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**Costa Rica:
The architecture
of services export
success**

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Abstract

Costa Rica has emerged as one of the most successful cases in Latin America and the Caribbean (LAC) in promoting knowledge-based services (KBS) exports and attracting foreign direct investment (FDI) in high-value services sectors. KBS exports now account for 9.5 per cent of gross domestic product (GDP) and 24.1 per cent of total exports, positioning Costa Rica as the leading per capita exporter of KBS in the region. The country has also attracted significant FDI in these sectors, with growing diversification and sophistication of its services portfolio.

This success is grounded in a long-term strategic vision, institutional continuity and strong public-private coordination. The country's export and investment promotion strategy is characterized by clearly defined roles, financial and operational capacity and a favourable business climate supported by trade agreements and fiscal incentives under the free trade zone (FTZ) regime. Costa Rica's experience illustrates a distinctive combination of horizontal policies and targeted instruments for promoting exports of KBS, which differ significantly from those applied to goods sectors. Services export promotion requires prioritizing skilled and bilingual human capital over investments, primarily in physical infrastructure.

Costa Rica's experience may offer valuable lessons for other economies, particularly in aligning trade and investment policies, leveraging institutional capacity, and investing in human capital to build a globally competitive services economy. At the same time, the country's initiatives illustrate the specific challenges of promoting KBS and the need for continued policy adjustments. Costa Rica's talent pool remains a key asset, although skills shortages continue to be a limitation for further expansion. Despite sustained linkage programmes and positive spillovers (indirect gains in expertise and technology) to local firms, many still face difficulties in scaling up KBS exports. Moreover, the concentration of talent in the Greater Metropolitan Area (GMA) has limited balanced regional development. Furthermore, despite targeted policy actions, a significant concentration in export destinations and FDI sources persist.

Key points

Main elements of Costa Rica's export promotion strategy:

- Long-term shared vision and consistent policy evolution over multiple administrations.
- Strong complementarity between export promotion and policies to attract foreign direct investment (FDI), supported by clearly defined roles, effective coordination among key stakeholders and adequate financial and operational capacity.
- Favourable business climate, including legal certainty, an extensive network of trade and investment agreements and a predictable fiscal incentive framework (notably the free trade zone regime).
- Development of a relatively highly skilled and bilingual talent pool.
- Strategic focus on high-value sectors with comparative advantages.
- Development and promotion of a unified national brand to enhance visibility and positioning.

Main achievements and impacts:

- Significant growth and diversification of knowledge-based services (KBS) exports, which accounted for 9.5 per cent of gross domestic product and 24.1 per cent of total exports in 2024.
- Costa Rica ranks as the fourth-largest KBS exporter in Latin America and the Caribbean after Brazil, Mexico and Argentina and first on a per capita basis. It also outperforms the regional average in most competitiveness indicators.
- High levels of FDI in KBS sectors, representing 11 per cent of total FDI inflows over the past decade.
- Increasing sophistication and diversification of the services export portfolio.

- Improved productivity in KBS sectors in recent years.

Challenges:

- Persistent skills shortages, as the rapid expansion of KBS has outpaced the supply of qualified professionals, particularly in science, technology, engineering and mathematics fields and languages.
- Talent remains concentrated in the Greater Metropolitan Area, limiting the geographical expansion of KBS and inclusive development.
- Despite strong FDI inflows and evidence of positive spillovers to local suppliers, Costa Rica has struggled to scale up exports by domestic KBS firms.
- Heavy dependence on a single export market and investment source, highlighting the need for greater diversification in both destinations and origins of trade and investment. Need for reduction in vulnerability to external shocks and to increase the probability of survival in export markets.

Good practices:

- Long-term strategic vision sustained across political cycles.
- Institutional continuity and public-private coordination.
- Results-based training initiatives tailored to industry needs. The more sophisticated the talent pool, the greater the ease of moving up in terms of services sophistication.
- Strong investor aftercare services contributing to high reinvestment rates.
- Implementation of a digital single window to streamline investment procedures.
- Data-driven sector prioritization for attracting FDI and for export promotion.

Services exports and FDI patterns over the past two decades

Costa Rica has undergone a profound economic transformation in recent decades, resulting in significant export growth and diversification. Services have played a crucial role in this process and have become a key pillar of Costa Rica's economy, accounting for 68.8 per cent of GDP, 42.6 per cent of total exports and 27.5 per cent of FDI inflows in 2024; services also reflected 70.0 per cent of total employment and 69.0 per cent of

FDI projects in 2025 (see Figure 3.1). From 2005 to 2024, commercial services exports grew at a compound annual growth rate (CAGR) of 9.1 per cent, reaching US\$ 16.5 billion and generating a surplus exceeding US\$ 9.2 billion (see Figure 3.2). During this period, Costa Rica increased its market share in services exports both globally (from 0.12 per cent in 2005 to 0.19 per cent in 2024) and regionally (from 4.1 per cent to 6.5 per cent).

Figure 3.1: Services share in GDP, employment, total exports and FDI inflows, 2005–2025

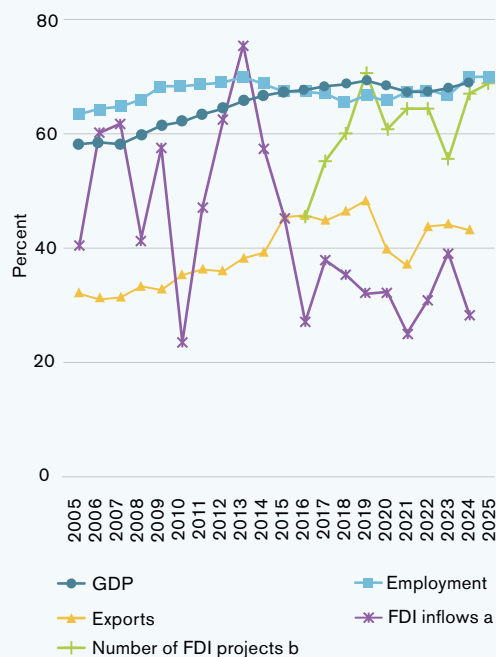
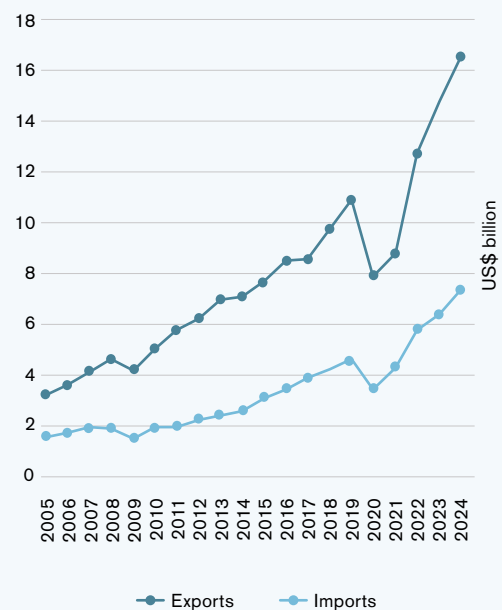


Figure 3.2: Commercial services exports and imports, 2005–2024



Source: Drawn up by the authors with data from the WTO (trade), the World Bank (GDP and employment), Central Bank of Costa Rica (FDI inflows) and the Costa Rican Coalition for Development Initiatives – CINDE (FDI projects).

Notes: ^a Accommodation and food services; financial and insurance activities; ICT services; professional, scientific, technical, administration and support products; real estate; and transportation and warehousing.

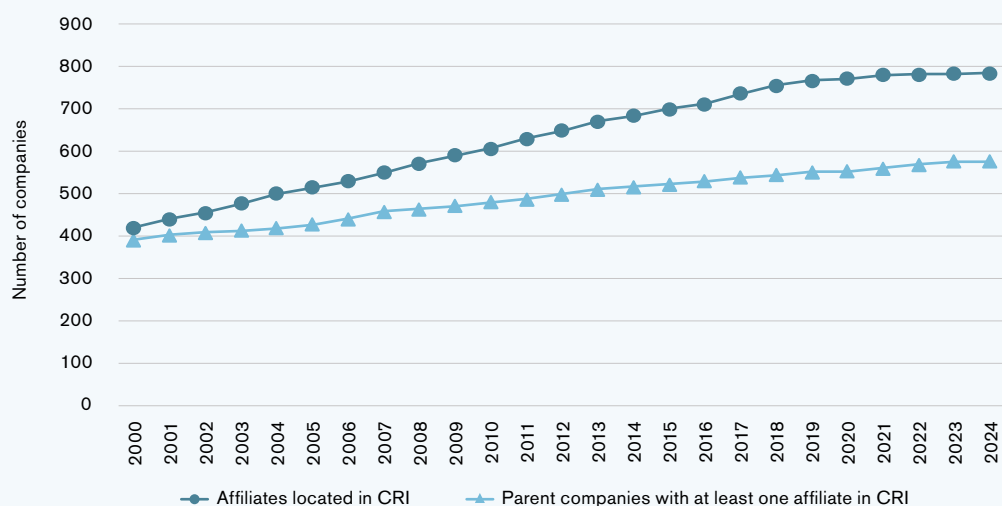
^b Number of FDI projects includes greenfield (new facilities built from scratch) and brownfield (upgrading of existing facilities) FDI projects in services and tourism infrastructure.

Following Intel's arrival in 1997, Costa Rica strengthened its position as an attractive destination for FDI. In the years that followed, several companies began developing business process outsourcing (BPO) and information technology outsourcing (ITO) services in Costa Rica. Procter & Gamble was the first company to establish a large-scale shared services operation.¹ These investments further increased after the entry into force of the free trade agreement (FTA) with the United States, the Dominican Republic and Central America (DR-CAFTA) in 2009. This led to the liberalization of the telecommunications sector, improvements in the intellectual property rights framework, and the introduction of ambitious investment-related provisions such as ratchet² and standstill³ clauses. From 2000 to 2024, the number of parent companies with at least one affiliate in Costa Rica increased by 47 per cent (from 394 to 579), while the number of affiliates located in the country grew by 86.5 per cent (from 422 to 787) (see Figure 3.3).

Knowledge-based services (KBS) have played a pivotal role in the development of Costa Rica's services sector. KBS is commonly defined as encompassing four categories within the balance of payments classification: charges for the use of intellectual property; telecommunications, computer and information services; other business services; and personal, cultural and recreational services (Giordano et al., 2024).

Most multinational enterprises (MNEs) that export KBS are established in FTZs. Nearly three-quarters of the MNEs operating in Costa Rica's KBS sectors are US-owned companies. Other major countries of origin include Canada, Germany, India and the United Kingdom (see Figure 3.4). Leading exporters of KBS from Costa Rica include global services sector firms such as Accenture, Amazon, AT&T, Cognizant, IBM, McKinsey, Microsoft, Walmart and DHL. In addition, numerous multinational manufacturing companies have established service centres in the country, amongst them 3M, Bayer, Dell, HP, Intel, Mondelez, Pfizer, Procter & Gamble, Roche and Siemens.

Figure 3.3: Affiliates and parent companies with at least one affiliate in Costa Rica, 2000–2024



Source: Drawn up by the authors with data from Dun and Bradstreet's WorldBase.

Note: "CRI" denotes the ISO 3-letter country code for Costa Rica.

Corporate and business processes were the primary focus for 42 per cent of MNEs operating in these sectors in 2021, while digital services and creative industries accounted for 9 per cent and 5 per cent respectively. Although detailed data on micro-, small and medium-sized enterprises by subsector and country of origin are only available up to 2021, more recent aggregated data indicate that KBS has increased its share in both FDI inflows and the number of projects, and that the United States remains the main source of these investments. Notably, 44 per cent of these companies were active in two or more sectors (see Figure 3.5). Services provided by MNEs include the following: architecture, business intelligence, content creation, customer service, finance and accounting, human resources, procurement, cloud development and support, cybersecurity, engineering, network operations, quality assurance and compliance, software development and maintenance, technical support, data analysis and advisory services.

Services have not only increased their contribution to the Costa Rican economy and exports but have also become more sophisticated. In 2005, traditional services (travel, transport and goods-related services) accounted for more than 80 per cent of commercial services exports, with travel alone representing 59 per cent. By 2024, the travel category made up only 34 per cent of the commercial services export profile. Meanwhile, the share of “other commercial services” increased by 38.8 percentage points, reaching 57.7 per cent in 2024. Almost 98 per cent of the exports in this category correspond to KBS, which have supplied nearly 70 per cent of the total growth in commercial services exports since 2005. The rapid rise of this segment – from 18.5 per cent to 56.5 per cent of commercial services exports – is mainly due to the expansion of professional and management consulting services (36 per cent of commercial services exports) and computer services (14 per cent) (see Figure 3.6).

Figure 3.4: Multinational enterprises in KBS, by country of origin, 2021

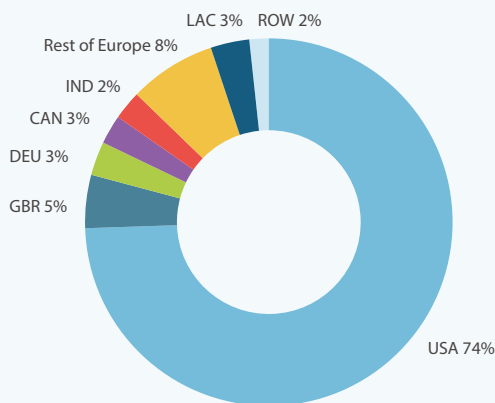
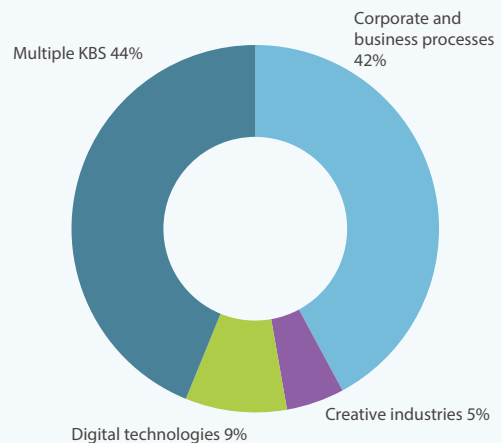


Figure 3.5: Multinational enterprises in KBS, by sector, 2021

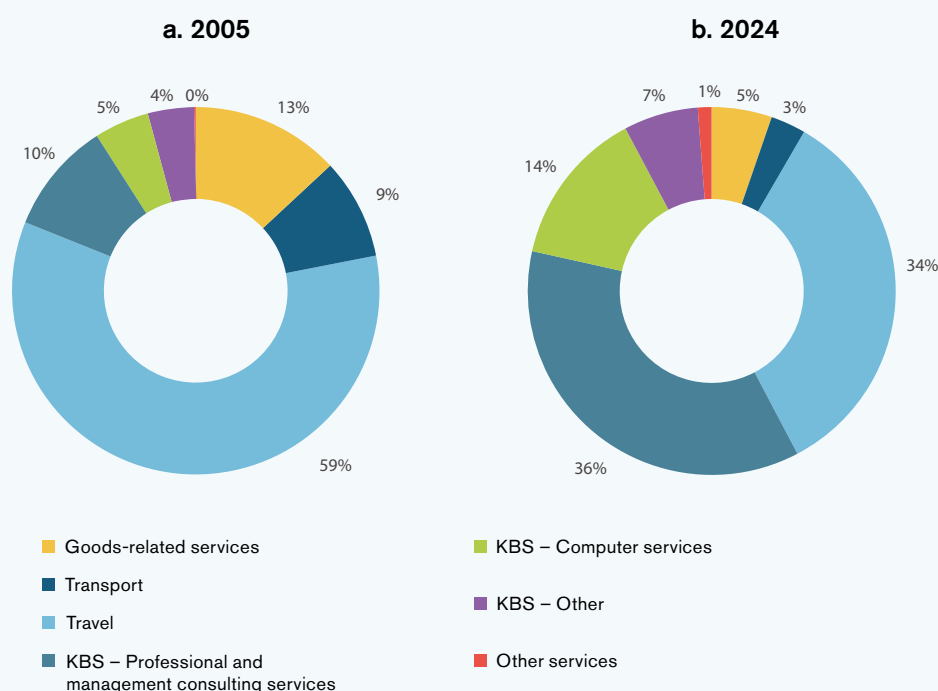


Source: Drawn up by the authors with data from the Costa Rican Coalition for Development Initiatives (CINDE).

Note: “Multiple KBS” denotes multiple knowledge-based services (KBS). The category includes companies that provide services in two or more sectors.

Glossary: CAN – Canada, DEU – Germany; GBR – United Kingdom; IND – India; LAC – Latin America and the Caribbean; ROW – rest of the world.

Figure 3.6: Composition of commercial services exports, 2005 and 2024



Source: Drawn up by the authors with data from the WTO and the World Bank.

This sectoral diversification illustrates not only a shift away from traditionally low value-added activities but also a structural transformation of Costa Rica's services economy, where exports increasingly embody advanced technological capabilities and specialized business knowledge. It reflects the growing sophistication of the country's service supply, based on digital skills, professional expertise and innovation, and underscores Costa Rica's position as a regional hub for KBS.

In 2024, Costa Rica exported US\$ 9.1 billion in KBS, becoming the fourth-largest exporter of these services in LAC, after only Argentina, Brazil and Mexico and surpassing larger economies such as Chile, Colombia and Peru. When measured in relative terms, Costa Rica's performance is even more striking: it ranks first in the region, with KBS exports accounting for 9.5 per cent of GDP and 24.1 per cent of total exports (compared to

regional averages of 1.2 per cent and 4.6 per cent, respectively). On a per capita basis, Costa Rica exports US\$ 1,710 in KBS, far exceeding the LAC average of just US\$ 127 (see Table 3.1).

Costa Rica enjoys several significant competitive advantages in exporting KBS. The country outperforms the regional average across most competitiveness drivers – including the quality of regulatory frameworks, connectivity, and the supply of skilled human capital (including education levels as well as linguistic and vocational skills). Moreover, Costa Rica has cultural similarities and a favourable geographic location (proximity and time zone) that facilitate services provision to the United States and other markets in the rest of the Americas. However, in most cases, Costa Rica continues to lag behind its peers in the Organisation for Economic Co-operation and Development (OECD) (see Table 3.2).

Table 3.1: Exports of knowledge-based services in Latin America and Caribbean economies, 2024

Value (US\$ million)		Share of total exports (%)		Share of GDP (%)		Per capita (US\$)	
LAC ^a	77,179	CRI	24.1	CRI	9.5	CRI	1,710
BRA	28,111	URY	20.4	BLZ	6.6	URY	996
MEX	9,527	BLZ	14.3	URY	4.3	ATG	644
ARG	9,377	ARG	9.7	JAM	3.0	BLZ	547
CRI	9,105	JAM	8.5	ATG	3.0	BHS	537
COL	5,687	COL	8.5	SUR	2.5	PAN	236
URY	3,491	SUR	7.5	SLV	2.0	JAM	221
CHL	3,358	GTM	7.4	NIC	1.6	ARG	199
DOM	1,862	BRA	7.3	DOM	1.5	SUR	173
GTM	1,428	DOM	6.6	BHS	1.5	DOM	172
PAN	1,066	SLV	5.9	ARG	1.5	CHL	167
PER	934	ATG	5.3	COL	1.4	BRA	132
SLV	719	LAC ^a	4.6	BRA	1.3	LAC ^a	127
JAM	607	NIC	3.6	GTM	1.3	SLV	112
HND	436	PAN	3.5	PAN	1.2	COL	108
ECU	333	BHS	3.4	HND	1.2	GTM	80
NIC	310	CHL	3.0	LAC ^a	1.2	MEX	72
BLZ	225	HND	3.0	CHL	1.0	TTO	71
BHS	219	MEX	1.4	MEX	0.5	NIC	45
SUR	112	PER	1.2	TTO	0.4	HND	41
TTO	101	TTO	1.0	PER	0.3	PER	27
BOL	83	ECU	0.9	ECU	0.3	ECU	19
ATG	67	BOL	0.8	BOL	0.2	BOL	7
PRY	21	PRY	0.2	PRY	0.0	PRY	3

Source: Drawn up by the authors with data from WTO Stats and the International Monetary Fund.

Notes: ^a Weighted average.

Glossary: ARG – Argentina; ATG – Antigua and Barbuda; BHS – Bahamas; BLZ – Belize; BOL – Bolivia; BRA – Brazil; CHL – Chile; COL – Colombia; CRI – Costa Rica; DOM – Dominican Republic; ECU – Ecuador; GTM – Guatemala; HND – Honduras; JAM – Jamaica; LAC – Latin America and the Caribbean; MEX – Mexico; NIC – Nicaragua; PAN – Panama; PER – Peru; PRY – Paraguay; SLV – El Salvador; SUR – Suriname; TTO – Trinidad and Tobago; URY – Uruguay.

Table 3.2: Key drivers of competitiveness in knowledge-based services, selected indicators

Area	Indicator	Unit	Costa Rica	Latin America and Caribbean ^a	OECD ^b
Regulatory framework	Worldwide governance indicators (simple average) ^c	Score (-2.5 to 2.5)	0.65	-0.12	0.46
	Control of corruption		0.65	-0.18	0.45
	Government effectiveness		0.26	-0.15	0.45
	Political stability and absence of violence/terrorism		0.98	-0.03	0.45
	Regulatory quality		0.54	-0.15	0.45
	Rule of law		0.39	-0.15	0.47
	Voice and accountability		1.07	-0.11	0.47
Talent	English Proficiency Index ^d	Score (0 to 800)	534 (moderate)	509 (moderate)	560 (high)
	Network Readiness Index: People pillar ^e	Score (0 to 100)	43.91	38.25	53.91
Connectivity	Fixed broadband subscriptions ^f	Per 100 people	22.52	17.14	35.99
	Individuals using the internet ^f	Share of the population	85.40	77.02	91.50

Notes and sources:

^a Simple average. 26 economies (Inter-American Development Bank members) except where otherwise indicated.

^b Simple average. 38 economies except where otherwise indicated.

^c Simple average of five indexes measuring perception of control of corruption, government effectiveness, political stability and absence of violence/terrorism, regulatory quality, rule of law, and voice and accountability (Kaufmann, Kraay, & Mastruzzi, 2010).

Source: World Bank (2024).

^d The EF English Proficiency Index is based on test results of 2.1 million adults in 116 non-English-speaking economies and regions. Score/level: 600-800: very high; 550-599: high; 500-549: moderate; 450-499: low; lower than 450: very low. LAC: 19 economies. OECD: 29 economies.

Source: English First (2024).

^e The People pillar of the Network Readiness Index assesses the application of ICT across three facets: individuals, enterprises and public sectors. LAC: 19 economies.

Source: Portulans Institute (Dutta & Lanvin, 2024).

^f 2023 or last available data.

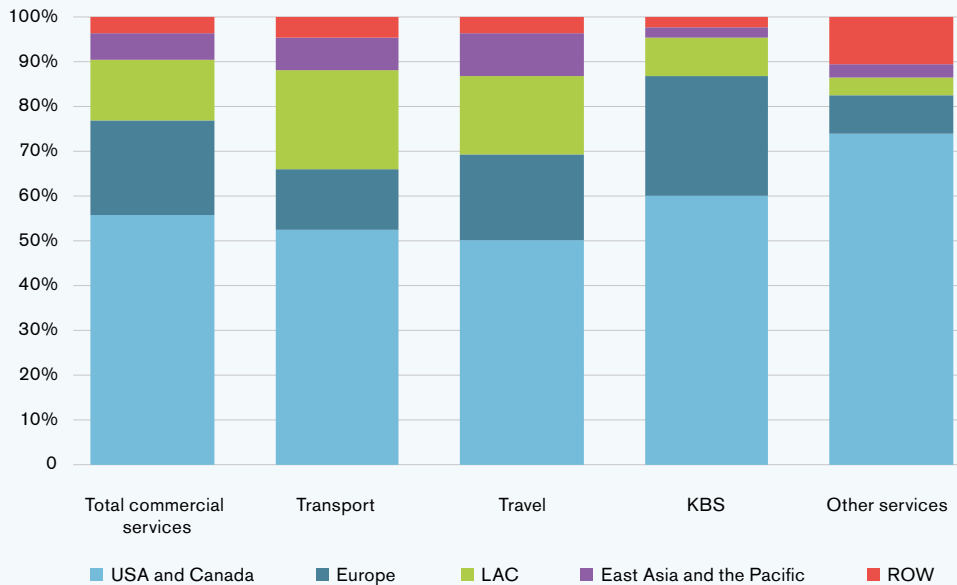
Source: International Telecommunication Union (ITU).

According to the WTO's Balanced Trade in Services Dataset (BaTiS), the United States is the main destination for all categories of Costa Rica's services exports. Together with Canada, the US market accounted for 56 per cent of Costa Rica's total services exports and 60 per cent of its KBS exports in 2024. This concentration is consistent with the strong presence of US companies in these activities, reflecting the significance of intra-firm trade.

Europe and LAC represented 21 per cent and 14 per cent, respectively, of Costa Rica's total

services exports in 2024. European economies – particularly Germany, Ireland, the Netherlands, Switzerland and the United Kingdom – together absorbed 27 per cent of Costa Rican KBS exports. Within the LAC region, Mexico and Panama are the main destinations for these services (see Figure 3.7). Geographical diversification remains a challenge, both to reduce exposure to shocks in the United States and to increase the likelihood of survival in export markets (Volpe Martincus and Carballo, 2011).

Figure 3.7: Commercial services exports by main destinations, 2024



Source: Drawn up by the authors with data from BaTiS (WTO).

Glossary: KBS – knowledge-based services; LAC – Latin America and Caribbean; ROW – rest of the world.

Overall strategy and public-private sector coordination

Main elements of Costa Rica's strategy

Costa Rica has developed a successful strategy to promote and upgrade exports and attract FDI, which has resulted in a significant structural transformation of the economy. The institutional architecture and the instruments used to achieve these goals combine horizontal measures with specific tools tailored to priority sectors, including KBS specifically.

Institutional architecture

The most important institutions involved in service promotion are the Ministry of Foreign Trade

(COMEX), the Costa Rican Foreign Trade and Investment Promoter (PROCIMER) and the Costa Rican Coalition for Development Initiatives (CINDE) (see Table 3.3).⁴

- **COMEX** reports to the President of Costa Rica and is responsible for negotiating FTAs. It also designs trade policy and the strategy for attracting FDI. Additionally, the most relevant divisions within COMEX regarding KBS are the Directorate General of Foreign Trade and the Investment Directorate, respectively.
- **PROCIMER** is the export promotion agency of Costa Rica. It is a public institution with operational and financial autonomy that

Table 3.3: Roles and functions of Costa Rica's main institutions responsible for export promotion and attracting FDI

Institution	Policy design		Export promotion	FDI attraction	Policy implementation	Funding	Inter-institutional coordination
	Trade	FDI					
COMEX	Leads	Leads	No	Strategic guidance	Yes (strategic oversight)	Public budget	Coordinates trade and investment strategy
PROCOMER	No	Yes (since 2023)	Leads	Leads (since 2023)	Yes (operational)	Self-financed (fees and export duties)	Coordinates with COMEX, CINDE and private sector
CINDE	No	No (since 2023)	No	Advisory and support (private basis)	No	Private funds/donors	Supports policy design, education and talent programmes

Source: Drawn up by the authors.

executes the trade policy defined by COMEX and manages the FTZ regime. Since 2023, it has also been formally in charge of attracting investments and implementing policies related to FDI. Both COMEX and PROCOMER operate under a special regime within the public sector with higher wages and more flexible hiring and firing rules.

- **CINDE** is a private, non-profit and non-political organization that previously served as the Costa Rican investment promotion agency (IPA) offering pre- and aftercare services to investors from its creation in 1982 until 2023, when PROCOMER took over this responsibility. Since then, CINDE has been offering its advisory and support services on a private basis.

Other public and private entities are involved in specific areas. For instance, the Ministry of Science, Technology and Telecommunications (MICITT), the Ministry of Public Education, the Ministry of Labour and Social Security (MTSS), the National Training Institute (INA), the Council for the Promotion of Competitiveness (CPC) and various business chambers and companies participate in several initiatives related to innovation, employability and education. International organizations such as the IDB support the strategy through technical and financial assistance.

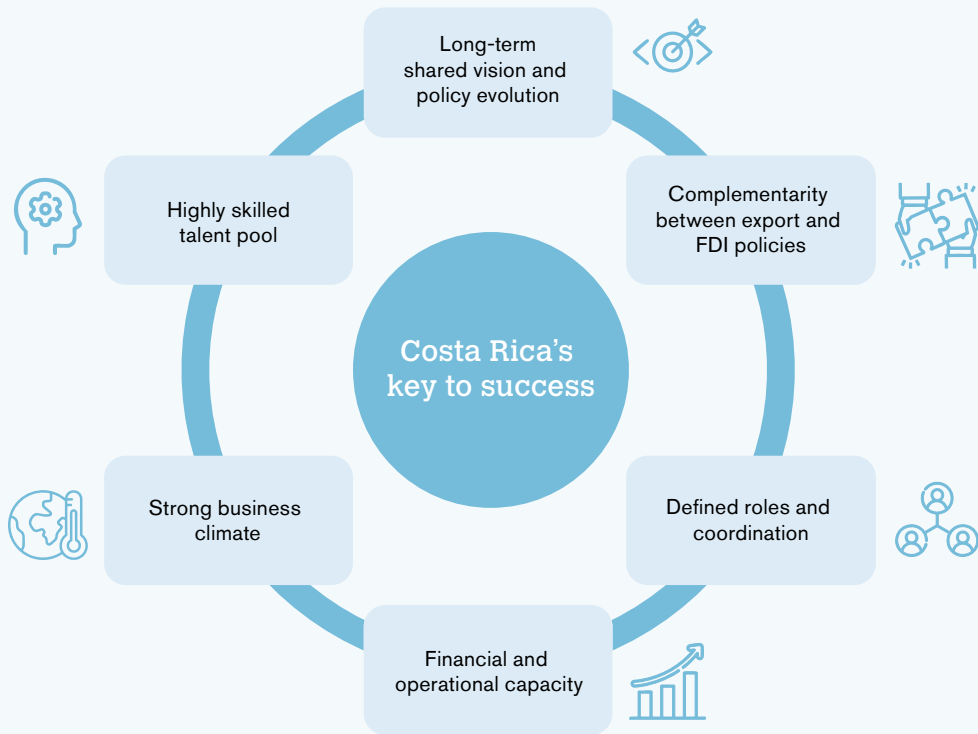
Pillars of the strategy

As illustrated in Figure 3.8, Costa Rica's success rests on six key pillars: a long-term shared vision with evolving policies, strong complementarity between export promotion and policies to attract FDI, clearly defined roles and effective coordination among key stakeholders, financial and operational capacity for export and investment promotion, a strong business climate including fiscal incentives and trade and investment agreements, and a highly skilled talent pool. Each of these pillars is discussed in detail below.

- **Long-term shared vision and policy consistency:** Costa Rica has long acknowledged that, being a small economy, it depends on international markets for growth and development. This shared understanding among key stakeholders has led successive governments to promote exports and attract investment for over four decades. During the last 20 years, governments have systematically included specific targets for goods and services exports, and methods to attract investment in their development plans. These targets have been met in most years.

Costa Rica also recognized that it could not be competitive in all sectors and therefore chose to concentrate efforts on activities with

Figure 3.8: Costa Rica's strategy in knowledge-based services promotion



Source: Drawn up by the authors.

comparative advantages and export potential, adjusting priority activities over time to foster greater sophistication. While historically focused on low-complexity manufacturing and services such as call centres, the country has, over the last two decades, shifted its emphasis towards higher value-added activities, particularly advanced manufacturing and KBS. The continuity and evolution of trade and investment policies have been essential to this success, building institutional and business experience and knowledge, enabling the country to move up the value chain and increase the complexity of its export basket.

- **Complementarity between export promotion and policies to attract FDI:** Costa Rica has aimed to attract

export-oriented (i.e., efficiency-seeking and value-creating) FDI through specific incentives, such as the FTZ regime. At the same time, it has maintained a longstanding linkage promotion programme that assists domestic firms in becoming suppliers to foreign affiliates operating in the country, thereby helping them become direct exporters.

- **Clearly defined roles and coordination:** Costa Rica's strategy includes clearly defined roles and responsibilities and close coordination among key stakeholders, including public institutions, business associations, international organizations and academia.
- **Financial and operational capacity:** Trade promotion and attracting FDI require both

skilled personnel and stable financial resources. PROCOMER stands out in this respect, due to low staff attrition, with employees often remaining in their position for many years. This long-term tenure allows the accumulation of institutional knowledge and provides consistent, high-quality support to companies, while ensuring alignment with the policy priorities defined by COMEX.

As a public non-State entity with financial and administrative autonomy, PROCOMER can offer competitive, secure career opportunities that foster staff retention. At the same time, it is financially self-sufficient and generates its own revenue through export certificates (US\$ 3 per certificate) and fees paid by companies in FTZs,⁵ while enjoying managerial flexibility. These institutional features underpin the agency's effectiveness and sustainability, distinguishing it from many trade and investment promotion agencies in other parts of the world that depend more heavily on public budgets and face frequent staff turnover when governments change.

- **Business climate:** Costa Rica offers legal certainty, a stable macroeconomic environment and strong institutional and regulatory frameworks that contribute to creating a favourable business environment for export development and attracting FDI. Fiscal incentives under the FTZ regime (discussed in section 2d) have been crucial to the growth of KBS exports and attracting FDI in these sectors. Due to these exemptions, double taxation is not a significant issue for services exporters.⁶ Costa Rica also has a vast network of international treaties that include trade in services and investment protection and promotion, and is a member of the Multilateral Investment Guarantee Agency of the World Bank, which provides guarantees to cover non-commercial risks of FDI in developing economies alongside services for related dispute resolution (García, López, & Ons, 2021).⁷
- **Talent:** Despite its small population of only 5 million people, Costa Rica has successfully attracted investment thanks to

its human capital. Wages are comparatively high, reflecting the qualifications of the workforce, especially in comparison with other Central American economies. The country has focused on expanding its talent pool by improving the quality of education, encompassing both hard and soft skills, and broadening access to training programmes for undereducated groups.

KBS in the Territorial Economic Strategy for Costa Rica 2020–2050

In 2021, Costa Rica launched the 2020–2050 Territorial Economic Strategy for Costa Rica: Towards an Inclusive and Decarbonized Economy (MIDEPLAN, 2021) to foster sustainable development and achieve a digitalized, decentralized and decarbonized economy.⁸ Although this strategy is too recent for its impact to be analysed, it is particularly interesting for this study as it sets out objectives and recommendations that integrate all components of the KBS promotion ecosystem. These include export promotion, attracting FDI, strengthening cooperation between key stakeholders from the public and private sectors as well as academia, and the development of skills and infrastructure. The strategy also emphasizes reducing regional disparities by promoting KBS development outside the GMA, though this remains a major challenge.

One of the Strategy's main goals is to support trade and increase economic complexity through export diversification and sophistication, as well as attracting FDI, which is seen as essential to this objective. The KBS sector is among the five sectors prioritized for their potential to contribute to economic development. The Strategy classifies KBS activities into three groups based on their level of maturity and growth potential. BPO, the most developed segment, is expected to continue expanding over the coming decades. Computer, consulting, advertising, entertainment and recreational services could consolidate by 2030, given the country's existing know-how and enabling conditions. Other activities could also become relevant but will require improvements in digital infrastructure and skills development. This segmentation is used to tailor support instruments

and prioritize public-private initiatives based on the growth potential of each segment.

Free trade zone (FTZ) regime

The FTZ regime has played a key role in attracting FDI and expanding exports of goods and services. Originally designed to attract FDI in labour-intensive manufacturing sectors, the regime has since evolved to comply with multilateral regulations, to promote FDI outside the GMA, and to encompass other types of investment in more sophisticated activities since the mid-2000s (García, López, & Ons, 2021). The government created a dedicated Investment Directorate in 2005 and later reformed the FTZ regulation to include service firms. This shift toward higher-value sectors is closely related to the expansion of KBS in Costa Rica.

Many MNEs established BPO and ITO centres in Costa Rica under the FTZ regime (Gómez, Zolezzi, & Monge, 2020). While in 2000, there were only six MNEs in the services sector employing a total of just 1,061 people, this number had increased to 249 companies with

115,096 employees in 2023, representing about one-third of the total workforce in information and communications technology (ICT) services, as well as professional and administrative support services (CINDE, 2023; MTSS, 2023). Costa Rica's labour productivity in KBS exports has also increased since 2021, after a decline between 2018 and 2020 (Zolezzi, 2024).

The FTZ regime offers companies benefits related to agglomeration, infrastructure and support services, along with significant tax exemptions. The incentives – including their scope, duration and the conditions for eligibility – are defined by law, resulting in a predictable and stable legal framework for investments (García, López, & Ons, 2021).

Companies in FTZs pay social security contributions but benefit from several fiscal incentives. These incentives include permanent exemptions from customs duties, withholding tax, interest income, sales tax on local purchases, stamp duty and property transfer taxes, as well as temporary exemptions from corporate income tax. Exemption periods are extended further for companies located outside the GMA (see Table 3.4).

Table 3.4: Tax benefits for services companies under the free trade zone regime

Benefits	Inside the Greater Metropolitan Area	Outside the Greater Metropolitan Area
Customs duties on imports/exports	100% tax exemption – no expiration period	
Withholding tax on royalties and fees		
Interest income		
Sales tax on local purchases		
Stamp duty		
Property transfer taxes	100% tax exemption (10 years) ^a	
Corporate income tax	100% tax exemption (8 years)	100% tax exemption (12 years)
	50% tax exemption (4 years) ^b	50% tax exemption (6 years) ^c

Source: Drawn up by the authors with data from CINDE.

Notes:

^a The 10-year period starts after the 3-year grace period or when the company begins operations, whichever comes first, but the benefit is granted immediately upon approval of the FTZ regime.

^b Multiple additional 8-year renewal periods may be granted if significant reinvestment is made.

^c Companies with an investment that exceeds US\$ 10 million and 100 employees. An additional 12-year renewal may be granted if reinvestment is made (statutory income tax 30 per cent).

However, the geographic concentration of talent and infrastructure still limits the regional diffusion of KBS firms. FTZ benefits are standardized and available to any national or foreign service provider that meets the requirements.

The admission criteria for service companies emphasize the availability of skilled labour, the knowledge intensity of their activities and their potential integration into global value chains. To qualify, service companies must operate in a designated priority sector, commit to a new investment and comply with the Strategic Eligibility Index for Service Companies, which evaluates factors such as the strategic nature of the activity, linkages with other FTZ firms, annual payroll and investment in fixed assets. Although exporting remains their primary focus, companies

in FTZ face no restrictions on selling 100 per cent to the domestic market (PROCIMER, 2025a; PROCIMER, 2023b).

According to PROCIMER (2025c), there are 420 service companies operating in FTZs. While services firms accounted for 47 per cent of all beneficiaries in 2010, their share had risen to 67 per cent by 2024 (see Figure 3.9). These companies directly employ 119,928 people and PROCIMER estimates that they generate nearly 40,800 additional indirect jobs. Altogether, this represents 61 per cent of total employment related to FTZs (see Figure 3.10). Most service companies in FTZs are in KBS sectors, including shared services centres (23 per cent), BPO (11 per cent), software engineering (11 per cent) and business and systems consulting (8 per cent) (see Figure 3.11).

Figure 3.9: Number of services companies in free trade zones (FTZs) and share of total beneficiaries of the regime (%), 2019–2024

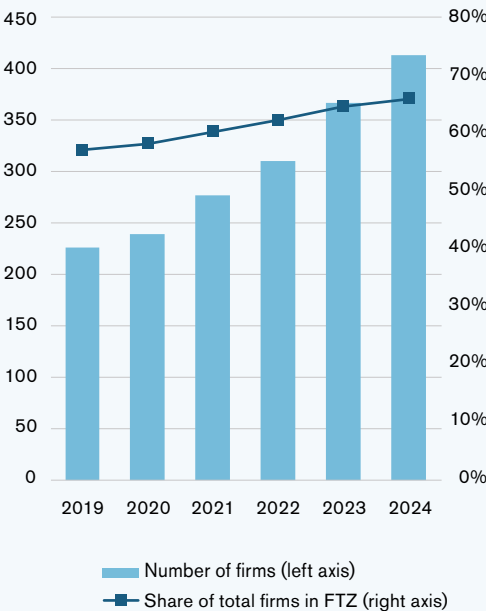
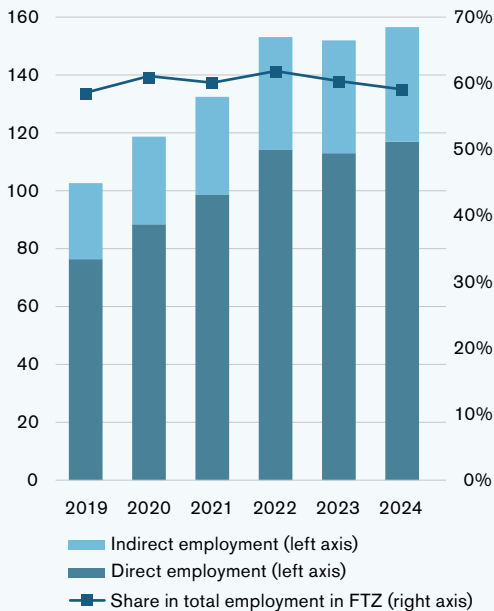
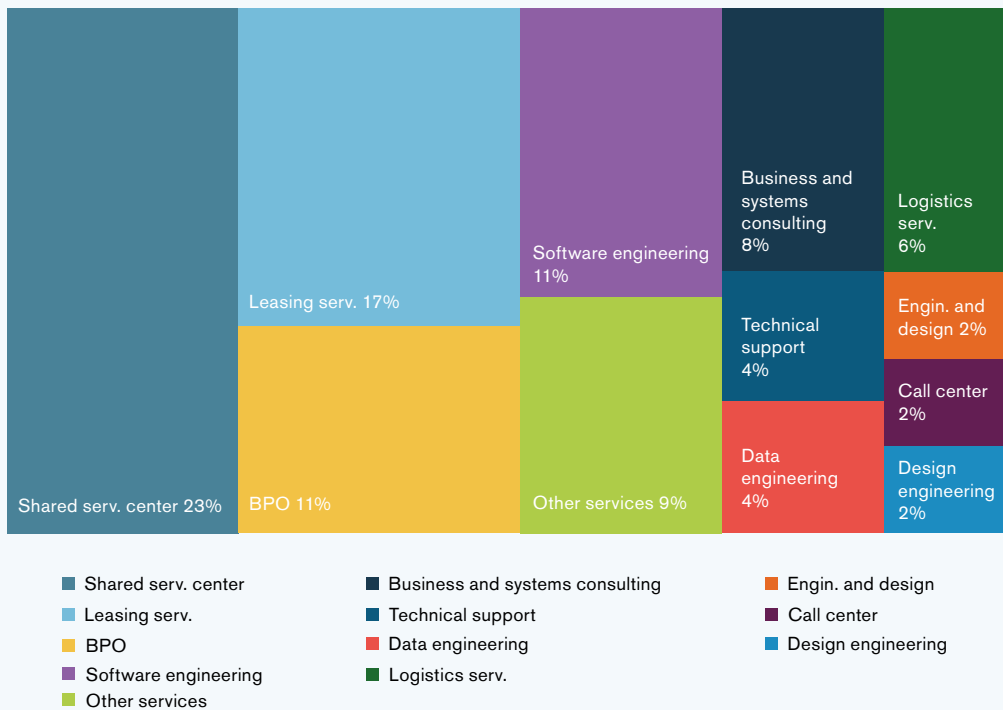


Figure 3.10: Direct and indirect employment in services in FTZs (thousands) and share in total employment related to the regime (%), 2019–2024



Source: Drawn up by the authors with data from PROCIMER (2025c).

Figure 3.11: Services companies in free trade zones, by sector (%), 2024



Source: Drawn up by the authors with data from PROCOMER (2025c).

PROCOMER's evaluation of the FTZ regime is positive, estimating its contribution to be equivalent to 15 per cent of GDP in 2024, considering both goods and services. Over the past five years, the FTZ regime has generated a return of US\$ 2.7 for every dollar exempted. Service activities are the main drivers of this positive impact, particularly in terms of direct and indirect job creation. Wages in FTZ companies are twice as high as those outside the regime, with shared services and BPO among the best-paying sectors (PROCOMER, 2025c).

Monge-González and Rivera (2022a) find evidence of positive impacts of the FTZ regime in Costa Rica in terms of spillovers. Their estimates indicate that domestic suppliers of MNEs operating within FTZs benefit from productivity spillovers ranging from 12 to 23 per cent,

compared with 5 per cent for firms supplying MNEs outside the regime. They also find that MNEs pay higher wages (14.3 per cent in the FTZ versus 6.2 per cent outside the regime) and that linkages with MNEs increase the likelihood of domestic firms becoming exporters by 8 per cent.

The total aggregate benefit (the sum of productivity spillovers and wage premiums) was estimated to represent over 2 per cent of GDP in 2010–2017, equivalent to 1.5 to 2.3 times the cost of the tax exemptions, resulting in a net positive effect. This remains the most recent rigorous micro-level estimation of spillovers associated with the FTZ regime in Costa Rica. However, PROCOMER (2025c) reports that domestic purchases by companies within the FTZ increased by 135 per cent between 2019 and 2023, reaching US\$ 5.6 billion.

Country brand: “Essential Costa Rica”

“Essential Costa Rica” was officially launched in 2013 as Costa Rica’s country brand. It is part of a strategy designed to position the country as an attractive destination, not only for tourism but also for export-oriented FDI in other priority sectors such as KBS. The country brand was developed through a collaboration between PROCOMER, COMEX, CINDE and the Costa Rican Institute for Tourism, with technical support from international branding consultants.

Essential Costa Rica is used in official trade fairs, embassies, trade missions, websites and events.

Companies can become part of the country brand by undergoing an evaluation protocol that assesses five core values: excellence, sustainability, social progress, innovation and a connection to Costa Rica. These companies are authorized to use the country brand and benefit from training and mentoring activities. They can also participate in trade fairs and missions under preferential conditions, gaining access to networking opportunities with other country brand licensees. More than 270 tourism businesses and over 130 local and multinational service companies – most of which are in the KBS sectors – form part of the country’s brand community.

KBS export promotion

Institutional architecture for export promotion

PROCOMER stands out amongst Latin American promotion agencies for its integrated mandate, public-private governance model and sustained technical capacity. It was created in 1996 as an export promotion agency and has more recently assumed the responsibility for attracting FDI. It is also responsible for designing and coordinating export and investment programmes, providing technical and financial support to COMEX for the administration of special export regimes, promoting and protecting Costa Rica’s trade interests abroad, centralizing and facilitating international trade procedures and monitoring trade statistics.

PROCOMER’s role, focus and instruments have evolved over time, as both the country and the institution have gained experience and capabilities in supporting internationalization. The institutional evolution reflects Costa Rica’s transition from a goods-based to a services-based economy and the export sector’s transition from a trade-focused to a development-oriented approach.

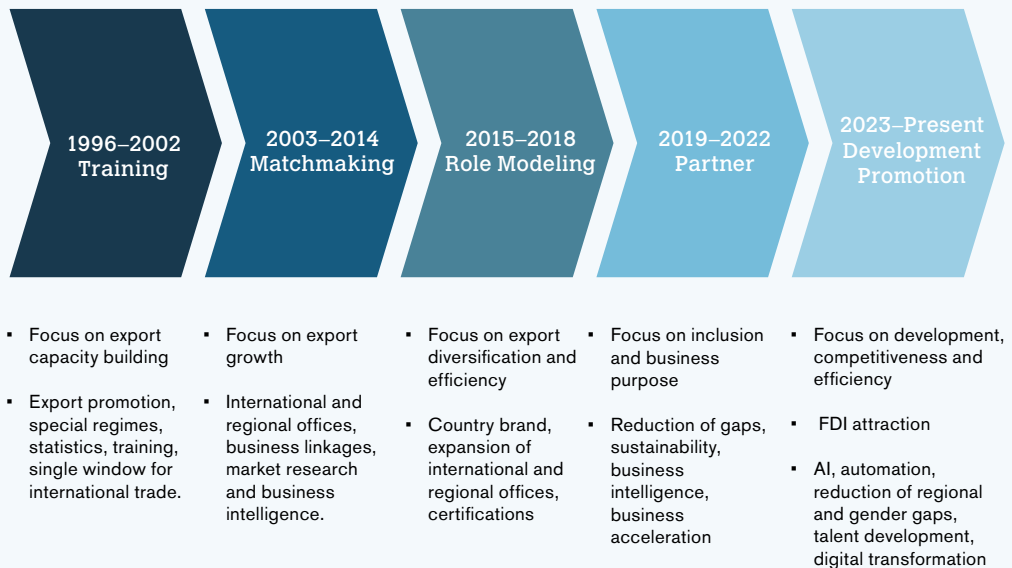
As shown in Figure 3.12, PROCOMER initially concentrated on export promotion and capacity building through training, information services,

trade missions and related tools. From 2003 to 2014, the strategy shifted towards export growth, with PROCOMER acting as a matchmaker by establishing international and regional offices, fostering business linkages and offering services such as market research and business intelligence. During the 2015–2018 period – the role-modeling phase – PROCOMER focused on export diversification and operational efficiency. For instance, it promoted the consolidation of the country brand and expanded its international and regional office network. Between 2019 and 2022, PROCOMER emphasized the importance of inclusion and purpose-driven business to reduce gaps and promote sustainability, while also strengthening business intelligence and acceleration services.

Since 2023, PROCOMER has expanded its actions beyond export promotion to enhance the attraction of FDI. It now defines itself as a development promoter, focusing on national competitiveness and efficiency. Its current objectives can be summarized as follows:

- To increase and diversify exports in terms of the number of exporters (with broader geographic coverage), products and services, destinations and distribution channels.

Figure 3.12: Evolution of PROCOMER



Source: Drawn up by the authors based on PROCOMER (2023a).

- To attract and retain FDI that contributes to inclusive and regional development.
- To promote linkages between domestic and multinational companies, as well as between SMEs and large enterprises.
- To enhance national competitiveness through trade and investment facilitation.
- To foster the development of skills needed to increase and diversify exports.

PROCOMER is organized in six departments reporting to the general manager: export development; trade and investment facilitation; innovation and digital transformation; administration and finance; investment; and communication, marketing and market intelligence. The board of directors comprises the minister and the vice minister of foreign trade, three private representatives appointed by the Executive and five representatives of business chambers.

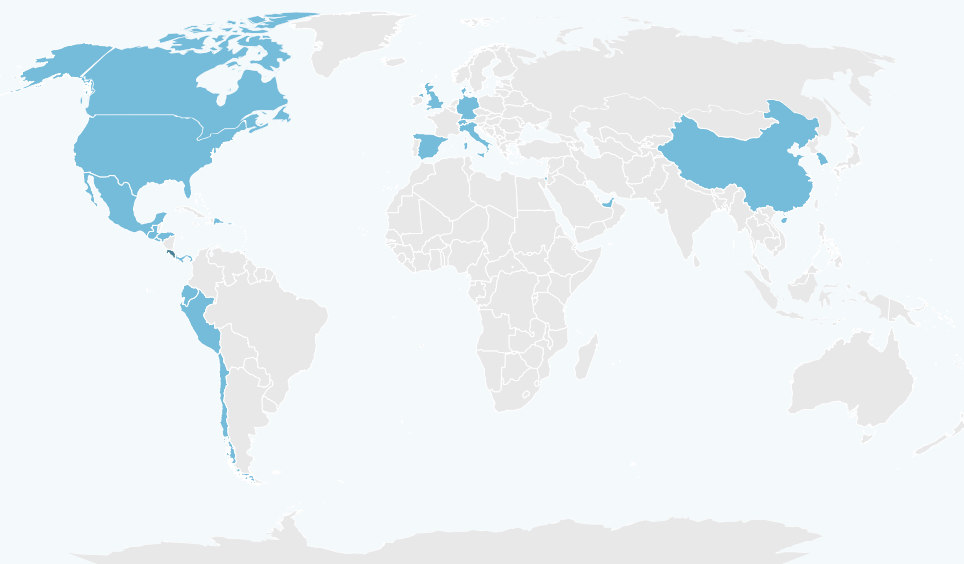
PROCOMER has six national branches across the country and 31 international offices: 11 in

LAC, 8 in North America (5 in the United States), 7 in Europe, 3 in Asia and 2 in the Middle East (see Figure 3.13).

Export promotion programmes and tools, beneficiaries and impacts

PROCOMER offers a wide range of services for companies wishing to internationalize their business. Such activities address several costs and market failures that often affect firms when trying to reach global markets. For example, trade promotion programmes address cross-border information frictions (barriers that prevent economic agents from accessing, processing or acting upon relevant information, leading to suboptimal decisions and inefficiencies in markets) and associated externalities in the form of information spillovers. The same applies to linkage promotion programmes (for in-country information frictions).

Figure 3.13: PROCOMER offices around the world, 2025



Source: Drawn up by the authors with data from PROCOMER.

Programmes and tools offered by PROCOMER to service companies

Some of these services are available free of charge to many firms and provide basic tools to begin the internationalization process. Others involve customized technical and financial support (e.g., for skills development, business acceleration, participation in trade missions, etc.). Naturally, the latter are more likely to have a significant impact on exports, but only a limited number of businesses meeting specific requirements are eligible to benefit from them.

- **Basic tools:** These include information on trade regulations, international trade statistics, webinars, market reports. SMEs can use the Exporter's Test, a self-assessment tool that helps companies identify their export maturity, strengths and weaknesses, while also enabling PROCOMER to provide

more targeted support throughout the internationalization process.⁹ PROCOMER has also developed "Buy from Costa Rica", an online platform that connects international buyers with more than 400 local exporters from various sectors, including services such as ICT, architecture and engineering, BPO, audiovisual services, marketing, and advertising and education.

- **Customized services:** PROCOMER offers several programmes to support business growth and expansion (see Table 3.5) through non-reimbursable grants, training and skills development aimed at enhancing SME competitiveness and expanding global business opportunities. Most of these programmes are available to companies across various sectors – including services – but there are also initiatives specifically designed for service providers in general,

or for certain sectors such as ICT, audiovisual, or services related to agriculture and agribusiness.

- **Trade missions, business matchmaking and supply chain integration:** Building business relationships is essential for export development. Therefore, PROCOMER organizes business-to-business events in Costa Rica where local suppliers can meet

strategic partners, and it supports national companies in participating in international trade fairs. Local initiatives include business roundtables between local SMEs with exporting companies, as well as business forums where they can meet potential international buyers and investors. In some cases, participation is reserved for certain firms (e.g., country brand licence holders or SMEs from a specific sector).

Table 3.5: Programmes offered by PROCOMER to services companies, 2025

Programme	Target	Short description	Number of beneficiaries (2025)
Ramp Up	SMEs with little or no export experience.	Business development platform that offers customized training to strengthen the management of SMEs with export or linkage potential.	40 ^a (all sectors)
K-GLOBAL	Startups and SMEs.	A platform that strengthens export-ready, high-potential, or local supplier firms by facilitating access to finance and investment through staged models.	N/A
Green Growth	SMEs seeking growth and a lower carbon footprint (excl. tourism).	Provides non-reimbursable seed capital and one year of specialized technical assistance, including six advisory cycles in business or production management.	50 (all sectors)
Trade Promotion in New Business	Exporting SMEs (excl. tourism).	Offers training and mentoring to enhance SMEs' capacity to access new international markets.	30
Technological Boost Programme	SMEs in services sectors.	Promotes digital transformation to enhance SMEs' productivity, competitiveness and access to international markets through funding, training and mentoring.	20
ICT Acceleration Programme	ICT firms that export or have export potential.	Acceleration programme developed with INA to support ICT companies' internationalization to the United States, using Miami as a base to validate their value proposition.	10
Cultiva+	SMEs in agricultural and agribusiness sectors (incl. services).	Provides seed capital and technical assistance to support projects that incorporate innovation and technology.	32 ^b (all sectors)
Acceleration Programme for the Film Industry	Film and animation SMEs.	Acceleration programme for film and animation SMEs aimed at promoting locally produced TV shows for international markets. It includes mentorship and participation in MIP Cancun.	5
Impulsa 2025	Women-led SMEs.	It seeks to empower women entrepreneurs through capacity building in key business areas and improving their access to international markets and value chains.	40 (all sectors)

Source: Drawn up by the authors with data from PROCOMER.

Note: ^a Annual average 2020–2024; ^b 2024.

Beneficiaries of export promotion support from PROCOMER

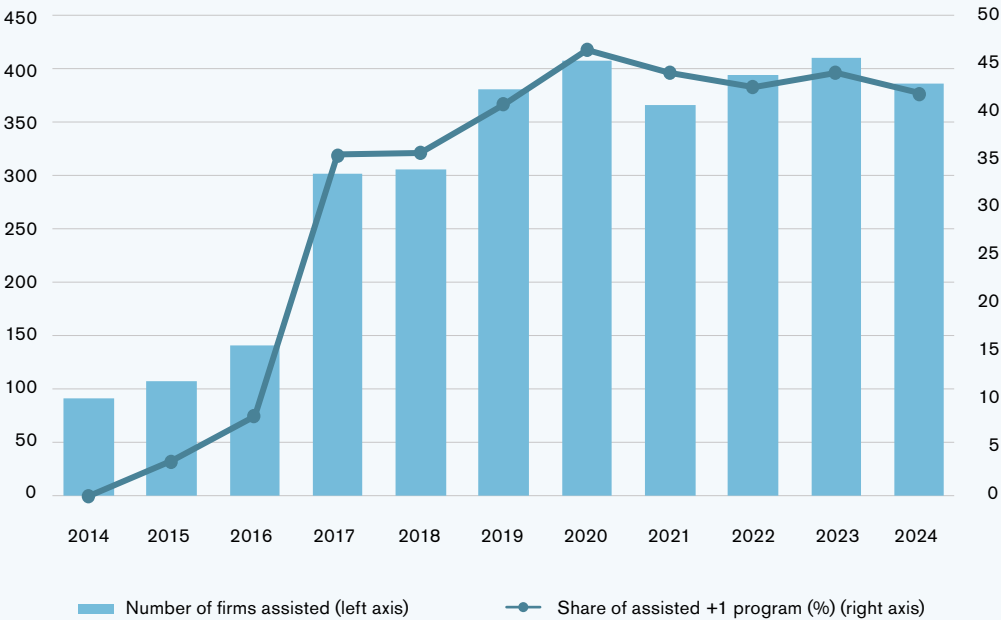
PROCOMER's assistance to firms in the services sector between 2014 and 2024 exhibits the following patterns:

- **Support increased in terms of both the number of beneficiary firms and the number of interventions per firm:** There has been a sharp increase in the number of assisted firms starting in 2017, rising from 142 in 2016 to 304 in 2017 (see Figure 3.14). This upward trend continued, reaching a peak of 414 assisted firms in 2023. In addition to the increase in the number of beneficiaries, firms also received a greater number of interventions. In 2014, no firm obtained more than one type of support whereas by 2017, nearly 40 per cent of firms were accessing

multiple types of support (see Figure 3.15). Furthermore, a significant share of firms – almost 70 per cent – were assisted for multiple years throughout the decade, suggesting an increase in the intensity of support per firm (see Table 3.6).

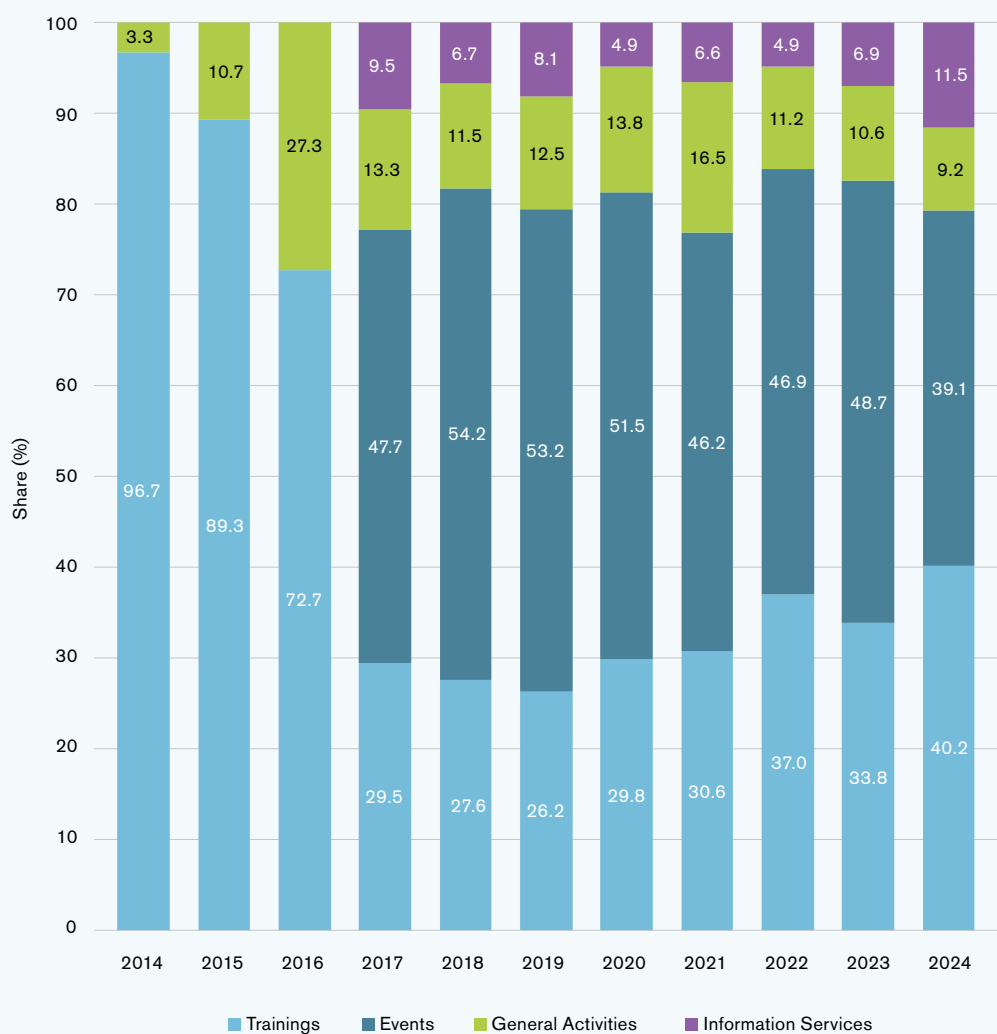
Training was the most common type of support until 2016, after which it was surpassed by events: The types of support include training, events, information services and other activities. Both basic tools and customized assistance are included in these categories. Training represented the main type of support until 2016, after which events became the predominant form, accounting for more than 40 per cent of total support in some years (see Figure 3.15). The most common combinations include training and event participation, as well as general activities and events (see Table 3.7).

Figure 3.14: Number of firms assisted by year and share of companies assisted in more than one programme, 2014–2024



Source: Drawn up by the authors with data from PROCOMER.

Figure 3.15: Distribution of types of support by year (%), 2014–2024



Source: Drawn up by the authors with data from PROCOMER.

Table 3.6: Percentage of firms by duration of assistance (in years) (%)

1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	11 years	Total
27.5%	15.2%	9.0%	9.5%	9.1%	8.6%	5.9%	6.5%	4.3%	2.6%	1.8%	100.0%

Source: Drawn up by the authors with data from PROCOMER.

Table 3.7: Distribution of support combinations by year (%), 2014–2024

Year	Assisted firms	Only 1 type of support	T & E	T & A	T & I	E & A	E & I	A & I	T & E & A	T & E & I	E & A & I
2014	92	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2015	108	96.3%	0.0%	3.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2016	142	91.5%	0.0%	8.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2017	304	40.5%	16.4%	6.3%	4.9%	15.1%	5.3%	1.0%	5.6%	3.0%	1.0%
2018	308	47.1%	19.2%	3.9%	4.2%	13.6%	3.9%	0.6%	3.9%	2.6%	0.6%
2019	384	29.2%	21.6%	7.6%	3.6%	16.1%	7.3%	1.8%	7.0%	2.9%	1.8%
2020	412	12.6%	29.6%	10.2%	3.9%	21.4%	4.4%	1.9%	10.2%	2.9%	1.9%
2021	369	13.8%	20.9%	10.6%	5.4%	23.8%	5.1%	2.4%	10.6%	3.3%	2.2%
2022	398	31.7%	24.6%	7.0%	5.0%	14.6%	3.8%	1.3%	6.5%	3.0%	1.3%
2023	414	25.8%	26.6%	6.8%	5.3%	14.0%	6.0%	2.2%	6.5%	3.4%	2.2%
2024	390	32.6%	22.1%	4.6%	9.5%	11.3%	7.2%	1.8%	4.1%	4.4%	1.8%

Source: Drawn up by the authors with data from PROCOMER.

Note: T=Training, E=Events, A=General activities, I=Information services (consultations).

Over the last decade, service companies have represented, on average, one-third of the total firms sponsored by PROCOMER participating in trade fairs abroad (see Figure 3.16). In 2024, 109 service providers participated in 24 events in 10 different economies. Education, ICT services, audiovisual, videogames and creative industries are the KBS sectors with the most participants in these events. In some cases, such as the Association of International Educators exhibition (education), Kidscreen (animation), Game Connection (videogames) and Midsize Enterprise (ICT), Costa Rican firms have participated in most editions over the last 10 years.

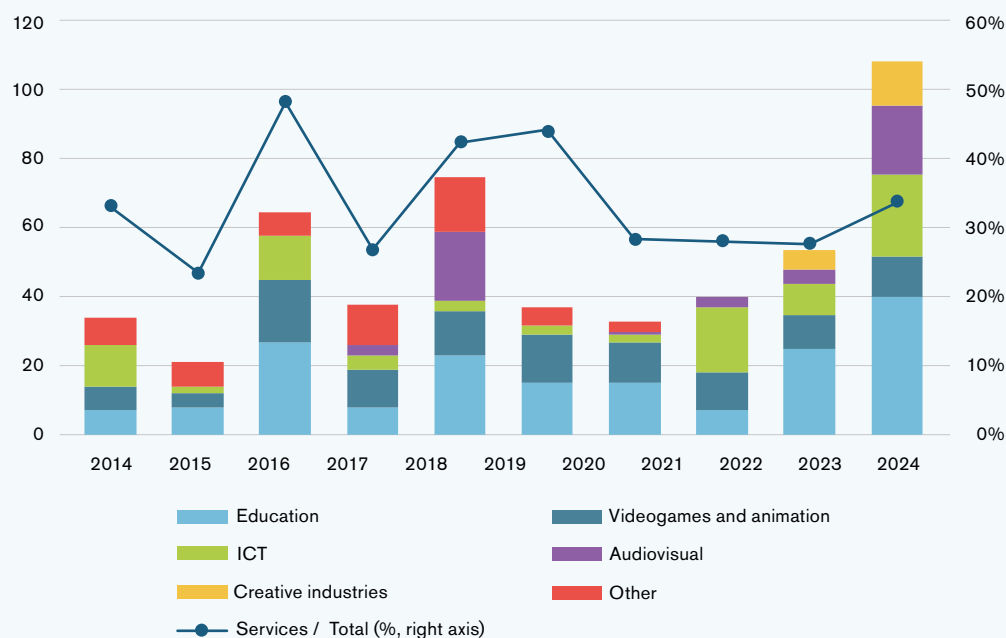
- **The central region of the country registered the highest share of beneficiary firms:** When looking at the distribution of supported firms by province, San José accounted for the highest absolute value (see Table 3.8). In 2024, more than half of

the firms receiving support operated in San José. However, when considering the share of supported firms relative to the total number of services firms in each province, Cartago led with 20 per cent in 2024, followed by Heredia with 17 per cent (see Figure 3.17).

The growth in beneficiaries outpaced the growth in total firms in each region. The most significant jump occurred in 2017. For example, in Cartago, assisted firms represented 7.5 per cent of all services firms in 2016 and increased to 19.1 per cent in 2017 (see Table 3.9).

- **While initially concentrated on consulting firms, support has recently grown for ICT, educational services and digital animation:** Although its share declined over the decade, the consulting services sector received the highest number of interventions in terms of the number of assisted firms. In 2014, consulting firms accounted for nearly 60 per

Figure 3.16: Number of services companies participating in trade fairs sponsored by PROCOMER and their share among all participants, 2015–2024



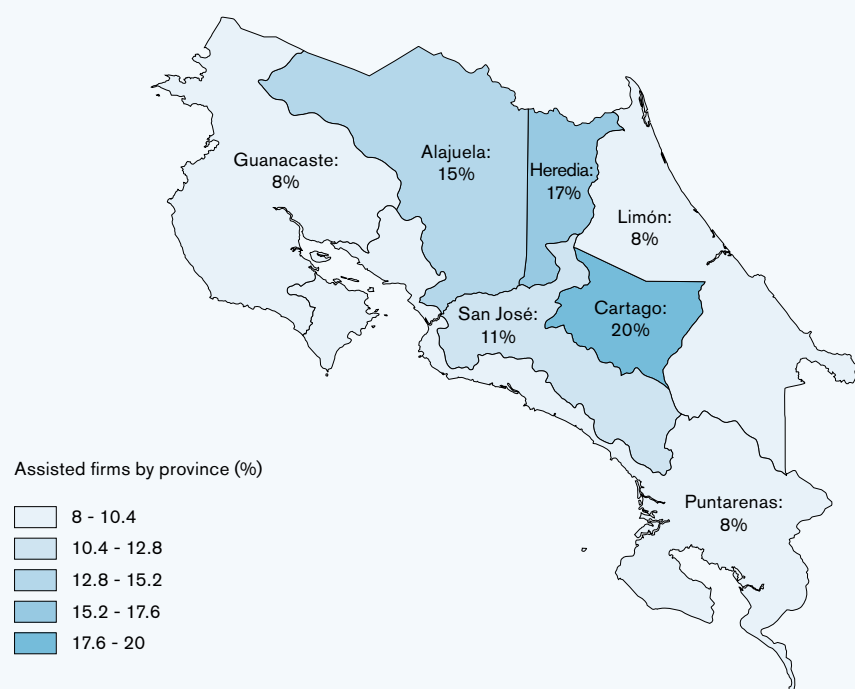
Source: Drawn up by the authors with data from PROCOMER.

Table 3.8: Distribution of support by firm location (%), 2014–2024

Province	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
San José	33.7%	35.2%	43.0%	51.3%	53.2%	54.7%	57.3%	55.3%	54.0%	51.7%	51.3%
Alajuela	17.4%	12.0%	14.8%	14.8%	16.2%	16.7%	15.0%	15.2%	14.6%	16.9%	17.2%
Heredia	27.2%	31.5%	21.8%	16.4%	14.6%	13.8%	14.3%	14.9%	16.3%	15.7%	15.9%
Cartago	12.0%	7.4%	8.5%	10.2%	7.8%	7.8%	6.6%	7.6%	9.0%	8.7%	8.5%
Guanacaste	1.1%	4.6%	3.5%	3.3%	3.2%	2.9%	3.2%	2.7%	2.3%	2.9%	2.8%
Puntarenas	6.5%	4.6%	3.5%	2.0%	2.6%	2.6%	2.4%	2.4%	2.0%	2.7%	2.6%
Limón	2.2%	4.6%	4.9%	2.0%	2.3%	1.6%	1.2%	1.9%	1.8%	1.4%	1.8%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Drawn up by the authors with data from PROCOMER.

Figure 3.17: Share of assisted firms over total firms related to services in each province (%), 2024



Source: Drawn up by the authors with data from PROCOMER.

Table 3.9: Share of assisted over total firms related to services in each province by year (%)

Province	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Cartago	6.9%	5.2%	7.5%	19.1%	14.6%	18.4%	16.7%	17.4%	22.8%	22.0%	19.6%
Heredia	8.3%	11.0%	9.7%	14.8%	14.2%	16.3%	19.0%	17.0%	18.9%	18.4%	17.4%
Alajuela	4.9%	3.7%	5.6%	11.7%	12.3%	15.4%	16.7%	14.2%	13.7%	16.2%	15.0%
San José	2.1%	2.5%	3.8%	9.6%	10.0%	12.6%	15.3%	12.6%	12.4%	12.0%	11.2%
Guanacaste	1.2%	6.5%	6.0%	11.0%	10.6%	10.4%	15.7%	10.9%	7.9%	10.1%	8.3%
Limón	2.6%	6.5%	9.3%	7.1%	7.8%	6.7%	6.2%	9.0%	8.0%	6.6%	8.0%
Puntarenas	8.5%	6.8%	5.6%	6.3%	8.0%	9.4%	10.9%	8.9%	6.8%	8.7%	7.8%

Source: Drawn up by the authors with data from PROCOMER.

cent of beneficiaries, dropping to 33 per cent by 2024. Meanwhile, ICT, educational services and digital animation increased their participation, rising from 15 per cent to 20 per cent, from 3.3 per cent to 7.7 per cent and from 1.1 per cent to 4.6 per cent, respectively, over the last decade (see Table 3.10).

- **Smaller firms increased their participation as beneficiaries:** Companies with fewer than 50 employees increased their share among beneficiaries from 49 per cent in 2014 to 67 per cent in 2024. This shift indicates greater inclusion of smaller firms in the support programmes (see Table 3.11).

Impact of export promotion programmes

Empirical evidence suggests that agency support significantly increases firms' likelihood of becoming exporters. Using a difference-in-differences (DID) framework, we estimate the impact of agency assistance on the probability of exporting. The results, reported in Table 3.12, show that supported firms increase their probability of starting to export by approximately 3 to 4 percentage points. Furthermore, general support activities have the largest impact on the probability of exporting, followed by training and events.

Table 3.10: Distribution of assistance by services sector (%), 2014–2024

Sector	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Consulting services	59.8%	59.3%	52.8%	46.7%	41.2%	39.8%	35.4%	33.1%	34.4%	35.0%	33.8%
ICT	15.2%	11.1%	22.5%	21.1%	21.1%	20.3%	22.3%	19.2%	22.4%	21.0%	20.8%
General services	0.0%	0.9%	0.0%	1.6%	1.9%	1.6%	2.4%	4.6%	5.0%	6.5%	8.2%
Educational services	3.3%	3.7%	2.1%	7.9%	6.5%	7.0%	7.8%	8.1%	7.8%	8.2%	7.7%
Digital animation	1.1%	1.9%	4.2%	2.3%	2.9%	3.4%	3.2%	3.5%	2.5%	2.7%	4.6%
Real estate services	13.0%	13.9%	8.5%	3.9%	4.2%	4.4%	4.1%	5.1%	4.3%	3.6%	3.6%
Biotechnology	0.0%	0.0%	0.7%	3.0%	2.6%	3.6%	3.2%	2.7%	3.0%	2.4%	3.3%
Design and green technologies	0.0%	0.0%	0.7%	2.0%	2.9%	2.3%	3.6%	4.1%	3.5%	3.6%	2.6%
Advertising and marketing services	0.0%	0.0%	0.7%	0.3%	0.6%	0.5%	1.2%	1.4%	1.3%	2.2%	2.1%
Architecture, engineering, design	0.0%	0.9%	0.7%	3.0%	2.9%	3.4%	3.2%	2.4%	2.0%	2.4%	2.1%
Other services	7.6%	8.3%	7.0%	8.2%	13.0%	13.5%	13.6%	15.7%	13.8%	12.3%	11.3%
Total (services)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Drawn up by the authors with data from PROCOMER.

Table 3.11: Distribution of assistance by size of firm (defined by the number of employees) (%), 2014–2024

Size	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<50 employees	48.9%	45.4%	56.3%	64.5%	67.2%	65.1%	67.0%	65.3%	65.3%	64.7%	66.9%
>50 employees	51.1%	54.6%	43.7%	35.5%	32.8%	34.9%	33.0%	34.7%	34.7%	35.3%	33.1%

Source: Drawn up by the authors with data from PROCOMER.

Table 3.12: The impact of assistance on firms' export outcomes

Type of service	All samples			
	Specification 1	Specification 2	Specification 3	Specification 4
All services	0.036*** (0.006)	0.033*** (0.006)	0.036*** (0.006)	0.030*** (0.006)
Events	0.032*** (0.006)	0.026*** (0.006)	0.032*** (0.006)	0.020*** (0.006)
Trainings	0.031*** (0.009)	0.026*** (0.008)	0.031*** (0.009)	0.025*** (0.008)
General activities	0.091*** (0.016)	0.077*** (0.016)	0.090*** (0.017)	0.061*** (0.015)
Information services	0.014 (0.012)	0.018 (0.011)	0.014 (0.011)	0.017 (0.011)
Firm year fixed effects	Yes	No	No	No
Firm sector-year fixed effects	No	Yes	No	No
Firm province-year fixed effects	No	No	Yes	No
Firm sector-province-year fixed effects	No	No	No	Yes
Observations	13,211	13,189	13,211	12,870

Source: Drawn up by the authors with data from PROCOMER.

Notes: The table presents estimates of variants of the following DID specification: $Y_{it} = \beta T_{it} + \alpha_i + \gamma_t + u_{it}$ where Y_{it} is a binary variable equal to 1 if the firm reports positive export value and 0 otherwise. T_{it} is a dummy equal to 1 from the first period in which the firm i receives agency support, and 0 otherwise. γ_t denotes firm fixed effects capturing time-invariant firm characteristics. γ_t represents year fixed effects that control for common time shocks. u_{it} is the error term. The coefficient β captures the average effect of receiving support on the probability of exporting. Specification (1) includes the firm and year fixed effects described in the baseline DID equation. Specifications (2)–(4) replace year fixed effects with more granular fixed effects: sector–year, province–year, and sector–province–year fixed effects, respectively.

The table is organized by service type. The first panel, “All services,” reports the average treatment effect pooling all types of support, where T_{it} equals 1 from the year the firm receives any type of agency assistance onwards. Subsequent panels present results for each specific service type (events, training, general activities, and information services).¹

Robust standard errors are reported in parentheses. Asterisks indicate statistical significance levels * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

¹ To assess the validity of the parallel trends assumption, we additionally estimate an event study design. The results indicate that, prior to receiving support, there are no statistically significant differences in export probability trends between supported and unsupported firms, lending credibility to the identification strategy. Following treatment, we observe a positive and statistically significant effect on the probability of exporting, which gradually weakens over time.

KBS FDI promotion

FDI promotion, institutional architecture and main initiatives

Attracting FDI has played a central role in Costa Rica's development strategy for decades. As mentioned earlier, CINDE was the main IPA until 2023, when PROCOMER reinforced its efforts to attract FDI. However, CINDE continues to offer its advisory and support services on a private basis. Costa Rica's FDI strategy has been focused on specific sectors where the country has comparative advantages.

Over the last two decades, Costa Rica has aimed not only at attracting more investments, but also at increasing their value added, targeting efficiency-seeking and international market-access seeking FDI (i.e., investments in Costa Rica to provide services to foreign customers) based on talent and competitive costs and an investor-friendly environment, including institutional stability, fiscal incentives and trade agreements (Gómez, Zolezzi, & Monge, 2020; García, López, & Ons, 2021).

CINDE adopted a sectoral approach in 2001 (OECD, 2012). The decision to target specific sectors and the progression over time was data-driven and aligned with the country's existing trajectory, indicating its potential in more sophisticated industries; this led to a major advance in sectors such as medical devices and KBS. In services, the evolution was marked by a transition from traditional contact centres and low-complexity BPO activities to specialized shared services (e.g., engineering and architectural design), ICT services and other KBS. In 2005, COMEX created a directorate responsible for advising on policy priorities and implementing investment promotion guidelines, identifying necessary reforms and coordinating with key stakeholders (OECD, 2012).

DR-CAFTA marked a turning point in the strategy because it opened up opportunities to attract FDI in KBS sectors. During the negotiation and ratification process (the Agreement came into force in 2009), CINDE conducted market intelligence to identify strategic sectors and trends and focused

on engaging more effectively with investors by speaking the "same language", identifying talent needs and helping shape skills development strategies aligned with investor needs. Its staff was highly trained and developed industry knowledge through active participation in international events and close engagement with companies.

Costa Rica has also been effective in providing aftercare services to investors. In fact, by 2011 half of FDI in targeted sectors (including KBS) consisted of re-investments from companies that were already established in Costa Rica (OECD, 2012). Aftercare services included two areas: support for companies during set-up, growth and expansion, and coordination with public, private and academic institutions in strategic areas related to FDI (García, López, & Ons, 2021).

CINDE's investment promotion strategy became more specialized, extending beyond traditional promotion. It concentrated on advising investors, offering valuable insights to build long-term relationships and supporting policy advocacy based on real business needs. Its private-sector nature also inspired greater confidence among investors. CINDE also worked towards geographic diversification by, for example, targeting KBS companies from India (especially in ICT services) and Europe.

In 2023, the Costa Rican government decided that PROCOMER should concentrate on both export promotion and attracting investment. The strategy remains focused on activities considered to have high potential. In the case of KBS, PROCOMER's priorities include shared services centres, back-office operations, architecture, engineering and design, network and telecommunications, IT consulting services, game development and animation, cloud computing, customer management services, BPO, sales support, software, data analytics, digital marketing and cybersecurity operations. The sectoral focus remains evidence-based, building on Costa Rica's existing strengths in skills, infrastructure and firms' capabilities.

PROCOMER's investment-related activities include the promotion of Costa Rica as an attractive destination for FDI, as well as facilitating investments through its Establishment and Aftercare Department. Additionally, it collaborates with various institutions to promote the attraction, retention and development of businesses through regulatory enhancements and procedural solutions.

PROCOMER organizes promotional events both in Costa Rica and abroad, provides foreign investors with information on business opportunities, regulations and special regimes, and specifically facilitates business matchmaking between investors and local SMEs. Amongst other things, it offers a supplier directory where companies can find local providers of key services to support their operations in the country (e.g., legal and tax advisors, real estate firms, recruiting agents, FTZ administrators, advertising and public relations agencies). PROCOMER also receives and analyses requests from MNEs and develops tailored proposals that include an evaluation of recommended candidates or offers.

Investment promotion in Costa Rica has proven highly effective, leading to an average 12 percentage point increase in the likelihood of an MNE establishing its first affiliate in the country. This effect is linked to the information services provided by the IPA – especially for economies and sectors facing higher information barriers – and is independent of the FTZ regime. The positive impact is more substantial in non-financial services sectors than in other activities. The effect on reinvestment is weaker, which is consistent with the idea that support aimed at reducing information asymmetries becomes less relevant once a foreign company is already established (Volpe Martincus et al., 2021; Carballo, Marra de Artiñano, and Volpe Martincus, 2021).

Other relevant complementary initiatives

One-stop shop for investments (VUI)

Inspired by the success of the single window for trade in goods and with the support of the IDB, Costa Rica began implementing the one-stop shop for investments (Ventanilla Única de Inversión - VUI) in 2017 to address administrative processing

costs by simplifying, centralizing and digitizing the procedures for establishing and operating a company. Initially designed for companies under the FTZ regime, the system was later extended to all types of businesses (OECD, 2025a), regardless of whether they produce goods or services. The system itself does not differentiate between sectors; rather, differences arise from the specific permits required by each activity – for example, sanitary and phytosanitary authorizations for goods producers versus professional or ICT licences for service firms. In both cases, the VUI reduces administrative burdens and ensures greater transparency and efficiency.

The development of VUI follows a flexible methodology that enables process re-engineering, automation and continuous improvement. It is based on the FENIX strategy (according to its Spanish acronym), which consists of five stages (OECD, 2025a):

- **Strengthen:** A training strategy aimed at building capacities and raising awareness about processes among senior officials in involved agencies through process mapping and defining the baseline.
- **Standardize:** Efforts focused on process standardization and definition of the technological requirements for digitization and interoperability.
- **Normalize:** Enact necessary legal reforms to meet strategic objectives.
- **Implement:** Implementing technological solutions, conducting testing and training users.
- **Excel:** Continuous improvement and innovation.

The highest political body is the Steering Committee, which defines the direction of VUI. It is composed of representatives from the government (13 ministries, including COMEX, PROCOMER and the Social Security Fund) and the private sector (the five chambers represented on PROCOMER's board of directors, CINDE, the FTZ Companies Association, CPC, the American Chamber of Commerce and the Costa Rican Chamber of Construction). PROCOMER is responsible for the administration and monitors the Steering Committee's agreements and actions (OECD, 2025a).

According to the OECD (2025a), the programme has enjoyed the necessary political and

administrative support since its launch. VUI now collaborates with 38 government institutions and encompasses 46 procedures, steps, or processes, with further expansion anticipated.

Using highly disaggregated data for Costa Rica, Scattolo and Volpe Martincus (2025) find that VUI is associated with significant medium-term positive effects. By the third year of implementation, the number of firms increased by approximately 2.5 per cent, employment rose by 7.2 per cent, the wage bill increased by 10.9 per cent, revenue rose by 7.6 per cent, exports increased by 24.7 per cent and imports increased by 165 per cent. These results indicate that process digitization and simplification have a positive impact, although the benefits of VUI are not immediate, as companies need time to adapt to new market conditions and reallocate resources from administrative tasks to more productive activities.

Linkages between FDI and local companies

Costa Rica's successful experience in attracting FDI has been complemented by several programmes aimed at encouraging the integration of local companies with MNEs, including initiatives involving service firms.

In 2005, PROCOMER created the Technical Directorate for Export Linkages and adopted a previous programme – “Costa Rica Provides” – developed jointly with CINDE and other institutions along with the financial support of the IDB. The programme aimed at facilitating business matchmaking between local and foreign firms (García, López, & Ons, 2021). Evaluations found that compared to non-beneficiaries, participant companies showed higher wages, greater demand for labour and increased chances of exporting (Rodríguez-Álvarez & Monge-González, 2013).

The current Linkages (“Encadenados”) programme is a business linkage platform that promotes the development of local suppliers serving exporting companies by facilitating networking and providing access to financing and investment opportunities. It includes an annual matchmaking event in which PROCOMER selects participants and organizes business meetings between exporters (buyers) and local suppliers. PROCOMER's priority

service activities for the 2025 edition include several KBS sectors, such as education, human resources, business services, marketing, ITO, digital transformation and software development.

MICITT and other institutions have also introduced programmes to strengthen the innovation capabilities of SMEs through scientific and technological training and non-reimbursable grants to fund research and development projects (García, López, & Ons, 2021).

In 2021, Costa Rica implemented the National Cluster Programme with support from the IDB. The programme promotes and coordinates cluster initiatives in sectors with technological and innovation potential, high added value and strong employment generation, ensuring effective collaboration among the public, private and academic sectors. An initial mapping identified 20 cluster initiatives at varying levels of maturity. For instance, the audiovisual and ICT sectors were in an early stage of agglomeration, while biotechnology and cybersecurity were more advanced. The programme developed strategic plans to enhance competitiveness and facilitate coordinated actions across firms and institutions (Torrico & Solís, 2022). Notably, the cybersecurity cluster, known as “Cybersec”, started with 12 companies and now includes 63 members.

According to Monge-González and Rivera (2022b), the share of local providers in the total purchases of KBS MNEs in Costa Rica rose from 3 per cent in 2008 to 33 per cent in 2019. Computer programming and computer consultancy, together with facilities management services account for nearly 60 per cent of the specialized inputs these MNEs acquire locally. Evidence also suggests that domestic suppliers benefit from positive spillovers in productivity and wage premiums (Monge-González and Rivera, 2022a).

However, in some areas, outcomes have fallen short of expectations, and several structural challenges persist. Costa Rica has struggled to scale up KBS exports by local firms. For instance, although 85 per cent of exporters of ICT-enabled services are domestic companies, they represent only 16.7 per cent of total export value (BCCR, 2018). This underscores the difficulty of fostering local entrepreneurship in KBS and highlights the need for continued capacity-building efforts.

Skills development initiatives

Talent development in Costa Rica

According to the OECD (2025b), Costa Rica's well-educated talent pool has been a strategic factor in attracting FDI and boosting exports in knowledge-based areas. This includes not only formal education, but also the development of linguistic and vocational skills. Costa Rica is among the top five economies in the LAC region in terms of English proficiency (English First, 2024), an essential capability for high-value exports and nearshoring industries.¹⁰

Costa Rica has been developing its legal framework for education and skills development since the second half of the 20th century, including the Political Constitution of 1949, which established the obligation of the State to promote employment; the regulation of professional training to improve the employability of the workforce in 1971; and the creation of the INA in 1965, which plays an essential role in enhancing employability by offering training services, technical support and skills certification. For example, in 2015, the INA established a training assistance incentive to train FTZ workers in software development, cybersecurity and other strategic areas (MTSS, 2023; Gómez, Zolezzi, & Monge, 2020).

More recently, the country has implemented several initiatives relevant to talent development in the services sector, comprising actions aimed at developing digital skills and English proficiency, improving STEM education and aligning the qualifications of the labour supply with labour market needs.

Some examples are as follows: the Dual Education and Training Law; the National Employment System; the National Plan for Development and Public Investment; the FDI Strategy (2023–2026); the National Policy for Equality between Women and Men in Education, Employment and Access to the Benefits of Science, Technology, Telecommunications and

Innovation (2018–2027); the National Science, Technology and Innovation Plan (2023–2027); the Territorial Economic Strategy 2020–2050: Costa Rica towards an Inclusive and Decarbonized Economy; the Digital Transformation Strategy towards the Costa Rica of the Bicentennial 4.0; and the National Strategic Plan 2050 (MTSS, 2023; MICITT, 2021). In 2023, a standardized test was also introduced to assess reading and listening skills for students in the final year of secondary school.

Costa Rica's vocational education system, which features a highly regarded upper-secondary pathway and dual-education programmes developed in collaboration with the private sector, ensures labour-market relevance and technical readiness (Álvarez-Galván, 2015). In 2024, the National Programme in Technological Training introduced new courses in technology and promoted the use of technology as a learning resource in two out of five schools (OECD, 2025b).

However, demand for advanced skills has outpaced the growth of the labour supply in KBS sectors, presenting a significant challenge. In 2019, more than 40 per cent of service firms had job vacancies and two-thirds of those remained unfilled due to a lack of required skills, work experience, or educational qualifications. One-third of job opportunities in the services sector were for technicians and one quarter for professionals with tertiary education. The scarcity of talent is especially acute in scientific fields and outside the GMA (OECD, 2023).¹¹ More recent evidence (World Bank, 2023), although not specific to services, points to persistent skills gaps – particularly in digital and technical capabilities and English proficiency – and highlights the need to further develop talent to support knowledge-intensive sectors.

To address these constraints, Costa Rica has implemented several initiatives aimed at developing STEM education and enhancing strategic skills. The National Policy on

Knowledge-Based Society and Economy 2022–2050 (PNSEBC) (MICITT, 2021) seeks to build a coordinated long-term vision for scientific and technological progress and its economic, social and environmental impact.¹² The policy is based on four strategic pillars: knowledge generation, human talent, innovation, and digital transformation.

It states that Costa Rica needs a specialized workforce to improve competitiveness, as well as a population with universal basic digital skills, to benefit from technology and digital services and to exercise fundamental rights, including education, work and access to information. Thus, PNSEBC includes the promotion of STEM education, research and development, and digital and soft skills (problem-solving, teamwork, etc.). It also focuses on reducing gender, territorial and socio-economic gaps in STEM education, seeking to prevent brain drain in these sectors.

The Employability and Human Talent Strategy in Costa Rica (ENETH-CR) 2023–2027 (MTSS, 2023) was designed to address challenges such as the expansion of tertiary education coverage; the provision of more relevant and higher-quality education and training services; the reduction of gaps between individuals' skills and labour market needs; and the strengthening of public employment services to support people actively seeking work, with a focus on vulnerable groups.

A key pillar of the strategy is labour market intelligence, which includes generating and disseminating research on current and future skills demands, particularly in sectors linked to FDI. These studies should identify trends in technical, digital, soft and language skills, as well as certification needs, thereby strengthening the alignment between training programmes and evolving labour market needs. In fact, to design the strategy, the MTSS identified the specific socio-emotional, cognitive, digital, environment-related and technical skills needed in emerging jobs, many of them belonging to KBS sectors (ICT, management consulting services, marketing and advertising, and design, amongst others). ENETH-CR also prioritizes engagement with international organizations, academia and

the private sector to ensure occupational demand and skill forecasts are integrated into national training systems.

The ENETH-CR strategy places a strong emphasis on talent reskilling and upskilling through tertiary and vocational education in high-demand fields and fosters curriculum adaptation based on labour market intelligence. It strongly promotes STEM education, the development of digital skills and language proficiency. Programmes implemented in public technical schools focus on areas such as cybersecurity, programming, industrial electronics and customer service. It also aims to narrow the gender gap in employment, both in general and in STEM fields in particular. ENETH-CR supports language training programmes (especially in English), which are essential to meet the needs of global service companies. Additionally, it includes the promotion of entrepreneurship and self-employment, particularly in creative and cultural industries (MTSS, 2023).

In summary, Costa Rica's strategy for talent development has shifted from a general training approach to a more targeted and evidence-based model aligned with productive transformation and FDI demand. Many of these policies have explicitly prioritized skills development for KBS, including ICT, consulting and creative industries, given their strategic role in the country's export and investment agenda. While efforts to expand coverage have progressed, geographic disparities remain significant, particularly outside the GMA, where advanced training programmes are less accessible.

PROCIMER's contribution to talent development

PROCIMER is involved in several talent development initiatives closely aligned with the needs of sectors targeted for FDI, particularly those within KBS. It actively participates in ENETH-CR by conducting prospective studies on labour markets and implementing training programmes based on strategic alliances with educational institutions and public and private entities.

PROCOMER offers two programmes to develop talent for exporting companies: one for beneficiaries of the FTZ regime and another targeting actual and potential exporters under the general regime. Both programmes support the structuring of training pathways in technical and soft skills based on the needs of companies, allowing for partial coverage of total training costs (50 per cent to 90 per cent in the case of free zones and 50 per cent to 70 per cent for the rest of the firms). Companies outside the FTZ may also use the resources to fund language learning programmes (English, French and Portuguese). It also offers talent development programmes in high-demand areas such as digital skills, through an alliance with CISCO and MICITT.¹³

Furthermore, PROCOMER facilitates matchmaking between job seekers and companies seeking talent through Talent Costa Rica. This initiative comprises a digital employment platform and a face-to-face jobs fair.

In May 2025, PROCOMER and MTSS launched Pay for Results (PxR), a training programme focused on English, STEM, as well as soft skills. Under PxR, training centres are paid according to the results they deliver, based on predefined goals and performance indicators. Educational institutions are responsible for delivering courses tailored to employer needs, as well as connecting the trainees with potential employers. According to PROCOMER (2025b), this scheme will offer several benefits, including adaptability; strengthened coordination among training institutions; job placement services; and support for attracting FDI by facilitating companies' access to qualified talent. PxR is expected to train more than 8,000 people by the end of 2026.

Other initiatives

Public-private partnerships play a crucial role in implementing short training programmes in STEM areas under the ENETH-CR, encompassing both basic and advanced digital skills. This collaborative model, led by institutions such as CINDE and the INA, aims to contribute to the development of a competitive, inclusive and future-ready workforce (MTSS, 2023). In 2025,

INA was offering 48 educational programmes, 125 training courses and 47 certification exams related to services, including business administration, ICT and languages.

Moreover, CINDE has been working closely with the human resources departments of multinational companies and educational institutions to revise and align the curricula of technical and university-level programmes (Gómez, Zolezzi, and Monge, 2020). In 2025, it offered several talent development programmes, including:

- Bola de Cristal (Crystal Ball): This programme aims to match labour supply and demand in knowledge-based sectors through a digital career guidance platform leveraging artificial intelligence (AI) to predict and recommend personalized learning pathways to help users maintain high employability. The goal is to reach more than 30,000 people and the programme involves an investment of US\$ 2.8 million.
- International Strategic Academic Alliances: Based on alliances with key stakeholders, this initiative seeks to accelerate knowledge transfer and reduce existing gaps.
- Talent Place: An online platform that disseminates job opportunities, provides training and certification services and supports companies in recruiting talent.
- GET: A joint strategy by CINDE and multinational companies focused on improving education and training, expanding access to technology and narrowing the gender gap.
- Tools for Success Plus: Scholarships for technical school students to learn English and Portuguese, along with internships in private companies.
- Skills for Life: A joint initiative by CINDE, MTSS and Aliarse that aims to develop soft skills, language proficiency and access to information to improve employability.
- CINDE Jobs: A virtual and in-person jobs fair.

These private-led initiatives are designed to complement national strategies, creating synergies between public training systems and employer-driven talent needs.¹⁴

Conclusions and policy recommendations

Costa Rica stands out amongst the LAC as a leading example of how a small economy can successfully integrate into global KBS value chains through a comprehensive and coordinated strategy. Over the past two decades, the country has achieved remarkable growth in KBS exports and FDI attraction, which have become central pillars of its economic development.

Good practices

Economies seeking to position themselves in high-value service segments can learn from several good practices that emerge from Costa Rica's experience.

- Costa Rica has created a **predictable and stable business climate**, which has been essential for attracting FDI and enabling export growth. Legal certainty, institutional quality and macroeconomic stability – together with an extensive network of trade and investment agreements and a clear, rules-based fiscal incentive framework – have reduced transaction costs and risks for investors. These factors distinguish Costa Rica from many other developing economies that tend to focus predominantly on tax exemptions.
- **Long-term vision and policy consistency** have been critical. Successive governments have maintained a clear focus on internationalization and prioritized sectors with comparative advantages, enabling institutional learning and the accumulation of private sector capabilities. This has also enabled the progressive upgrading and sophistication of services delivered from Costa Rica, from contact centres to specialized shared services, ICT services and other KBS.
- A **robust institutional framework** with clearly defined roles, autonomy and financial sustainability has enabled PROCOMER to provide high-quality services and maintain staff continuity, an uncommon feature in many developing economies.
- The **strategic alignment of export and FDI promotion** has fostered policy coherence and efficiency in service delivery.
- The **free trade zone (FTZ) regime**, which has been related to export-oriented FDI in KBS, features some good practices including standardization of benefits, eligibility criteria based on strategic priorities, and mechanisms to promote regional diversification.
- Strong **emphasis on talent development**, with cross-sector collaboration and targeted initiatives for English and STEM skills, has allowed Costa Rica to meet evolving labour market demands. The alignment of training programmes with investor needs – particularly through labour market intelligence and performance-based initiatives, such as PxR – is especially relevant. One key lesson is that **the more sophisticated the talent pool, the greater the ease of moving up in terms of service sophistication**, avoiding the call centre/lower end services trap that afflicts some economies. As long as wages are aligned with higher productivity activities, this need not weigh on external competitiveness.
- The use of a **country brand strategy** (Essential Costa Rica) to position the country as a destination not only for tourism, but also for high-value services, contributes to international visibility and cohesion in promotion efforts.
- The **implementation of a one-stop shop mechanism for investments (VUI)** has helped reduce bureaucratic barriers and improve the investment climate, reinforcing Costa Rica's image as an efficient and investor-friendly country.
- In promoting services exports and attracting FDI, Costa Rica's experience shows an interesting combination of horizontal factors such as fiscal incentives, and with specific tools targeting KBS that differ significantly from those in goods sectors. **Services promotion requires prioritizing skilled and bilingual human capital** to increase sophistication and reduce information frictions, **rather than relying primarily on physical infrastructure or scale.**

Risks and challenges

Despite its success, the Costa Rican case also offers lessons on risks and challenges.

- Costa Rica has been successful in attracting FDI, and there is evidence of positive spillovers for local providers. However, the country has struggled to scale up KBS exports by domestic firms. This is an area where outcomes have fallen short of expectations, highlighting the need to strengthen local capabilities and foster entrepreneurship.
- Talent shortages are an ongoing constraint. Although multiple initiatives exist, the pace of labour force adaptation remains insufficient to meet the growing demand for specialized KBS roles, particularly outside the GMA. Costa Rica should strengthen skills development programmes and facilitate international talent attraction, which could also facilitate knowledge transfer to local workers.
- Given that fiscal incentives have played an essential role in Costa Rica's success, potential changes in international tax rules underscore the need to maintain strong investment in human capital development.
- Regional disparities persist, with most activities concentrated in the GMA. Costa Rica is making significant efforts to foster development in other regions by offering greater fiscal incentives and addressing infrastructure and education gaps. However, KBS development outside the GMA is limited due to a shortage of skilled labour.

This shows that tax benefits alone have not overcome the structural barrier of talent concentration. A greater focus on territorial equity in the development of human resources will be essential to ensure that the benefits of global integration are widely shared.

- High dependence on a few markets underscores the need for geographical diversification in export and FDI promotion. Costa Rica's efforts to attract Asian investments in KBS sectors have had mixed results. For example, the country was able to successfully attract FDI from India in the KBS sector whereas Chinese investors were primarily interested in the manufacturing sector.

In summary, Costa Rica's achievements reflect a high degree of strategic clarity, institutional maturity and alignment of public-private efforts. While no single model fits all, Costa Rica's experience offers valuable insights for other small and medium-sized economies seeking to leverage KBS as engines of sustainable and inclusive development. However, significant challenges persist, particularly in developing the talent needed to sustain expansion in both volume and sophistication. Strengthening human capital should be a priority in regions with limited skilled labour, so that investment attraction efforts are driven not only by fiscal incentives but also by the availability of talent. This would also help reduce regional disparities. Continued policy adaptation will be essential to address these challenges, foster inclusion, and consolidate a resilient and diversified KBS ecosystem.

Endnotes

- 1 "Shared services" typically involve the consolidation of business support functions such as human resources, finance and accounting, information technology, supply chain, and other front and back office services.
- 2 A ratchet provision locks in future liberalization by requiring that any subsequent unilateral liberalization becomes the new binding commitment under the agreement.
- 3 A standstill obligation requires the parties to list reservations or non-conforming measures that exist at the time of scheduling, so that commitments are bound based on the existing regulatory environment.
- 4 Both PROCOMER and CINDE have been internationally rewarded for their work. For example, PROCOMER has been recognized by the International Trade Centre as the world's best trade promotion organization for four consecutive years. In 2024, PROCOMER ranked third worldwide and first in LAC in attracting new FDI projects, according to the 9th edition of the Greenfield FDI Performance Index which measures how well economies attract greenfield FDI relative to the size of their GDP. CINDE was rated as the top IPA by the International Trade Centre in 2022 and named as the leading IPA in digital innovation by the World Association of Investment Promotion Agencies in 2023.

- 5 In 2024, PROCOMER sold more than 1.9 million certificates. The fee paid by companies in FTZs ranges from 0.3 per cent to 0.5 per cent of total sales, with a minimum of US\$ 200.
- 6 Costa Rica lacks a tax credit system and does not permit companies to deduct taxes paid abroad; it has only four double taxation treaties in force (Peña Capobianco, 2024).
- 7 Costa Rica has FTAs with chapters on trade in services with 47 economies. Investment promotion and protection is supported by national law and 15 bilateral investment treaties.
- 8 See <https://www.mideplan.go.cr/estrategia-economica-territorial-para-una-economia-inclusiva-y-descarbonizada-2020-2050-en-costa>.
- 9 For instance, some webinars oriented to services SMEs are related to the decision to export, to international contracts in services sectors and to digital transformation. Recent reports include studies on the ICT sector in Colombia, Peru and the United States, architecture and/or engineering in Peru and Miami, digital animation and videogames in Canada and the United States, amongst others.
- 10 Lassmann and Volpe (2025) find that economies with higher levels of English proficiency and advanced digital skills tend to attract more MNEs. English proficiency is significantly more important in services than in manufacturing, given that services are more skill-intensive, more differentiated and involve greater interaction between consumers and suppliers. Such communication is essential to reduce information frictions, which are also more pronounced in services sectors.
- 11 Another significant challenge is the gender gap. Despite considerable progress, women still face lower employment rates, STEM fields remain male-dominated, and digital access gaps persist (OECD, 2025b). However, Costa Rica is developing several initiatives aimed at reducing gender gaps in access and leadership.
- 12 See https://www.micitt.go.cr/sites/default/files/planes_estrategias/Politica_Nacional_Sociedad-Economia_PNSEBC_Junio22.pdf.
- 13 Source: PROCOMER.
- 14 Source: CINDE.

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Interviews

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