Thank you Mr. Kahn, thank you Matthew. It is a great pleasure to be here today and I look forward to an open exchange of views on the Millennium Development Goals (MDGs).

I'm not an expert on specific MDGs, but I do know that each goal is connected in one way or another to inclusive finance. According to CGAP, the availability of financial services for poor households is 'a critical contextual factor with a strong impact on achievement of the MDGs'. As the UN Secretary-General's Special Advocate for Inclusive Finance for Development, I firmly believe in that message.

To me, financial inclusion means universal access, at a reasonable cost, to a wide range of financial services, provided by a variety of sound and sustainable institutions. Both for individuals and small and medium-sized enterprises, which are often the engines of growth in local and national economies. This agenda is obviously much broader than microcredit alone. It includes savings accounts, insurance, payment services, pension plans, remittance facilities and all other services that can help people generate income, build assets, manage cash flow, invest in opportunities and protect themselves from unexpected setbacks. Moreover, microfinance, SME finance and other areas of finance are part of the same continuum, rather than separate, coexisting silos.

Finance is a means to an end, not an end in itself. Financial institutions can be catalysts of change. When the poor gain access to financial services, they can buy the house they need, manage their cash flow, increase their assets, feed their children, and so on. But there are indirect effects as well. For example, children also benefit from microfinance as they are more likely to go to school and stay in school longer.

The 2010 High Level Meeting on the MDGs will take place next September. Whether you believe that achieving the MDGs is a question of more donor resources or good governance, common ground is to be found in the field of inclusive finance. The beauty of inclusive finance programmes is that they can reach far beyond the limits of scarce donor resources. It can not only unleash domestic capital in the form of savings, but also have a multiplier effect on these donor resources.

What is more, research shows that there is a connection between a large shadow economy on the one hand, and weak states on the other. Banking the unbanked and underbanked is likely to help solve the problem of informality and, therefore, governance issues. For individuals, joining access to banking services means joining the formal economy - and is often a pathway to greater opportunity. For the community and country, bringing more people into the finance system taps productive activity and growth for the formal economy. And we know that a sizable formal economy can strengthen governmental issues.

I firmly believe that partnerships are crucial for achieving the MDGs. Three years ago my mother-in-law Her Majesty the Queen visited India, and my husband and I had the pleasure of accompanying her. On this visit, we decided to combine my husband's specialism - water and sanitation - with mine - access to finance. The result was a seminar on 'Water and Microfinance' that has led to numerous projects giving more people access to water and sanitation through affordable financial schemes. Of course, this is just one of many examples. We should really think outside the box and combine the provision of finance with the provision of housing, energy, health, food, education, and so on.

Another vital point is local ownership. FMO sets a good example. This Dutch development bank holds a 400 million dollar government financed fund called 'Massif'. Its clients are local financial institutions that have limited or no access to finance of any kind, let alone local currency financing. Massif offers local financial intermediaries long-term debt and equity financing in local currency. But what is most remarkable is that Massif bears the currency risk. This kind of risk is too high for development banks or commercial banks alone. So it can only be borne together with the public sector. The local institutions served by the Massif fund in turn serve the SMEs and
lower income households. Today, Massif has 120 clients who offer a wide range of financial services - relating to savings, cash flow, credit, guarantees, mortgages, leasing and insurance - to millions of people in about 50 countries. And, most importantly, the fund operates in a sustainable manner: it has remained stable for years and has even managed to make some profits along the way.

Nearly half of the world’s population is unbanked. These people have also no access to electricity, water or oil and gas to cook with. This perpetuates the poverty trap and undermines attempts to achieve the MDGs. It also puts pressure on the environment.

This is a huge challenge, but building alternative energy systems is also a business opportunity. I feel that financial products can play an important role here. A good example is the BRAC programme in Bangladesh, which promotes solar energy for rural households through microenterprise loans.

Some people may wonder what use financial services are to the poor. But in fact lower and above all irregular incomes require more rather than less active financial management, as Jonathan Morduch and his co-authors show in their book Portfolios of the Poor. Money earned by the poor, they explain, too often arrives at the wrong time, can be hard to hold onto, and is difficult to build into something larger through borrowing and saving. I quote: ‘This is the fundamental tragedy of poverty as seen through a financial lens: the triple whammy of incomes that are both low and uncertain, within contexts where the financial opportunities to leverage and smooth income to fit expenditure are extremely limited.’ The poor could get better housing, proper education or preventive health care more easily, if only cash management was less complex.

In relation to the MDGs, inclusive finance should also focus on reaching the very poor, who live mainly in rural areas. With new service delivery technologies and the creation of new partnerships, costs of supplying financial services will be dramatically reduced. This will make it possible for us to reach the previously unbanked in rural areas, in an affordable manner and with products catered to them specifically.

Recently the US Secretary of State Hillary Clinton praised innovations like conditional cash transfer programmes, which integrate efforts to fight poverty and promote education and health. This is evidence of a huge momentum for inclusive finance. Let's use this momentum to help achieve the Millennium Development Goals.