

TERMS OF REFERENCE***Consultancy to Develop and Disseminate a Skills Strategy for Central America***

Regional

RG-T5003

ATN/OC-XXXX

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IDB-OECD Skills Strategy for Central America

1. Background and Justification

- 1.1. The Organisation for Economic Co-operation and Development (OECD) is an international organization, which brings together member countries committed to supporting sustainable economic growth; boosting employment; raising living standards; maintaining financial stability; and promoting capable, transparent and accountable government institutions.
- 1.2. One of the OECD's most significant work agendas has revolved around the topic of skills development and lifelong learning, as skills investments can help societies navigate emerging challenges and capitalise on the opportunities stemming from global megatrends such as the digital and green transition, demographic changes, and globalization. In this regard, the OECD Centre for Skills supports countries to achieve better economic and social outcomes by providing guidance on how to support people and enterprises to develop the skills most in need and on how to use them effectively in the economy and society. To do so, the OECD Centre for Skills has developed a strategic and comprehensive approach to help countries identify policy priorities and develop concrete and tailored policy recommendations for building more effective skills systems materialized in the OECD Skills Strategy Framework, which can be applied to specific countries or at the regional level. The components of this framework are: (i) Developing relevant skills over the life course: to thrive in a rapidly changing world, all people need access to opportunities to develop and maintain strong proficiency in a broad set of skills, and high quality Technical and Vocational Education and Training (TVET) can play a crucial role in providing relevant training opportunities to young people and adults; (ii) Using skills effectively in work and society: to ensure that countries gain the full economic and social value from investments in developing skills, people also need to use their skills fully and effectively at work and in society; and (iii) Strengthening the governance of skills systems: success of skills systems require strong policy co-ordination across the whole of government, effective stakeholder engagement throughout the policy cycle, integrated information systems and aligned financing arrangements.
- 1.3. The OECD Skills Strategy projects adopt a life cycle approach to ensure that people can continue to re-skill and up-skill throughout their lives, so that they can adjust to the rapid changes in the workplace and to ensure well-being and positive social outcomes. So far, OECD Skills Strategy projects have been completed or are underway in the following economies: Austria, Belgium (Flanders), Bulgaria, Finland, Ireland, Italy, Kazakhstan, Korea, Latvia, Lithuania, Luxembourg, Matla, Mexico (Country and Tlaxcala State), the Netherlands, Norway, Peru, Poland, Portugal, the Slovak Republic, Slovenia, Southeast Asia (regional), Spain, Sweden, Thailand, and the United Kingdom (Northern Ireland), and the Caribbean (Bahamas, Guyana, Barbados, Jamaica, Suriname, and Trinidad and Tobago).

- 1.4. As part of the IDB's efforts to diagnose the challenges and opportunities of skills development systems to better orient its support to countries, as well as to promote better articulation between the Ministries of Education and Labor around the topic, Central America (Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, and Panama) has been identified as a region that could highly benefit from the implementation of the OECD's Skills Strategy Framework.
- 1.5. Central America faces a pressing skills challenge that threatens both productivity and social inclusion. Nearly 20% of the region's population is between 15 and 24 years old, yet 24% of these young people are neither in education, employment, nor training (NEET) (IDB, 2025). At the same time, 87% of the region's future workforce is already active in the labor market and largely outside the formal education system (IDB, 2026). As a result, Central America confronts a dual skills challenge: a weak pipeline of new talent and a workforce whose skills are insufficiently developed or effectively used.
- 1.6. The talent pipeline shows significant weaknesses. Around 15% of adolescents (12–17) and 34% of youth (18–24) drop out before completing secondary education (CIMA, 2026). Among those who graduate, learning outcomes remain low: 85% of students lack minimum proficiency in mathematics and 64% in reading, compared with 75% and 55% in Latin America and the Caribbean (LAC), and far lower shares in OECD countries. These deficits disproportionately affect disadvantaged students; for instance, 97% of those in the lowest income quartile do not reach minimum proficiency in mathematics (PISA, 2022).
- 1.7. The existing workforce also faces substantial skills gaps. More than half of large firms report that skills shortages are the main barrier to transformation, while over 40% of workers are poorly matched to their jobs. Adult learning opportunities remain limited: only 29% of adults participate in training, well below the OECD average of 40% (IDB, 2026).
- 1.8. Aligning education and training systems with evolving labor market demands is a common challenge among Central American countries, to drive inclusive and sustainable economic growth. These countries face widespread skills gaps across their labor markets, especially in high-demand sectors like sustainable agriculture, cybersecurity, and logistics. Emerging industries such as technology and renewable energy require new technical and digital skills, offering more resilient and sustainable job opportunities. The rapid advancement of AI further highlights the need for skills that can harness its transformative potential to drive innovation, create high-quality jobs, and solve local challenges through technology-driven solutions (ILO, 2025). Employers report difficulty finding workers with the right mix of technical, vocational, and digital skills—as well as socioemotional skills like communication, teamwork, adaptability, and work readiness, which are often lacking and a major cause of worker turnover (IDB, *In Pursuit of Employable Skills*, 2012). Addressing these challenges requires an agenda to create a talent pool to support economic diversification, reskill displaced workers, and train those affected by digital changes.

2. Objectives

- 2.1. Develop and disseminate, jointly with the IDB, a comprehensive regional skills strategy that offers a clear path to higher productivity, broader social inclusion, and sustainable growth for Central American countries. This strategy will help governments and stakeholders develop a common, data-driven diagnosis of their skills challenges, identify priority reforms, and design collaborative mechanisms that support inclusive recovery, digital and green transitions, and long-term resilience.

3. Scope of services

- 3.1. The IDB-OECD Skills Strategy for Central America project will apply the OECD Skills Strategy Framework to achieve the following objectives:
 - **Build a shared understanding of Central America's skills challenges and**

opportunities. Leveraging national and international comparative data, the project will provide a comparative in-depth assessment of performance in developing and effectively using skills across Central America in relation to OECD countries. In addition, the project will identify key policy priorities and provide general policy recommendations for the region as a whole.

- **Identify international good practices.** Drawing on the OECD's experience and expertise, this project will identify policies and practices that have been successful in tackling the identified challenges and will provide policy guidance to facilitate their implementation.
- **Identify areas and mechanisms to foster regional cooperation.** The project will convene international experts, policymakers, and key stakeholders with the objective of fostering peer learning, information sharing and cooperation across countries in the region.

4. Methodology

- 4.1. **Participating countries.** The Skills Strategy for Central America aims to include data for Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras and Panama.
- 4.2. **Data Collection.** Given the potential gaps in education and labor market data in Central America, the project will focus on maximizing the use of existing sources and identifying practical options to strengthen evidence systems. The OECD and IDB will conduct a data mapping exercise to highlight priority gaps and develop a Central American Data Framework on Skills, providing guidance on feasible steps to progressively improve coverage, comparability and periodicity. To complement this, a Skills Strategy Dashboard will be produced, based mainly on existing international and national data, with additional inputs from targeted requests to government counterparts or questionnaires where appropriate. A virtual workshop with IDB Education (SCL/EDU) and Labor Market (SCL/SPL) specialists will be organized to present the Skills Strategy Framework and the proposed data collection instruments, and to gather feedback before requesting information from contact points in the Ministries of Education and Labor and other key stakeholders of participating countries. Together, these tools will provide an initial evidence base to support policy development and monitoring of skills systems in the region.
- 4.3. The OECD will send the data collection instruments and follow-up with contact points in Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras and Panama.
- 4.4. The OECD will provide technical assistance for the data questionnaire and answer any clarification questions as needed.
- 4.5. Additionally, both the OECD and the IDB will provide data from their own data repositories and collect data from publicly available secondary sources.
- 4.6. **Data compilation and analysis.** The OECD will validate, compile, standardize, and prepare comparative tables and charts, according to the OECD's Skills Strategy Framework and in comparative perspective with OECD data when available.
- 4.7. The OECD will provide a comprehensive database of the indicators used in the Skills Strategy for Central America for use by the IDB, which will in turn serve as the basis for the Skills Strategy Dashboard, a specific deliverable under the consultancy.
- 4.8. **Report drafting and publication.** The structure of the final Report is described in the

section below. The OECD will draft the Report and Country Notes, with contributions from the IDB. The OECD and the IDB will review the drafts, provide comments, and contribute with additional content as needed.

- 4.9. The IDB and OECD will form a joint editorial group. The draft final Report will be produced in English, and the report will be reviewed by the IDB. All OECD member countries will be offered an opportunity to review and comment the draft prior to publication, according to OECD procedures.
- 4.10. Any co-publication and any translation of the materials will be subject to a separate agreement between the Parties and third-parties, if applicable.
- 4.11. The OECD will edit the final version of the Report on Skills Strategy for Central America in English and publish it jointly with the IDB, following the signature of a co-publication agreement.
- 4.12. **Organization of events.** The present consultancy contemplates the organization of at least: (i) an online International Workshop with experts and policy makers; and (ii) a high-level regional/international Launch Event. The IDB and the OECD will form a joint organizing committee to define roles and responsibilities.
- 4.13. **Dissemination.** The OECD, in close consultation with the IDB, will disseminate the English version of the final Report making it freely available on its website, and disseminate its contents on the usual communication channels, including newsletters, blogs, and social media platforms. The IDB may further disseminate the final Report in any publication, website, blog, as well as in any Bank materials.

5. Key Activities and milestones

- 5.1. Develop a detailed work plan, outlining key activities with associated dates over the 12-month implementation period, including stakeholder engagement and a communications plan.
- 5.2. Carry out inception and follow-up bilateral meetings with IDB and participating governments.
- 5.3. Map data needs per country to implement the OECD's Skills Strategy Framework jointly with the IDB.
- 5.4. Identify key missing data per country jointly with the IDB.
- 5.5. Develop data collection instruments and implement them in relevant countries jointly with the IDB.
- 5.6. Carry out data analysis based on desk research and stakeholder consultations (bilateral meetings with ministries, employers, and training providers) with technical inputs from the IDB to identify key skills challenges and opportunities.
- 5.7. Collect good practice models and areas for regional cooperation.
- 5.8. Develop a Skills Strategy Dashboard with comparative indicators.
- 5.9. Organize joint OECD-IDB online International Workshop with experts and policy makers to discuss findings and share practices.
- 5.10. Write regional the Report on Skills Strategy for Central America along with brief Country Notes with main findings and recommendations.
- 5.11. Coordinate with the IDB to organize a joint high-level OECD-IDB Launch Event with governments and stakeholders.

6. Expected Outputs

- 6.1. **Report:** The OECD will produce a report titled *"IDB-OECD Skills Strategy for Central*

America”, with inputs from the IDB, and a concise brochure that summarizes its key findings.

- 6.2. **Country Notes:** Short notes (2-4 pages each) for each of the seven participating countries, highlighting the main findings and policy recommendations tailored to national contexts.
- 6.3. **Data Framework on Skills:** An analytical tool outlining the main data gaps and suggesting practical ways for countries to strengthen skills-related information systems. The framework will highlight priority areas where better data could support policy development, and provide guidance on feasible steps to progressively improve coverage, comparability and periodicity. Its purpose is to help governments and regional stakeholders move towards a more standardised and representative evidence base for diagnosing and monitoring skills systems.
- 6.4. **Skills Strategy Dashboard:** To complement the framework with available evidence, the project will: i) compile and systematise existing data from international sources, institutional repositories and other secondary sources; ii) request targeted data directly from participating governments; and iii) design and circulate questionnaires to collect additional information where relevant. Drawing on this combined evidence, the project will produce a Skills Strategy Dashboard for Central America, presenting comparable indicators of skills development, use and governance, benchmarked against international peers. The dashboard will draw on both existing and newly collected data to provide an initial evidence base for the Data Framework on Skills.
- 6.5. **Technical Workshop:** A technical online workshop will be organised between the OECD and the IDB. Its purpose will be to present the OECD Skills Strategy Methodology, a preliminary Data Framework on Skills, and the proposal of the data collection instruments so as to gather feedback from IDB experts on their feasibility and relevance before they are circulated to participating countries.
- 6.6. **International Workshop with Experts and Policymakers:** An online International Workshop will bring together officials from the seven Central American countries, international experts and key stakeholders. Its purpose will be to discuss skills policy priorities, gather inputs on possible actions, raise awareness of challenges and opportunities, and identify options for regional cooperation.
- 6.7. **High-Level Launch Regional Event:** A regional Launch Event with high-level participation from both the OECD and IDB and key stakeholders from participating countries to present the Skills Strategy for Central America Report, Country Notes, Data Framework on Skills and Skills Strategy Dashboard, which will be made freely accessible on the OECD website to maximise reach and impact.

7. Description of the final Report:

- 7.1. The outline of the final Report will be as follows:
 - An executive summary with key findings and recommendations.
 - A chapter on key insights and policy priorities, highlighting regional challenges and reform options.
 - Three thematic chapters structured around the OECD Skills Strategy pillars:
 - i) developing relevant skills over the life course;
 - ii) using skills effectively in work and society; and
 - iii) strengthening the governance of skills systems.

8. Project Schedule

- 8.1. **Work Plan:** The OECD will prepare a detailed work plan, outlining key activities with associated dates indicated over the 12-month implementation period, based on the description provided below.

Indicative timeline (objectives and tasks per quarter)

	Months 1-3	Months 4-6	Months 7-9	Months 10-12
Objectives	Scoping & Project Set-up	Data Development & Technical Validation	Stakeholder Consultation and drafting of Strategy	Review, finalisation & Dissemination
Tasks	• Project kick-off • Development of detailed project plan and milestones, • Literature review and mapping of existing regional and national evidence • Initial stocktaking of available skills data and identification of data gaps	• Organising the technical online workshop with the IDB (Output 5) • Drafting of preliminary Data Framework on Skills (Output 3) • Collecting data for Skills Strategy Dashboard (Output 4) • Finalising the Skills Strategy Dashboard (Output 4)	• Organising the International Workshop with Experts and Policymakers (Output 6) • Create a first full draft of the report (Output 1) • Start with preparing the country notes (Output 2)	• Review by OECD and IDB of the report (Output 1) • Finalising the report and country notes (Output 2) • Organising the High-Level Regional Launch Event (Output 7)

9. Eligible Expenditure Categories and Estimated Budget (in USD)

- 9.1. The estimated budget is US\$250,000.

Budget Item	US\$
Staff costs	171,256
Per person chargeback	12,544
Missions	8,628
Intellectual Service provider	28,760
Other Operating Expenditure	8,564
VC Administration Charge (8.08%)	20,248
Total	250,000

10. Follow up measures

- 10.1. The IDB will communicate to the OECD the focal points designated by the Ministries

of Education and Labor Markets in the 7 Central American countries included in the study (Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, and Panama) to facilitate the work of the OECD Centre for Skills. When relevant, the IDB will also provide focal points of key private sector partners in these countries.

- 10.2. Raquel Fernández Coto (RAQUELF@IADB.ORG), who will be responsible for follow up on the Project on the IDB side, will be the key contact for the IDB. The OECD Centre for Skills will ensure periodic follow-up meetings with the team designated by the Bank and submit regular updates by email on the progress of the project.