



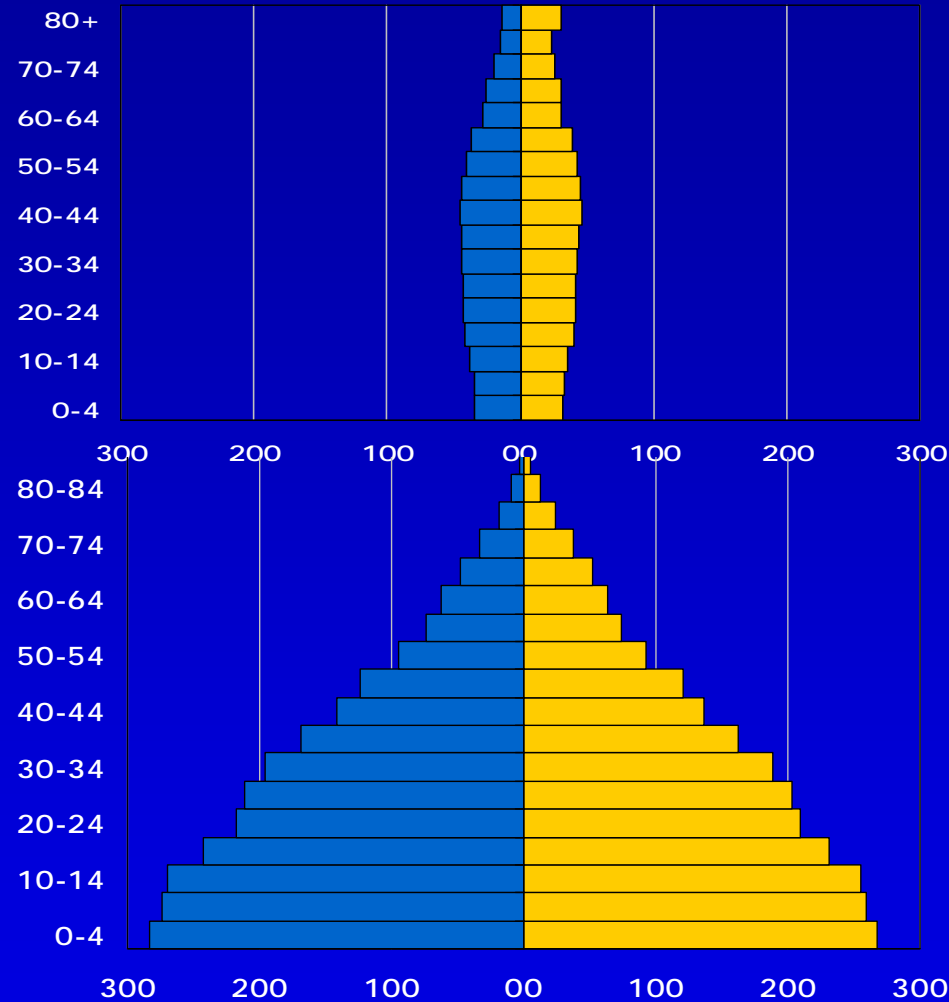
SOME FORCES FROM THAT WILL SHAPE OUR FIELD'S FUTURE

Force One

- Demographics – younger and more urban

Changing demography

Millions



Ageing developed nations

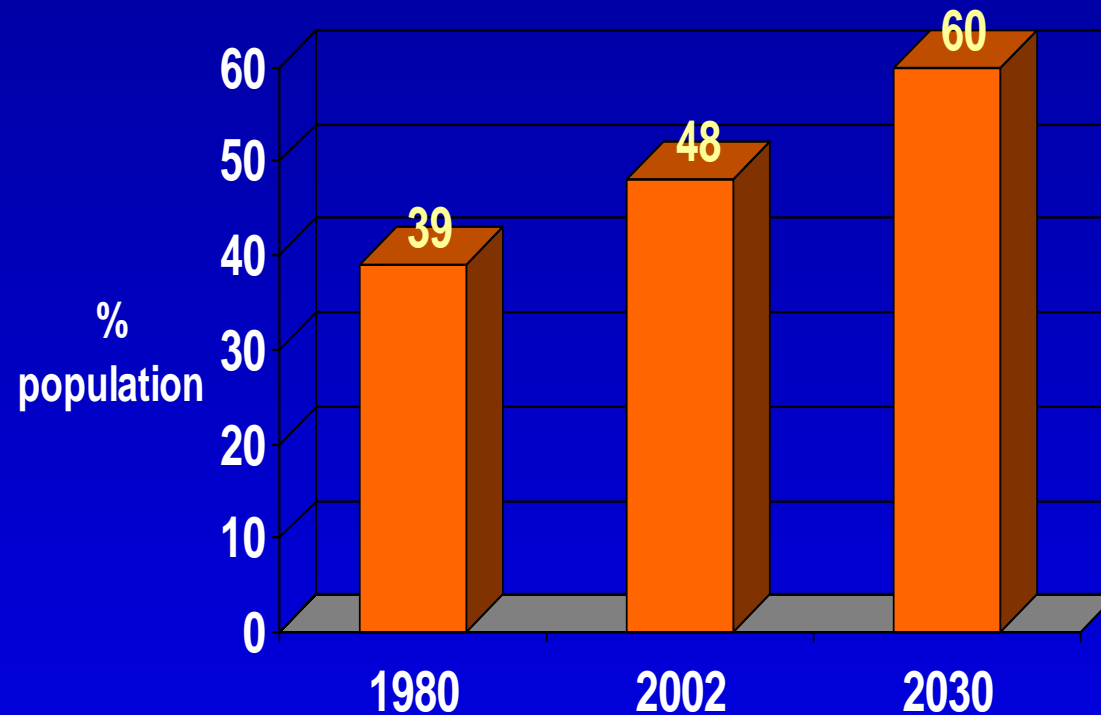
Young developing nations

HIV/AIDS?

Source: United Nations Populations Division, *World Population Prospects, The 2004 Revision*.

Changing demand profile

Urbanization



“Developing countries will add approx 2 billion new urban residents in next 25 years” UN Habitat 2005:4

Force Two

- Continual shocks:
 - Conflict (avoidance, mitigation, reconstruction)
 - HIV-AIDS
 - Natural disasters

Force Three

- Poverty and inequality issues getting more urgent

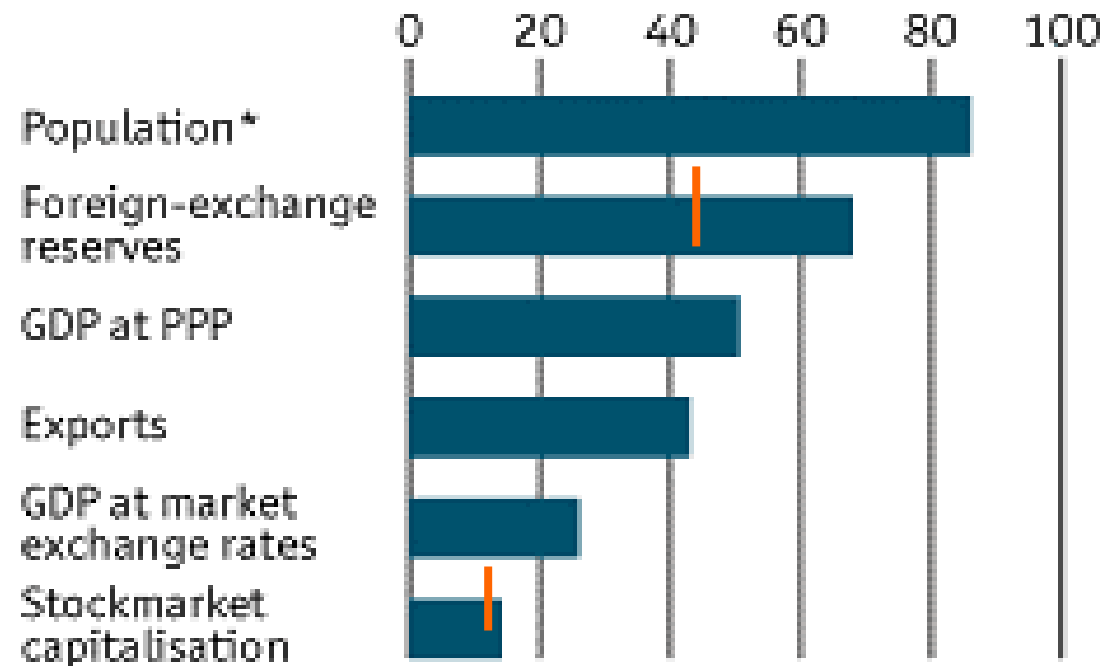
Force Four

- Political economy
 - Role of the state being revisited – “governance of growth”
 - Rising power and influence of the BRICs (Brazil, Russia, India and China)

BRICs rising

The young pretenders

Emerging economies as % of world total, 2005



Sources: IMF; MSCI; *The Economist* estimates

*2004

"The long run prospects for emerging economies as a whole look excellent, so long as their move towards free & open markets & sound fiscal & monetary policies continues...." Economist 21 January 2006:70

Force Five

- Opportunities at the Bottom of the Pyramid

Force Six

- A wireless world . . . and other technologies

Force Seven

- Greening of the global economy

Force Eight

- Global rules, standards and certification

Force Nine

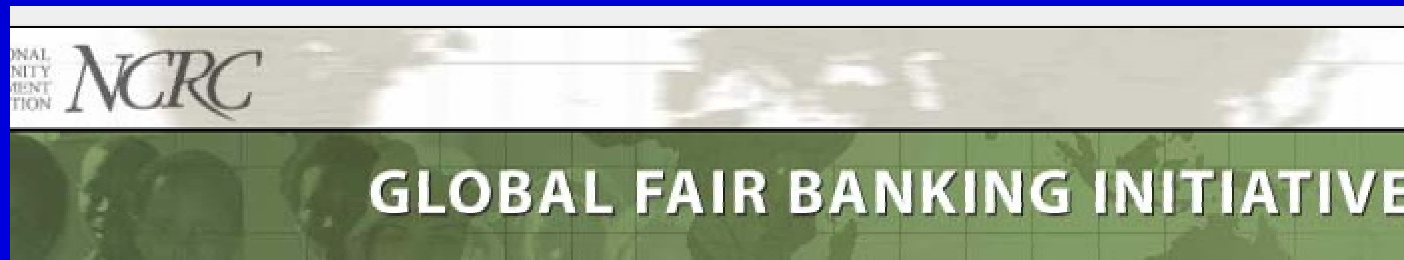
- Consumer power and activism

Growing global social activism



“The role and behavior of big business will come under increasingly sharp scrutiny...scandals and environmental mishaps seem as inevitable as the likelihood that these incidents will subsequently be blown out of proportion, thereby fuelling resentment and creating a political and regulatory backlash”

Ian Davis & Elizabeth Stephenson, McKinseys Quarterly Jan 2006

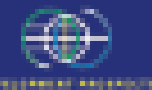
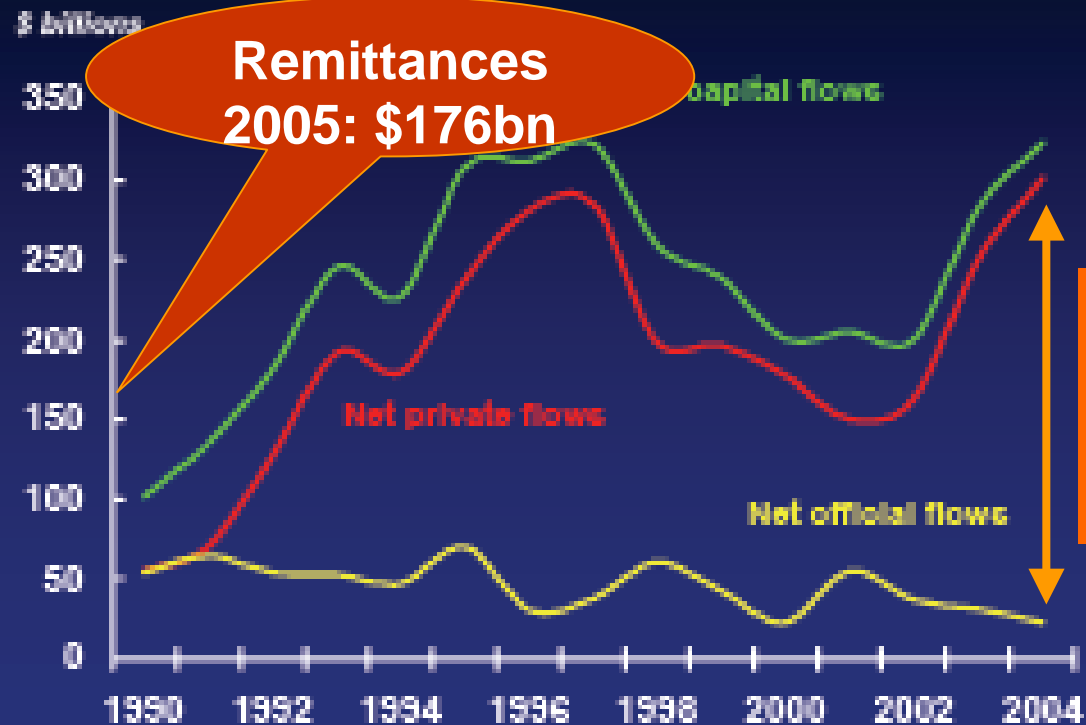


Force Ten

- Out with the old . . . and in with the new
- Traditional donors declining
 - New players entering – BRICs, the “new philanthropists,” social and commercial investors, companies doing their core business

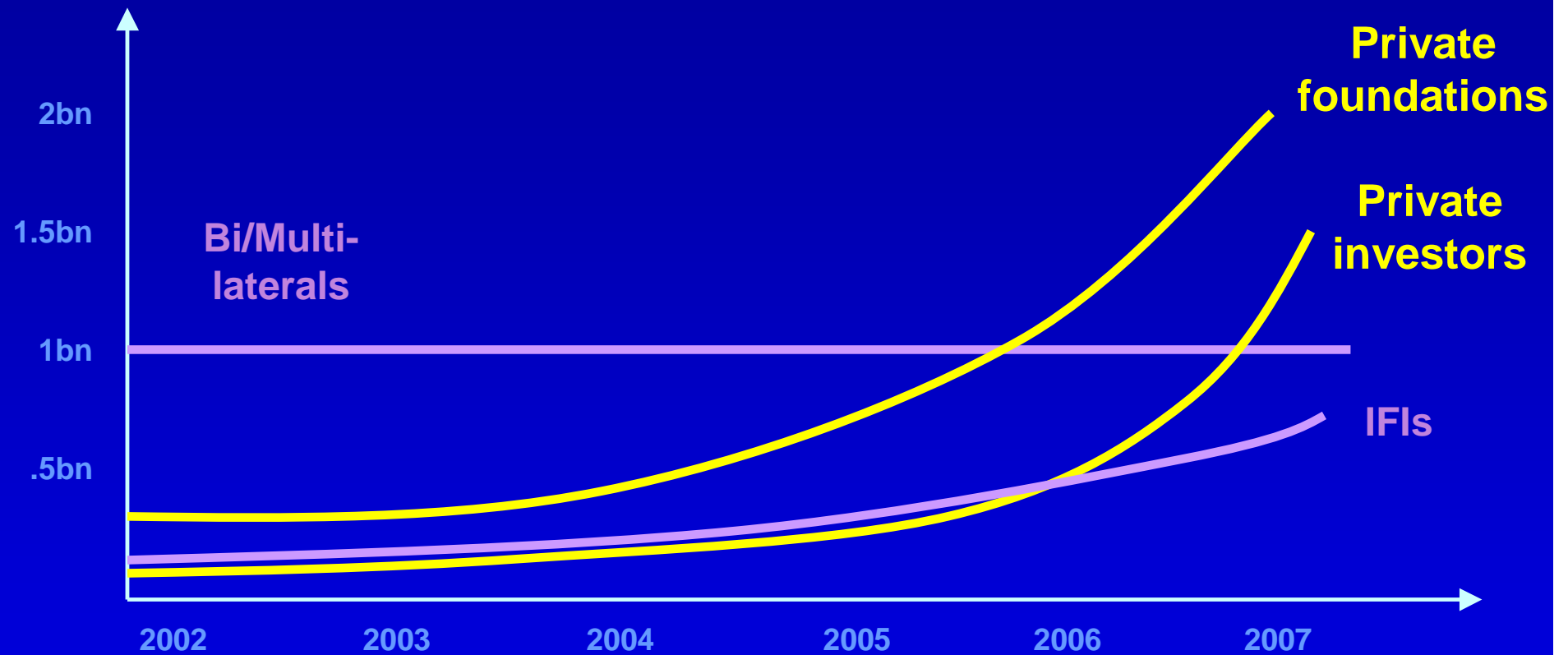
Changing Aid flows ...

Financial flows to developing countries continue recovery in 2004



DEPARTMENT OF AGRICULTURE

The new funding sources are growing fast



...and new aid modalities

G2P:



OLD: “*Philanthropy corrects for the market, because the market is part of the problem*”

NEW: “*Philanthropy connects to the market, because the market is part of the solution*”

Looking out for the Future (2005) report by GBN and Monitor Institute

KIVA loans that change lives

[Kiva Gift Cards](#) [Login](#) [Register](#) [My Basket](#)

HOME ABOUT BUSINESSES ACCOUNT

Kiva provides a new, **sponsor a business** option for individuals to connect with small enterprises in

Latest journal from **Faith Salon**
Tororo, Uganda , December 16, 2005, 2:48 am

Ten Trends Summarized

- #1 Demographics – younger and more urban
- #2 Shocks – HIV-AIDS, conflict, disasters
- #3 Poverty and inequality more urgent
- #4 Revisit role of the state; rise of the BRICs
- #5 Opportunities at the Bottom-of-the-Pyramid

Ten Trends Summarized - continued

- #6 A wireless world . . . and other technologies
- #7 Greening of the global economy
- #8 Global rules, standards and certification
- #9 Consumer power and global activism
- #10 Out with the old and in with the new – the funding world

In conclusion . . .

At its heart, M4P is about improving
access, opportunities and benefits
for the poor – men and women –
to participate in markets

We need to tackle this with
passion and enthusiasm!

Thank you!



Australian Government
AusAID



Bundesministerium für
wirtschaftliche Zusammenarbeit
und Entwicklung



Building Financial Systems for the Poor



Thank you!



Argidius Foundation

FORD FOUNDATION



BILL & MELINDA
GATES foundation



MICHAEL & SUSAN DELL FOUNDATION



Next Steps? Revisited . . .

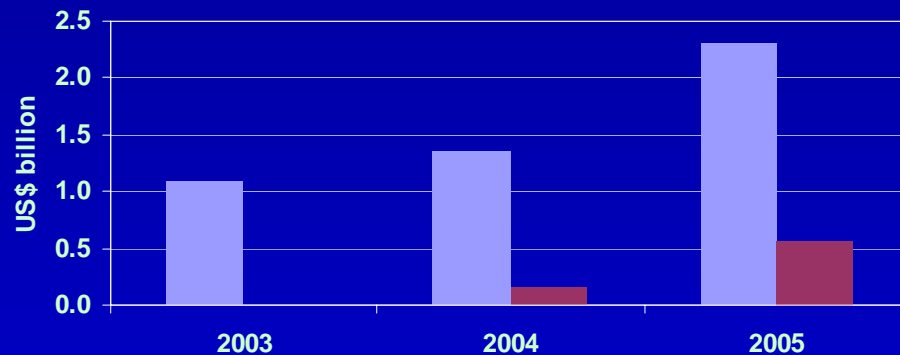
- Confront and challenge our biases
- Innovation and partnerships often with the private sector
- Role of relationships (not just transactions), trust and social capital
- More/better diagnosis . . . and action!
- Sharpen M4P tools for diagnosis, design, implementation, and M&E

Next Steps . . . Revisited

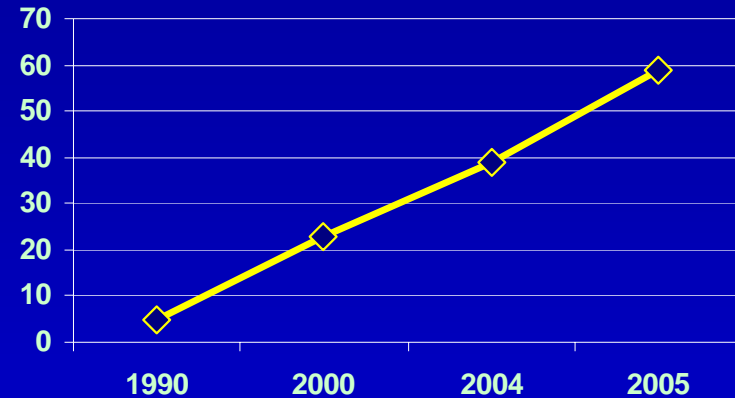
- Expertise required
- Evidence that M4P works (growth and poverty) and is scaleable
- Better knowledge management and learning from positive experiences on the ground
- Communications -- further refining the M4P approach, making it easier to understand and more compelling – buy-in from govts, civil society and other donors
- Building advocacy capacity – internal and external – including alliances with change agents, and the voice of the poor as producers, consumers and employees
- Regional approaches desirable and feasible?

Funding Trends: Private investment growing

Outstanding portfolio: Development investors and private investors



Number of microfinance investment vehicles



Development investors doubled their outstanding portfolio in 2 years

Private investors more than tripled their investments in microfinance investment vehicles

Datasets are different for three years: 2003 (9 development investors); 2004 (estimated amount for development investors, 39 MIVs), 2005 (19 development investors; 57 MIVs)