

# PERCEPTION AND ACTION OF DEVELOPMENT FINANCE INSTITUTIONS IN THE INTERNATIONAL ECONOMIC SITUATION



**ALIDE** 

*Secretary General of ALIDE*  
Economic Studies  
and Information Program  
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ALIDE  
General Secretariat  
Av. Paseo de la República 3211, San Isidro  
P.O. Box 3988 | Lima, 100 Peru  
Telephone: 203-5520  
E-mail: [kfiestas@alide.org](mailto:kfiestas@alide.org) / [nlago@alide.org](mailto:nlago@alide.org)  
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This report was prepared by the technical team of ALIDE's Economic Studies and Information Program, under the leadership of Romy Calderón and Kevin Fiestas, the head and economist of the program, respectively.

## 1. PRESENTATION

The international economic outlook for 2025 is characterized by an environment of growing financial uncertainty, geopolitical tensions, inflationary pressures, and institutional fragility. These factors have weakened countries' ability to foster inclusive and sustainable growth, especially in developing countries, where dependence on volatile external markets amplifies vulnerabilities. Added to this are disruptions in global supply chains, increased protectionist measures, economic sanctions, and the concentration of corporate power, which highlight the limits of the current model of commercial globalization, as the World Economic Forum points out in its 2025 risk analysis.

For Latin American and Caribbean (LAC) countries, risks manifest themselves primarily through external channels. Their heavy dependence on exports of commodities and light manufacturing—sectors sensitive to international prices and trade barriers—exposes them to direct impacts. The United Nations Conference on Trade and Development (UNCTAD) describes this moment as a “perfect storm” for developing countries, combining adverse external conditions, high debt, and internal institutional instability.

In this context, to understand how Development Finance Institutions (DFIs) in LAC perceive the global situation, the impacts they are observing in their countries and among their clients, and the strategies they are implementing to continue fulfilling their role as public policy instruments for development financing, ALIDE conducted a survey during its 55<sup>th</sup> Annual Regular Meeting, held in Santo Domingo, Dominican Republic, from May 12 to 14. The survey targeted senior executives of the DFIs participating in the meeting.

The survey was conducted among officials from 23 DFIs in 16 Latin American and Caribbean countries, as well as from four development banks in extra-regional countries—Germany, France, India, and the Netherlands—and two regional banks.

Most DFIs perceive an adverse situation, with differentiated impacts by sector and negative effects on their clients, mainly in the form of increased costs, external restrictions, and reduced operational predictability. Moreover, greater barriers to accessing international financing are reported, although the role of multilateral and regional organizations is valued as key allies.

In terms of access to financing, DFIs face greater restrictions and costs, especially in private and capital markets. However, they identify multilateral and regional organizations as key allies in mobilizing financial and non-financial resources.

Additionally, the results show that the current situation has had significant impacts on DFI clients, such as increased costs, restricted access to external markets, and reduced certainty in investment planning.

Finally, expectations for ALIDE are clear: its role as a platform for regional coordination, a venue for cooperation among development banks, and a center for generating technical knowledge is valued. DFIs prioritize mutual learning, institutional strengthening, and the search for shared solutions, recognizing ALIDE's importance in enhancing development banking in Latin America and the Caribbean.

- **Perception of the Current International Economic Situation**

The perception of the surveyed institutions reveals a discouraging view of the international economic situation (Figure No. 1). 70.2% of respondents rate the global situation as very uncertain or confusing, demonstrating the depth of uncertainty the current environment creates for strategic decision-making.

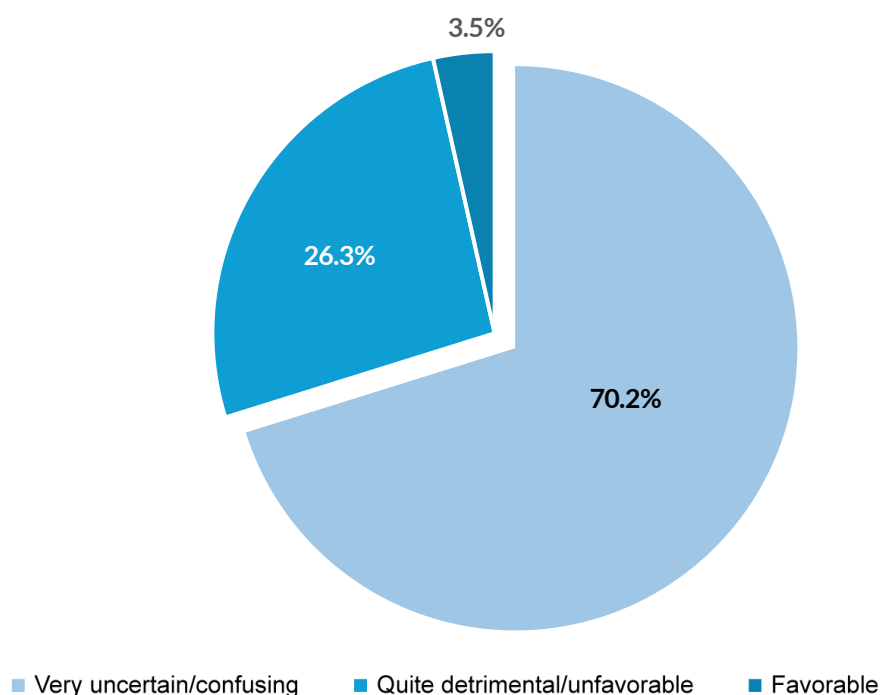
This high level of uncertainty may be associated with multiple interrelated factors: the persistence of large-scale geopolitical conflicts, volatility in international energy and food prices, disruptions in global supply chains, and the erratic evolution of monetary and financial conditions.

Additionally, 26.3% of respondents perceive the current situation as quite detrimental or unfavorable. Potential negative effects could include a slowdown in international trade, the cost of external credit, a decline in foreign investment flows, and rising levels of poverty and inequality.

In contrast, only 3.5% of respondents identify the current context as favorable, denoting a near-unanimous consensus on the complexity of the international environment. This weak positive perception could stem from isolated cases in which certain economies have managed to temporarily capitalize on certain global dynamics.

Taken together, these data may reflect the need for DFIs to adopt a proactive and adaptive management approach. The high perception of uncertainty would require strengthening international risk monitoring and analysis capabilities.

**Figure No. 1. What is your perception of the current international economic situation?**  
(%)



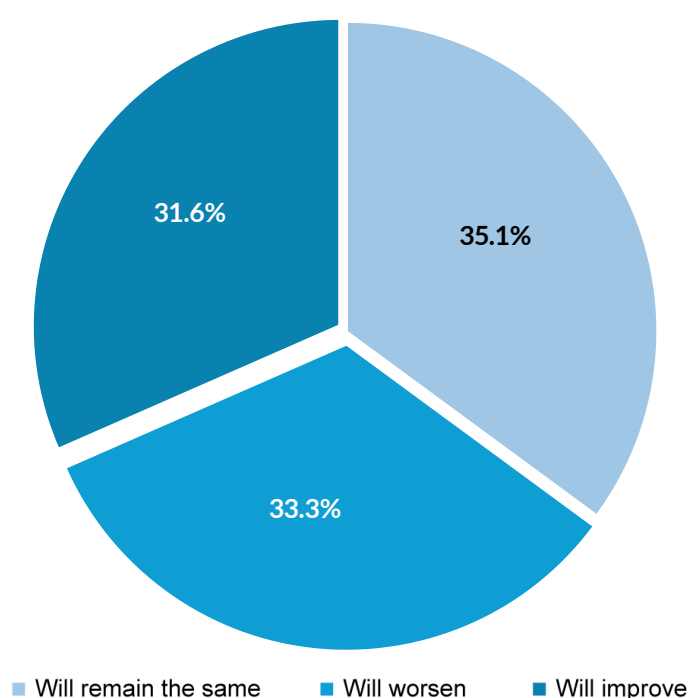
- **Future Perception of the International Economy**

The distribution of responses on the future of the international economy reveals an environment of uncertainty and moderate expectations (Figure No. 2). 35.1% of respondents believe that the international situation will remain largely unchanged, reflecting a stance of relative stability in the economic landscape. This perception may be influenced by a reading of moderate deceleration. In contrast, 33.3% of respondents anticipate a deterioration in global economic conditions.

On the other hand, 31.6% of respondents project an improvement in the international economy, revealing a significant amount of optimism regarding economic recovery processes and the reconfiguration of more resilient value chains. This positive outlook may encourage certain DFIs to take on a more proactive role in mobilizing resources and channeling investments toward strategic sectors.

The results regarding future developments are not at all encouraging either. The total number of those who believe the situation will remain the same or worsen is 68.4%, meaning they don't expect major changes or that the highly uncertain and volatile international environment will continue.

**Figure No. 2. What is your perception of the future of the international economy?**  
(%)



- **Impact of the Situation on the Countries of the Region**

Regarding the impact that the international economic situation is having on the countries where the respondents' DFIs operate (Figure No. 3), the majority of the officials surveyed (57.9%) perceive that the situation has differentiated effects according to sectors, that is, it is being detrimental to some economic activities and, simultaneously, generating opportunities in others. This finding may reflect the heterogeneity of sectoral impact, typical of periods of structural transition and global uncertainty.

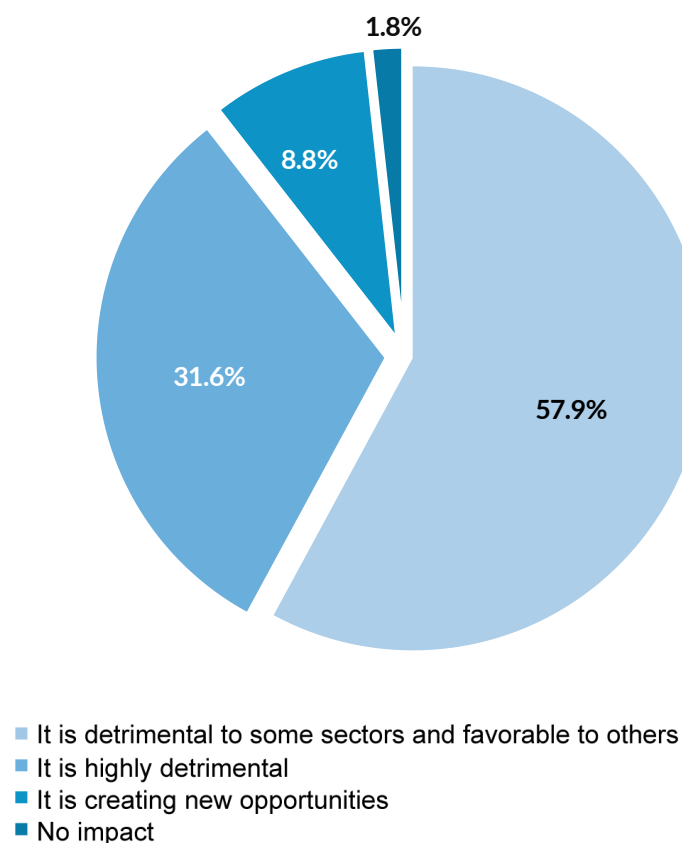
On a second level, 31.6% of respondents perceive that their country is being severely affected by the current situation, possibly due to economies with greater external exposure, lower fiscal responsiveness, or productive structures that are more vulnerable to international shocks.

On the other hand, only 8.8% perceive that the current situation is benefiting their countries with new opportunities. This may be linked to specific cases in which certain countries have succeeded in repositioning themselves within new value chains, taking advantage of improved terms of trade, or attracting foreign direct investment in strategic sectors.

Finally, 1.8% of respondents believe that their countries are not being affected, representing an exception within an otherwise largely adverse outlook.

Taken together, this evidence could reveal that the current international situation is not having a uniform effect, forcing DFIs to act differently. The main challenge lies in how to redirect resources toward sectors with greater capacity for recovery or structural transformation, without neglecting those undergoing contraction.

**Figure No. 3. How much is your country being affected by this situation?**  
(%)





- **Funding Sources and Access to Financing**

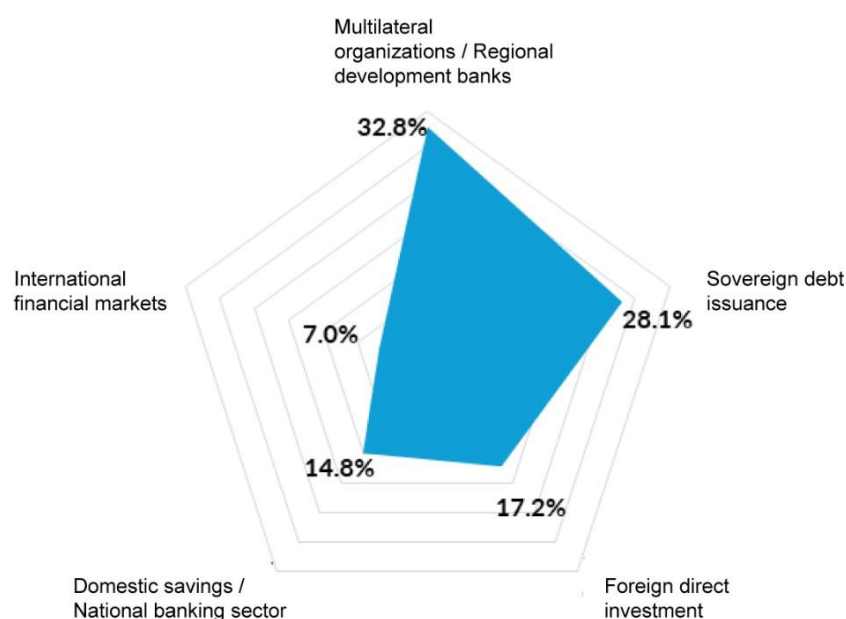
This section presents the perceptions of DFIs regarding funding sources in Latin America and the Caribbean, as well as the conditions for accessing financing in the current context.

According to the perceptions of DFIs (Figure No. 4), the analysis of **the main sources of financing or investment resources** used by LAC countries highlights multilateral and regional financial organizations (32.8%) as the main source, followed by sovereign debt issuance (28.1%), and, in third place, foreign direct investment (17.2%).

To a lesser extent, domestic savings and the national banking sector are mentioned (14.8%), as well as international financial markets (7%), excluding government issuance.

Overall, the data reflect, from the perspective of development banks, the importance of regional and multilateral financial institutions in mobilizing resources to finance the region's economies, especially considering that these sources provide long-term financing.

**Figure No. 4. What are your country's main funding sources?**  
(%)



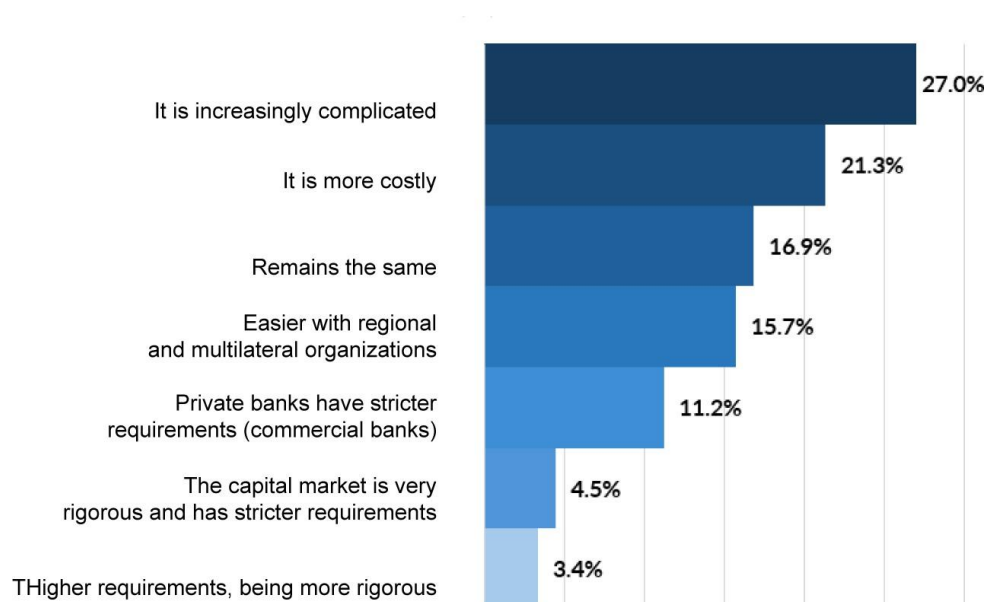
Regarding **access to international financing** in the current situation (Figure No. 5), the most frequently mentioned option was “it is increasingly complicated,” with 27%, which shows a widespread perception that the environment for accessing international financing has become more difficult. This is followed by “it is more costly” (21.3%), which suggests that, in addition to being more complex, financing has also become more expensive. This is understandable given that international interest rates remain high, their decline has been slow, and market volatility only serves to sustain or worsen this situation.

However, 16.9% of respondents believe that the situation “remains the same,” indicating that, for some institutions, conditions have not changed significantly compared to previous periods.

Meanwhile, 15.7% say that access is “easier with regional and multilateral organizations,” underscoring the importance of these entities as reliable and accessible sources of financing for DFIs in the region. In contrast, 11.2% note that “private banks have stricter requirements,” referring primarily to commercial banks, while 4.5% believe that “the capital market is very rigorous and has stricter requirements.” Finally, 3.4% report that in general they find “higher requirements, being more rigorous.”

In summary, the results reflect a widespread perception that accessing international financing is now more difficult and costly. At the same time, the importance of multilateral and regional organizations is recognized, as they serve as key allies in a context where private financing and capital markets are increasingly demanding. These findings suggest the need to strengthen strategic alliances and explore mechanisms that facilitate more agile and sustainable access to international financing.

**Figure No. 5. In this situation, how accessible do you perceive international financing to be for your institution?**  
(%)



- **DFI Measures in Response to the International Economic Situation**

Among the measures implemented by DFIs in response to the international economic situation (Figure 6), strengthening risk management stands out, cited by 28.9% of respondents. This suggests an institutional priority to enhance the capacity to anticipate, mitigate, and manage adverse financial impacts stemming from the current economic environment.



Secondly, 26.7% of respondents reported redesigning their financial products, suggesting an effort on the part of institutions to adapt their instruments to changing client needs, improve credit efficiency, and respond to changing market conditions.

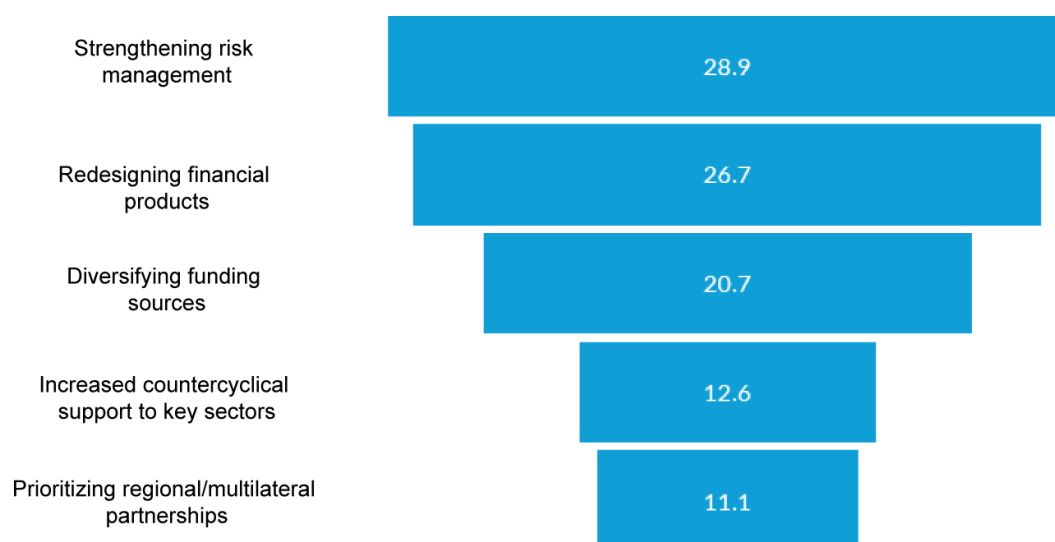
Another relevant action is the diversification of funding sources, mentioned by 20.7% of respondents. As seen in one of the previous points, this diversification would seem to respond to the greater ease of access offered by some sources of financing compared to others.

To a lesser extent, DFIs are also taking actions geared toward their countercyclical role. Greater support for key sectors in adverse contexts was mentioned in 12.6% of responses, showing that some institutions are prioritizing the support of strategic sectors that may be most affected by the unstable situation.

Finally, 11.1% of responses highlight the prioritization of partnerships with regional and multilateral organizations, reaffirming the importance of these actors as strategic allies in strengthening technical capacities, accessing financing on preferential terms, and expanding the scope of DFIs' operations.

Overall, this shows that institutions are responding to the situation with a comprehensive approach that combines defensive strategies—such as strengthening risk management—with proactive measures, including product innovation and the diversification of funding sources, while maintaining their structural role in supporting development, particularly in adverse contexts.

**Figure No. 6. What measures is your bank taking in response to the current economic situation?**  
(%)



- **Impact on Clients**

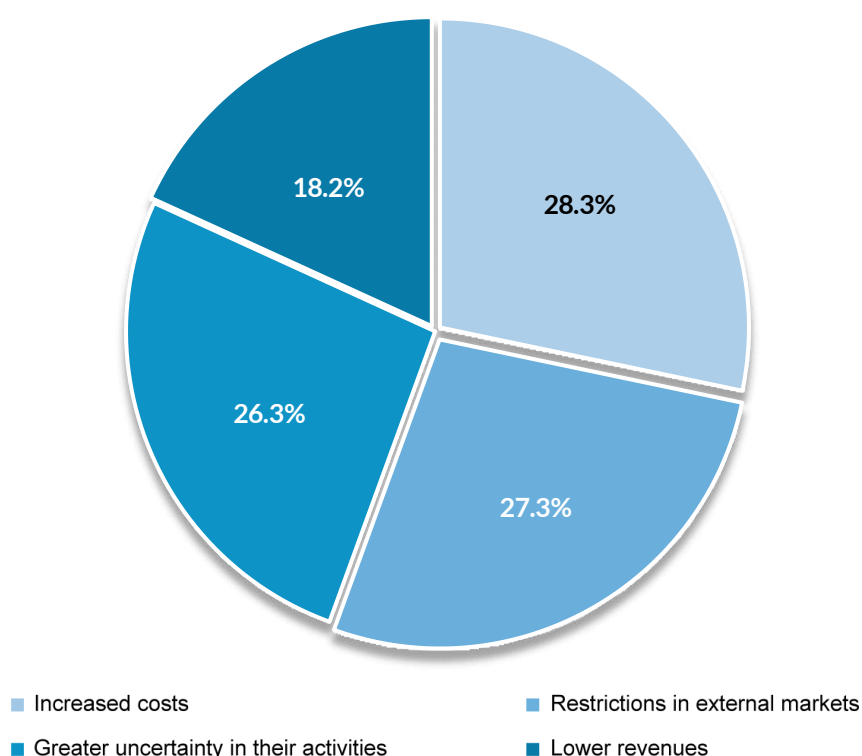
The information indicates that the international economic situation is having a direct impact on DFI clients, according to the perceptions of officials from these institutions (Figure No. 7). The main effect identified is increased costs, mentioned by 28.3% of respondents.

This is followed by restrictions on external markets, cited by 27.3% of respondents, reflecting the slowdown in international trade and possibly increased non-tariff or geopolitical barriers that are limiting clients' access to export opportunities or international financing.

26.3% of respondents reported increased uncertainty in client activities, which points to a decline in economic confidence.

Finally, 18.2% perceive that clients are experiencing a reduction in revenue, an effect that may be linked to both the decrease in domestic demand and the aforementioned external restrictions. This decline impacts the ability to pay, consumption, and viability of many economic units.

**Figure No. 7. How do you perceive the economic situation is affecting your clients?**  
(%)



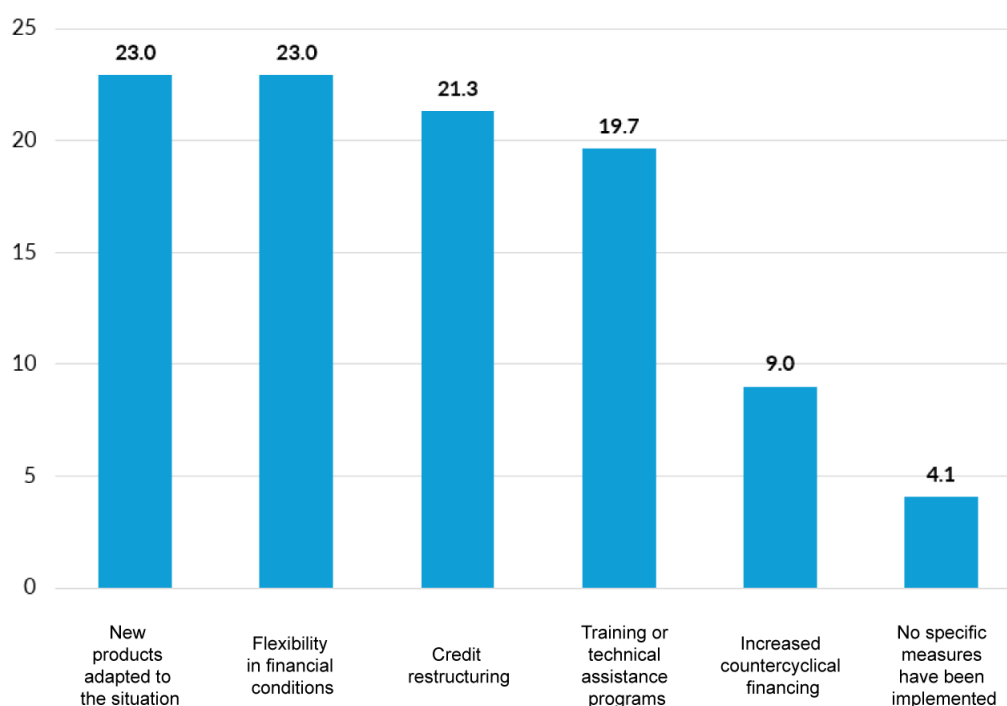
- **Actions of DFIs in Support of their Clients**

DFIs' support for their clients in this situation is manifested in various ways. The actions most frequently cited by respondents are the creation of new financial products tailored to the current situation and the flexibility in financial conditions, both accounting for 23%

of responses. This suggests that DFIs are prioritizing the adaptation of their instruments to new market realities and the emerging needs of their clients, promoting greater accessibility and relevance in their financial services.

Moreover, 21.3% of respondents mentioned credit restructuring, a measure aimed at easing the financial burden on affected clients. This is followed by training or technical assistance programs (19.7%), reflecting an interest in strengthening the capacities and resilience of beneficiaries. To a lesser extent, 9% of respondents reported the provision of increased countercyclical financing, while only 4.1% indicated that no specific measures had been taken, confirming that most DFIs are adopting some form of action to support their clients amid the current situation.

**Figure No. 8. What kind of support is your institution currently providing to its clients in the face of this situation?**  
(%)



- **Expectations regarding ALIDE**

DFIs' expectations regarding ALIDE's role in the current situation focus on identifying the actions they consider most valuable for strengthening their performance and institutional resilience. In this regard, the most highly valued action among DFIs is the promotion of cooperation venues among development banks, cited by 24.2% of respondents. This result indicates that institutions value regional collaboration as a key mechanism for sharing experiences, generating joint solutions, and strengthening their collective capacity to address shared challenges.

Secondly, 22.7% of respondents highlighted the facilitation of exchange of good practices, reflecting the interest in learning from successful cases in the region and replicating innovative approaches in institutional management, product design, or service to strategic sectors.

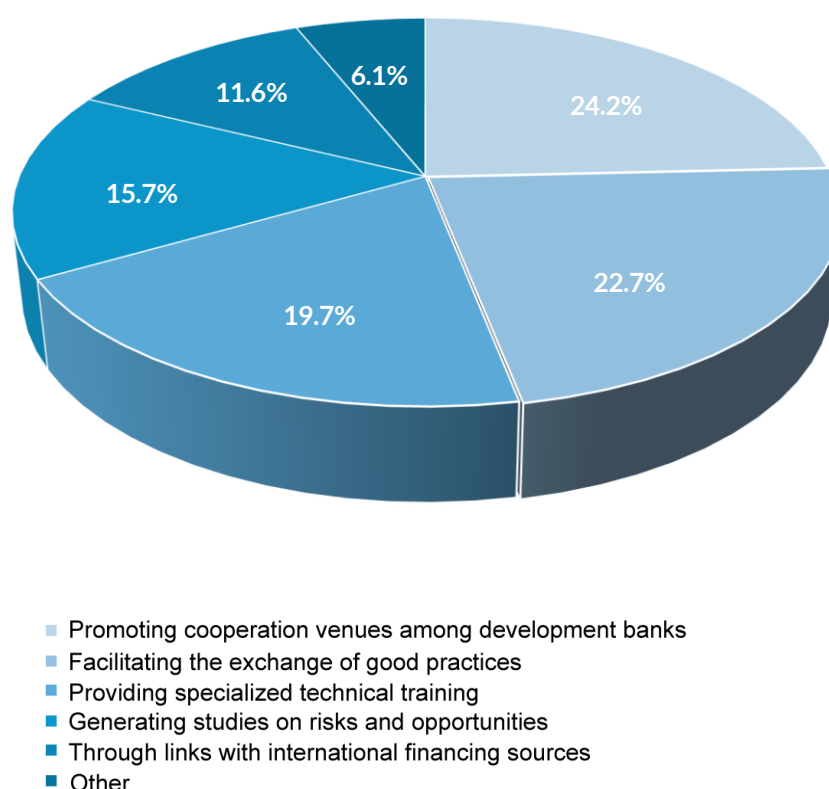
The provision of specialized technical training also occupies a prominent place, with 19.7% of mentions. This indicates that many DFIs are seeking to strengthen their internal capacities and equip their staff with up-to-date tools to operate in a changing and increasingly demanding environment.

Likewise, 15.7% of respondents value ALIDE's work in generating studies on risks and opportunities, which highlights the importance of technical and analytical knowledge as an input for strategic decision-making, especially in uncertain contexts.

Other highlights included establishing links with international financing sources (11.6%), as well as other references to areas where DFIs believe that ALIDE can contribute, either as a bridge to international financial cooperation or through additional joint initiatives.

Overall, the results show that the DFIs particularly value ALIDE's role as a platform for coordination, collective learning, and institutional strengthening, beyond the direct provision of resources, reaffirming its role as a network of technical and strategic cooperation for the region.

**Figure No. 9. How do you think ALIDE can help your institution in the current situation?**





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