Halving poverty in post HIPC-MDRI economies by 2015: How much will it cost and is it achievable?

Abstract
This article assesses the likelihood and costs of halving extreme poverty by 2015 from its 1990 levels in sixteen post-HIPC-MDRI countries. The projections indicate that, on average, this goal will be attained two years before the end date if they maintain an annual real per capita income growth rate of at least 3 percent over a six year period. An estimated total annual cost of between 16 and 18 percent of the recipient’s GDPs from 2005 suggests that currently available aid funds are sufficient to finance the MDG poverty target, provided that they improve their equality of income distribution.

Keywords: Africa, HIPC, MDRI, dual-gap, domestic savings gap, trade gap.

JEL Classifications: F21, F34, F37, H62, O55