

Executive summary

Services have been the most dynamic component of world trade over the past two decades, growing faster than goods. However, export promotion efforts in many developing economies remain predominantly geared towards goods-producing activities despite the growing significance of services in global trade. Export promotion for services differs fundamentally from that for goods because of the distinctive characteristics of services and the way they are traded across borders.

The effective development of services exports requires an integrated, specialized approach linking trade and investment promotion with other key drivers of competitiveness. A lack of export development efforts specifically targeting services can limit developing economies' capacity to fully exploit cross-border trade and investment opportunities.

Developing economy experiences in boosting services exports is significantly under-researched. Based on a set of country case studies spanning diverse regions, differing national contexts, economic structures and development levels, this publication fills an essential gap in the trade literature. The publication documents the export development strategies of selected services-exporting developing economies in Africa, Asia, Latin America and the Caribbean.

The country case studies identify critical elements of these economies' support for services export development and advance actionable insights and recommendations to support services export capacity building, FDI attraction and skills upgrading that other developing economies can ponder on and adapt (see Box).

Box: Snapshots of services exports in economies featured in this publication

Chile combines a tradition of public-private sector coordination with targeted promotion of services exports and investment attraction. ProChile has created specialized sector teams for audiovisual and digital services, while InvestChile has a dedicated team to attract foreign investors into this sector. The government has established a public-private committee to coordinate services exports and FDI promotion. Programmes emphasize export readiness, with coaching on proposals, Service Level Agreements, and pricing. Chile's strength lies in creative industries and software, though firms still struggle with financing and scale.

Costa Rica is widely seen as a benchmark. It has leveraged FDI to build clusters in shared services, engineering and life sciences, quadrupling services exports since the 1990s. The clear division of labour between the

Ministry of Foreign Trade (COMEX, trade policy), the Foreign Trade and Investment Promoter (PROCOMER, export promotion and, since 2023, also attracting FDI), and the Coalition for Development Initiatives (CINDE, solely responsible for attracting FDI until 2023) has created institutional clarity and continuity. The "Essential Costa Rica" brand certifies firms and builds credibility. High reinvestment rates from multinationals reflect strong aftercare and talent pipelines. Costa Rica's model demonstrates how coherence across institutions delivers long-term competitiveness and export success.

Egypt's information and communications technology (ICT) exports have grown rapidly under the "Digital Egypt" agenda. The Information Technology Industry Development Agency leads promotion, offering programmes

Box: Snapshots of services exports in economies featured in this publication (cont.)

such as Export-IT (which reimburses certification costs) and incentives for small and medium-sized enterprises (SMEs). ICT parks provide infrastructure, while data protection reforms build trust. Challenges remain in fragmentation and regulatory bottlenecks, but consolidation under the Ministry of Communications and Information Technology has improved coherence.

India remains the world's largest exporter of information technology (IT) and business process management (BPM) services. Special economic zones, fiscal incentives and strong domestic demand have fuelled the sector's growth. India now seeks to diversify into creative industries such as animation, visual effects and gaming services. A key challenge is ensuring that SMEs and second-tier cities also benefit, as the export ecosystem is dominated by large firms operating in a few dominant hubs.

Jamaica has leveraged its rich cultural assets to promote audiovisual and creative services, alongside its traditional strength in tourism. The Jamaica Promotions Corporation's Export Max programme coaches SMEs and sets measurable key performance indicators. Diaspora engagement is strong, providing mentoring and introductions abroad. Financing and skills shortages remain obstacles, but the creative industries show promising growth.

Malaysia's National Trade Blueprint has encouraged upgrading into knowledge-intensive services. The country has strategically leveraged FDI to catalyse export capacity, particularly in global business services and the digital economy. The Multimedia Super Corridor, and the more recent digital free trade zone, have positioned Malaysia as a hub for e-commerce and data-driven services. Like other economies, Malaysia has promoted financial services

exports, but with a distinctive specialization in Islamic finance, a market segment in which it has emerged as a global leader.

Mauritius has positioned itself as a trusted hub for financial services, ICT and higher education exports. Regulatory predictability is central to its appeal. Women-focused ICT scholarships have promoted skilled labour market inclusiveness, broadened participation, and returnee programmes have attracted and brought back international expertise. However, the country must continue to strengthen digital trust frameworks to sustain competitiveness in sensitive sectors.

The **Philippines** has become a powerhouse in BPM services, employing over 1.4 million workers. Special economic zones (Philippine Economic Zone Authority parks), national competency standards, and the IT-BPM Council have created a supportive ecosystem. The challenge now is to upgrade to knowledge process outsourcing and diversify markets beyond North America. The country's institutions have demonstrated adaptability, but sustaining competitiveness will require continuous upskilling.

Uruguay invested early in digital infrastructure, building a globally competitive software and fintech sector. The country leads Latin America in legal predictability and digital readiness. Uruguay XXI's export promotion and agency programme to attract FDI serves as a one-stop shop for exporters and foreign investors, emphasizing aftercare. The Finishing Schools programme co-finances employer-led training to align skills with demand. The software and fintech sectors have thrived, showing that even small economies can become significant exporters with the right enabling environment.

Several key policy insights that emerge from this publication's country case studies include the following:

- Credibility is the currency of services trade. Successful promotion systems need to invest in reputation, branding, certifications and trust-building mechanisms.
- Institutional mission and continuity matter. Costa Rica's COMEX–PROCIMER–CINDE model and Uruguay XXI's approach show that clear mandates and consistent strategies deliver long-term results.
- Skills upgrading is a strategic imperative. Employer-led, co-financed training initiatives (e.g., Egypt's Digital Pioneers, the Philippines' Technical Education and Skills Development Authority (TESDA) standards and Uruguay's Finishing Schools) have directly generated export capacity.
- Investment aftercare multiplies impact. Attracting investors is only the beginning; proactive aftercare services boost reinvested earnings and deepen the ecosystem, as illustrated in Costa Rica's case.
- Smart specialization beats scattergun promotion. Jamaica in audiovisuals, Mauritius in financial services, Uruguay in fintech, the Philippines in sophisticated business services – economies that focus on niche areas build stronger reputations and competitiveness.
- Pitfalls are costly. Common errors include copying goods-oriented tools, over-reliance on fiscal incentives, fragmented institutional mandates and neglect of monitoring and evaluation.
- Attracting FDI and niche specialization can yield significant export results for smaller economies like Costa Rica, Mauritius and Uruguay. In contrast, scale economies are essential in large economies such as India and the Philippines.
- The diversity of models underscores the flexibility of services promotion, but also the need for tailored strategies.

Cross-cutting lessons on investment and skills

Several cross-cutting lessons emerge from the country case studies:

- FDI and skills are symbiotic. Investment attraction creates a strong demand for skills, while the availability of skills ultimately determines the quality and level of the investment attracted. Costa Rica and Uruguay show how aligning these two levers can create virtuous cycles.
- Aftercare and training are continuous functions that should not be treated as one-off interventions. Relationships with investors and training providers must be institutionalized rather than ad hoc in nature.
- Quality beats quantity. It is better to train fewer people to international standards and secure meaningful export contracts than to train large numbers for lower-value-adding roles.
- Inclusivity matters. Programmes that integrate women, youth and underrepresented groups expand the talent pool and enhance reputational capital.
- Adaptability is critical. As technology and global demand evolve, training curricula and investment promotion narratives must be continuously updated. Static programmes quickly lose relevance.

Learning from what does not work

Important lessons can be drawn from what has not worked in attempts to boost services exports. The most common pitfalls include the tendency to copy goods-oriented promotion instruments, such as generic trade fairs and product catalogues, which do little to reassure services buyers.

Over-reliance on tax incentives has also proven risky and fiscally burdensome, attracting investors with limited local integration and exposing economies to external scrutiny. Institutional fragmentation remains a recurring obstacle, with

overlapping mandates undermining credibility. Weak data collection and limited monitoring and evaluation systems further compound these problems, leaving agencies unable to learn from experience or demonstrate impact.

Policy recommendations and an agenda for technical assistance

This publication's country case studies and cross-cutting analysis offer several practical recommendations for developing economy policymakers as well as for international partners seeking to provide targeted technical assistance. Such recommendations highlight both what economies can do domestically to strengthen their export promotion systems and where external aid can make a difference.

First, at the national level, a key priority is to clarify institutional mandates and strengthen coordination mechanisms within and across agencies, as well as with external stakeholders. Economies with overlapping or fragmented institutional responsibilities often struggle to deliver consistent messages to international buyers. A coherent structure – whether through a lead agency with a clear mandate or through well-defined collaboration among trade, investment and digital promotion bodies – can greatly enhance policy credibility. Costa Rica's COMEX–PROCIMER–CINDE system and Chile's Public Private Technical Committee for Services Exports demonstrate the benefits of long-term coherence. At the same time, Malaysia's more complex landscape illustrates the risks of duplication and the need for improved coordination and institutional consolidation.

Second, economies should invest in credibility-building instruments. These include certification schemes, branding tied to international quality standards, and financing mechanisms to offset the upfront costs of compliance. Tools such as Costa Rica's Essential Costa Rica certification, Uruguay's emphasis on institutional predictability, and Malaysia's Market Development Grant and Services Export Fund programmes show how governments can help firms overcome the “first sale” barrier in services exports.

Third, governments should promote smart specialization by focusing on niche sectors where they have clear comparative advantages or existing clusters. Attempting to promote too many sectors spreads resources thin and dilutes impact. The experiences of Jamaica in audiovisual services, Mauritius in financial services, and Uruguay in fintech and software confirm that concentrating efforts can generate reputation effects that benefit the entire sector.

Fourth, aftercare must be elevated to a strategic priority. Attracting investment is essential but ensuring reinvestment and upgrading within global value chains is where the developmental payoffs lie. Dedicated account management, systematic satisfaction surveys, and cross-ministerial troubleshooting, as practiced in Costa Rica and Uruguay, provide valuable models.

Fifth, skills development must be tightly aligned with export strategies. Employer-led and co-financed training schemes, competency standards and rapid curriculum adjustments are critical to maintaining competitiveness. Chile's Digital Talent programme, Malaysia's Skills and Technical Enhancement Programme, the Philippines' TESDA standards, and Uruguay's Finishing Schools illustrate how targeted initiatives can contribute directly to export growth.

Finally, economies need to strengthen monitoring and evaluation. Too often, promotion agencies count the number of promotional activities delivered or the number of beneficiaries (such as ProChile) rather than outcomes. Robust data collection and pipeline management, such as PROCIMER's dashboards and Uruguay XXI's reinvestment-tracking, enable agencies to learn, adapt and demonstrate impact to stakeholders.

For the international community, several areas of support emerge. One concerns the need for improved data collection and the capacity to diagnose competitive strengths and weaknesses in services trade, including digitally delivered services, where existing statistics remain weak. Another area of focus is capacity-building for trade and investment promotion agencies, which helps them adopt tools such as customer relationship management systems, buyer

qualification protocols, and export-readiness coaching. A third area is finance for credibility investments, such as subsidies for certifications, audits and initial market entry activities, which can be especially valuable for SMEs.

International partners can also support skills development partnerships that bring together employers, training providers and governments to align curricula with global demand.

Finally, multilateral institutions, such as the World Trade Organization, the World Bank, and regional development banks, have a role in facilitating policy dialogue on cross-border mobility, recognition

of qualifications, digital trust frameworks, as well as in the design, pursuit and implementation of agreements on trade and investment in services.

Taken together, these recommendations highlight a clear agenda. Services export promotion requires a shift from activity-driven to results-driven strategies, from fragmented efforts to coherent systems, and from generic visibility to credibility. International assistance can catalyse such shifts by providing policy advice, data metrics, negotiating capacity, finance, and platforms for policy dialogue. With such support, developing economies will be better positioned to seize opportunities in the expanding global services economy.