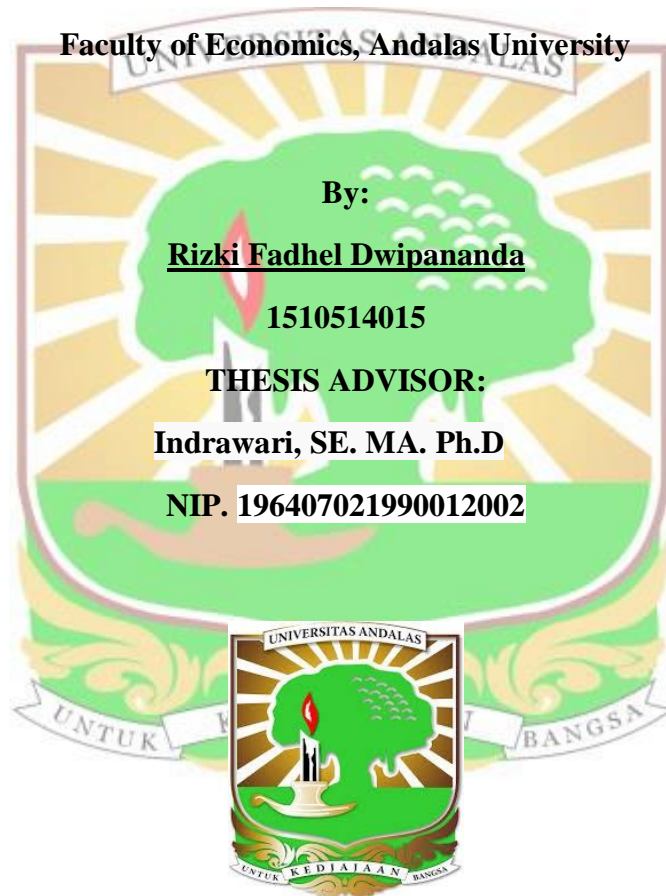


**FOREIGN AID, EXTERNAL DEBT AND ECONOMIC GROWTH IN
INDONESIA DURING 1970-2017**

THESIS

**Prepared and submitted to fulfillment of the requirement to achieve the
degree of Bachelor of Economics in the Department of Economics,**

Faculty of Economics, Andalas University



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STUDY PROGRAM S-1 ECONOMICS FACULTY OF ECONOMICS

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IN INDONESIA DURING 1970-2017**
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ABSTRACT



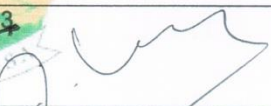
This study attempts to examine the impact of foreign aid (official development assistance) and external debt on the growth of the Indonesian economy over a period of 47 years from 1970 to 2017. Annual time series data has been taken from the World Development Indicator, Bank of Indonesia, and Central Bureau of Statistics (BPS). The study employed Autoregressive Distribution Lag (ARDL). Based on the results of cointegration with Bounds Testing shows the existence of long-term cointegration between the dependent variable and the independent variable. It can be seen from the results of cointegration testing between Gross Domestic Product variables with Foreign Aid, External Debt, Export, and Gross Fixed Capital Formation variables having a long-term relationship. The empirical findings indicate that external debt has significant and negative impact on economic growth both in the short run and in the long-run.

Meanwhile, in the short run, foreign aid has no significant impact on economic growth. However, in the long run, foreign aid has positive and significant impact on economic growth. This implies that foreign aid has benefits for Indonesia but the benefits have not much felt.

Key words: External debt, Foreign Aid, Economic growth, Gross Domestic Product.

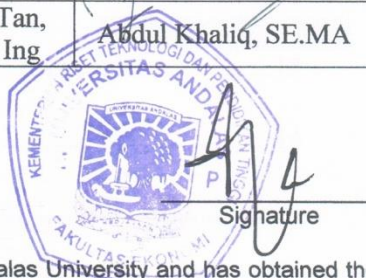
This thesis has been presented before the examiners in the thesis examination and successfully passed the thesis examination on July 12nd 2019

The abstract has been approved by the advisor and examiners:

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