of well-implemented projects, cultural contexts, and effective governance in mitigating corruption and fostering trust within communities. These findings contribute to a refined understanding of the relationship between development projects and corruption perception in Afghanistan.

**Keywords :** foreign aid, development projects, corruption perception, Afghanistan, instrumental variable analysis, survey of Afghan people (SAP), natural disasters, exogenous variation

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