

MILLENNIUM CHALLENGE COMPACT
BETWEEN
THE UNITED STATES OF AMERICA
AND
THE STATE OF BELIZE

MILLENNIUM CHALLENGE COMPACT

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MILLENNIUM CHALLENGE COMPACT

PREAMBLE

This MILLENNIUM CHALLENGE COMPACT (this “*Compact*”) is between the United States of America (the “*United States*”), and the State of Belize (“*Belize*”). The United States and Belize are collectively referred to as the “*Parties*” and each individually as a “*Party*”.

Recognizing that the Parties are committed to the shared goals of promoting economic growth and the elimination of extreme poverty in Belize and that assistance under this Compact supports Belize’s demonstrated commitment to strengthening good governance, economic freedom and investments in people;

Recalling that Belize consulted with its private sector and civil society to determine the priorities for the use of assistance under this Compact and developed and submitted to the Millennium Challenge Corporation (“*MCC*”) a concept note and that the Parties worked in partnership to draft a Joint Design Document for such assistance to achieve lasting economic growth and poverty reduction; and

Recognizing that the United States wishes to help Belize implement the program described herein to achieve the goal and objectives described herein (as such program description and objectives may be amended or modified from time to time in accordance with the terms of this Compact, the “*Program*”); and

Recognizing that MCC shall serve as an implementing agency for the United States under this Compact.

The Parties hereby agree as follows:

ARTICLE 1.

GOAL AND OBJECTIVES

Section 1.1 Compact Goal. The goal of this Compact is to reduce poverty through economic growth in Belize (the “*Compact Goal*”). MCC shall provide assistance in a manner that strengthens good governance, economic freedom, and investments in the people of Belize.

Section 1.2 Project Objectives. The Program consists of the two projects described in Annex I (each a “*Project*” and collectively, the “*Projects*”). The objective of each of the respective Projects (each a “*Project Objective*” and collectively, the “*Project Objectives*”) is:

(a) to equitably increase the number of post-primary graduates with the competencies relevant to labor market demand (the “*Education Project Objective*”); and

(b) to lower the wholesale cost of electricity in real terms (the “*Energy Project Objective*”).

ARTICLE 2.

FUNDING AND RESOURCES

Section 2.1 Program Funding. Upon entry into force of this Compact in accordance with Section 7.3, MCC shall grant to Belize, under the terms of this Compact, an amount not to exceed One Hundred Fourteen Million Three Hundred Thirty-Eight Thousand United States Dollars (US\$114,338,000) (“**Program Funding**”) for use by Belize to implement the Program. The multi-year allocation of Program Funding is generally described in Annex II.

Section 2.2 Compact Facilitation Funding.

(a) Upon the signing of this Compact, MCC shall grant to Belize, under the terms of this Compact and in addition to the Program Funding described in Section 2.1, an amount not to exceed Ten Million Six Hundred Sixty-Two Thousand United States Dollars (US\$10,662,000) (“**Compact Facilitation Funding**” or “**CFF**”) under Section 609(g) of the Millennium Challenge Act of 2003, as amended (the “**MCA Act**”), for use by Belize to facilitate implementation of this Compact, including for the following purposes:

- (i) financial management and procurement activities;
- (ii) administrative support expenses such as staff salaries, rent and associated property improvements, publication costs, costs to hire short-term experts, and the costs of information technology and equipment requirements;
- (iii) monitoring and evaluation activities;
- (iv) feasibility, design, and other project preparatory studies; and
- (v) other activities to facilitate compact implementation as approved by MCC.

The allocation of Compact Facilitation Funding is generally described in Annex II.

(b) In accordance with Section 7.5, this Section 2.2, and other provisions of this Compact applicable to Compact Facilitation Funding shall be effective, for purposes of Compact Facilitation Funding only, as of the date this Compact is signed by the Parties.

(c) Each Disbursement of Compact Facilitation Funding is subject to satisfaction of the conditions precedent to such disbursement as set forth in Annex IV.

(d) If MCC determines that the full amount of Compact Facilitation Funding available under Section 2.2(a) exceeds the amount that reasonably can be utilized for the purposes set forth in Section 2.2(a), MCC, by written notice to Belize, may withdraw the excess amount, thereby reducing the amount of Compact Facilitation Funding available under Section 2.2(a) (such excess, the “**Excess CFF Amount**”). In such event, the amount of Compact Facilitation Funding granted under Section 2.2(a) shall be reduced by the Excess CFF Amount, and the United States shall have no further obligations with respect to such Excess CFF Amount.

(e) MCC, at its option by written notice to Belize, may elect to grant to Belize an amount equal to all or a portion of such Excess CFF Amount as an increase in the Program Funding, and such additional Program Funding shall be subject to the terms and conditions of this Compact applicable to Program Funding.

Section 2.3 MCC Funding. Program Funding and Compact Facilitation Funding are collectively referred to in this Compact as “*MCC Funding*,” which includes any refunds or reimbursements of Program Funding or Compact Facilitation Funding paid by Belize in accordance with this Compact.

Section 2.4 Disbursement. In accordance with this Compact and the Program Implementation Agreement, MCC shall disburse MCC Funding for expenditures incurred in furtherance of the Program (each instance, a “*Disbursement*”). Subject to the satisfaction of all applicable conditions precedent, the proceeds of Disbursements shall be made available to Belize, at MCC’s election, by (a) deposit to one or more bank accounts established by Belize and acceptable to MCC (each, a “*Permitted Account*”) or (b) direct payment to a third party as payment for an amount owed by Belize for the implementation of the Program. MCC Funding may be expended only for Program expenditures.

Section 2.5 Interest. Belize shall pay or transfer to MCC, in accordance with the Program Implementation Agreement, any interest or other earnings that accrue on MCC Funding prior to such funding being used for a Program purpose.

Section 2.6 Country Resources; Budget.

(a) Consistent with Section 609(b)(2) of the MCA Act and the *Country Contributions Policy*, Belize shall make a contribution during the period from the signing of this Compact to the end of the Compact Term of no less than Forty Million Six Hundred Fifty Thousand United States Dollars (US\$40,650,000) toward meeting the Project Objectives (the “*Country Contribution*”). The overall allocation of the Country Contribution is generally described in Annex II, and a more detailed allocation shall be described in the Program Implementation Agreement, along with additional terms and conditions applicable to the Country Contribution. The Country Contribution shall be subject to any legal requirements in Belize for the budgeting and appropriation of such contribution, including approval of Belize’s annual budget by its legislature. At MCC’s request, Belize shall provide evidence that it has budgeted and appropriated or otherwise ensured that the Country Contribution shall be made available for Program requirements. During implementation of the Program, the Country Contribution may be modified with MCC approval as provided in the *Country Contribution Policy*, provided that the modified contribution continues to advance the Project Objectives. In addition, Belize shall provide all funds and other resources, and shall take all other actions, that are necessary to carry out Belize’s responsibilities under this Compact.

(b) Belize shall use its best efforts to ensure that all MCC Funding it receives or is projected to receive in each of its fiscal years is fully accounted for and identified in its annual budget for the duration of the Program.

(c) Belize shall not reduce the normal and expected resources that it would otherwise budget for the activities contemplated under this Compact and the Program. In addition, unless Belize discloses otherwise to MCC in writing, MCC Funding shall be in addition to such resources.

Section 2.7 Limitations on the Use of MCC Funding. Belize shall ensure that MCC Funding is not used for any purpose that would violate United States law or policy, as specified in this Compact or as further notified to Belize in writing, including but not limited to the following purposes:

(a) for assistance to, or training of, the military, police, militia, national guard or other quasi-military organization or unit;

(b) for any activity that is likely to cause a substantial loss of United States jobs or a substantial displacement of United States production;

(c) to undertake, fund or otherwise support any activity that is likely to cause a significant environmental, health, or safety hazard, as further described in MCC's *Environmental Guidelines* and any guidance documents issued in connection with such guidelines (collectively, the "*Environmental Guidelines*"); or

(d) to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilizations as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations or to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning.

Section 2.8 Taxes.

(a) Belize shall ensure that all MCC Funding is free from all taxes, duties, levies, and other similar charges imposed by or in Belize (whether at the national, regional, local or other level) (but not fees or charges for services that are generally applicable in Belize, reasonable in amount and imposed on a non-discriminatory basis) ("*Taxes*"). Without limiting the broad scope of the previous sentence, MCC Funding shall be free from any and all (i) tariffs, customs duties, import taxes, export taxes, and other similar charges on any goods, works or services introduced into Belize in connection with the Program, (ii) tariffs, customs duties, import taxes, export taxes, and other similar charges on any personal effects, vehicles, equipment, supplies, or other items imported into Belize by any personnel (including employees and contractors of MCC and any providers of goods, works, or services to the Program) and their families for their own use, which personnel or providers are present in the country to perform work in connection with the Program and are not citizens or permanent residents of Belize, (iii) sales tax, value added tax, excise tax, property transfer tax, and other similar charges on any transactions involving goods, works or services in connection with the Program, (iv) taxes and other similar charges on ownership, possession or use of any property in connection with the Program, and (v) taxes and other similar charges on income, profits, or gross receipts attributable to work performed in

connection with the Program, and related social security taxes and other similar charges on all natural or legal persons performing work in connection with the Program, except in the case of clause (v), Belize may choose not to extend this exemption to: (1) natural persons who are citizens or permanent residents of Belize and (2) legal persons formed under the laws of Belize other than MCA-Belize and any other entity formed for the purpose of implementing Belize's obligations hereunder.

(b) The mechanisms that Belize shall use to implement the tax exemption required by Section 2.8(a) for certain principal Taxes are set forth in Annex VI. Such mechanisms may include exemptions from the payment of Taxes that have been granted in accordance with applicable law or refund or reimbursement of Taxes by Belize to MCC, MCA-Belize or to the taxpayer. For the avoidance of doubt, the identification (or lack of identification) of Taxes in Annex VI shall in no way limit the scope of the tax-free treatment of MCC Funding required by this Section 2.8. In addition, Belize shall from time to time execute and deliver, or cause to be executed and delivered, such other instructions, instruments or documents, and to take or cause to be taken such other actions as MCC may determine is necessary or appropriate to implement the provisions of this Section 2.8.

(c) Unless otherwise specifically provided herein or in the PIA, if a Tax has been paid contrary to the requirements of Section 2.8(a) or Annex VI, Belize shall refund promptly to MCC (or to another party as designated by MCC) the amount of such Tax in United States dollars or the currency of Belize within thirty (30) days (or such other period as may be agreed in writing by the Parties) after Belize is notified in writing (whether by MCC or MCA-Belize) that such Tax has been paid. Failure to refund such amount within the specified time shall result in interest accruing on the unpaid amount in accordance with Section 5.4.

(d) Belize shall not apply any MCC Funding, any proceeds thereof or any Program Assets to satisfy its obligations under Section 2.8(c).

Section 2.9 Lower Middle Income Countries. Section 606(b) of the MCA Act restricts the amount of assistance that MCC may provide to "lower middle income countries," a term that is defined in the MCA Act and includes Belize. To the extent that MCC determines, in MCC's reasonable discretion, that the amount of Program Funding granted to Belize in this Compact might exceed the limit stipulated in Section 606(b) of the MCA Act, MCC, at any time and from time to time upon written notice to Belize, may reduce the amount of Program Funding, or withhold any Disbursement of Program Funding.

ARTICLE 3.

IMPLEMENTATION

Section 3.1 Program Implementation Agreement. The Parties shall enter into an agreement providing further detail on the implementation arrangements, fiscal accountability and disbursement, and use of MCC Funding and the Country Contribution, among other matters (the

“*Program Implementation Agreement*” or “*PIA*”); and Belize shall implement the Program in accordance with this Compact, the PIA, and each other Supplemental Agreement.

Section 3.2 Country Responsibilities.

(a) Belize has principal responsibility for overseeing and managing the implementation of the Program.

(b) Belize hereby designates an entity established as an autonomous entity through an act of the Belize National Assembly, as the accountable entity to implement the Program and to exercise and perform Belize’s right and obligation to oversee, manage and implement the Program, including without limitation, managing implementation of the Projects and their Activities, allocating resources, and managing procurements. Such entity shall be referred to herein as “*MCA-Belize*,” and shall have the authority to bind Belize with regard to all Program activities. Belize hereby also designates MCA-Belize to exercise and perform Belize’s right and obligation to oversee, manage, and implement the activities described in the Grant and Implementation Agreement, dated March 1, 2023, by and between Belize and MCC (as amended or otherwise modified, the “*CDF Agreement*”). The Parties note Belize remains fully responsible for the performance of its obligations and responsibilities under this Compact notwithstanding the designation made in this Section 3.2(b), and any provision of this Compact, the PIA or any other Supplemental Agreement obligating MCA-Belize to take any action or refrain from taking any action, as the case may be, means Belize shall cause MCA-Belize to take such action or refrain from taking such action, as the case may be. MCC hereby acknowledges and consents to the designation in this Section 3.2(b).

(c) Belize shall ensure that any Program Assets or services funded in whole or in part (directly or indirectly) by MCC Funding are used solely in furtherance of this Compact and the Program unless MCC approves otherwise in writing.

(d) Belize shall take all necessary or appropriate steps to achieve each of the Project Objectives during the Compact Term (including, without limiting Section 2.6(a), funding all costs that exceed MCC Funding and are required to carry out the terms hereof and achieve such objectives, unless MCC approves otherwise in writing).

(e) Belize shall ensure that the Program is implemented, and that Belize carries out its obligations hereunder, with due care, efficiency, and diligence in conformity with sound technical, financial, and management practices, and in conformity with this Compact, the Program Implementation Agreement, each other Supplemental Agreement, and the Program Guidelines.

(f) Belize shall retain ownership of any Intellectual Property developed, in whole or in part, with MCC Funding. Belize hereby grants to the United States a perpetual, irrevocable, royalty-free, worldwide, fully-paid license (including the right to assign such license) to practice or have practiced on its behalf (including the right to produce, reproduce, publish, repurpose, use, store, modify, or make available) any portion or portions of such Intellectual Property as MCC sees fit in any medium, now known or hereafter developed, for any purpose whatsoever.

Section 3.3 Policy Performance. In addition to undertaking the specific policy, legal, and regulatory reform commitments identified in Annex I (if any), Belize shall seek to maintain and to improve its level of performance under the policy criteria identified in Section 607 of the MCA Act, and the selection criteria and methodology used by MCC.

Section 3.4 Accuracy of Information. Belize assures MCC that, as of the date Belize signs this Compact, the information provided to MCC by or on behalf of Belize in the course of reaching agreement on this Compact is true, correct, and complete in all material respects.

Section 3.5 Implementation Letters. From time to time, MCC may provide guidance to Belize in writing on any matters relating to this Compact, MCC Funding or implementation of the Program. Belize shall use such guidance in implementing the Program. The Parties may also issue joint writings to confirm and record their mutual understanding on aspects related to the implementation of this Compact, the PIA or other related agreements, including to record any revisions, exceptions or modifications that are permitted hereunder. All such writings are referred to as “**Implementation Letters**.”

Section 3.6 Procurement and Grants.

(a) The procurement of all goods, works, and services to implement the Program shall comply with, and shall only be required to comply with, the *Accountable Entity Procurement Policy & Guidelines* and other applicable Program Guidelines. The *Accountable Entity Procurement Policy & Guidelines* include the following provisions, among others:

(i) open, fair, and competitive procedures must be used in a transparent manner to solicit, award, and administer contracts and to procure goods, works, and services;

(ii) solicitations for goods, works, and services must be based upon a clear and accurate description of the goods, works, and services to be acquired;

(iii) contracts must be awarded only to qualified and eligible contractors that have the capability and willingness to perform the contracts in accordance with their terms on a cost effective and timely basis; and

(iv) no more than a commercially reasonable price, as determined, for example, by a comparison of price quotations and market prices, shall be paid to procure goods, works, and services.

(b) Belize shall ensure that any grant issued in furtherance of the Program (each, a “**Grant**”) is awarded, implemented, and managed pursuant to open, fair, and competitive procedures in accordance with the *Program Grant Guidelines*.

Section 3.7 Records; Accounting; Access.

(a) Program Books and Records. Belize shall maintain, and shall use its best efforts to ensure that all Covered Providers maintain, accounting books, records, documents, and other

evidence relating to the Program adequate to show, to MCC's satisfaction, the use of all MCC Funding, and the Country Contribution, and the implementation and results of the Program ("**Compact Records**"). Compact Records must be maintained for at least five (5) years after the end of the Compact Term or for such longer period, if any, required in connection with any litigation, claims, audit findings, or applicable legal requirements. In addition, Belize shall furnish or cause to be furnished to MCC, upon its request, originals or copies of such Compact Records.

(b) Accounting. Belize shall maintain, and shall use its best efforts to ensure that all Covered Providers maintain, Compact Records in accordance with generally accepted accounting principles prevailing in the United States, or at Belize's option and with MCC's prior written approval, other accounting standards, such as those (i) set by the International Accounting Standards Board, or (ii) then prevailing in Belize.

(c) Access. Upon MCC's request, Belize, at all reasonable times, shall permit, or cause to be permitted, authorized representatives of MCC, the Inspector General of MCC ("**Inspector General**"), the United States Government Accountability Office, any auditor responsible for an audit contemplated herein or otherwise conducted in furtherance of this Compact, and any agents or representatives engaged by MCC or Belize to conduct any assessment, review, or evaluation of the Program, the opportunity to audit, review, evaluate, or inspect facilities, assets, and activities funded in whole or in part by MCC Funding or the Country Contribution.

Section 3.8 Audits; Reviews.

(a) Program Audits. Belize shall, on at least an annual basis (or on such other intermittent basis as requested by MCC in writing), conduct, or cause to be conducted, financial audits and review engagements of all disbursements of MCC Funding and the Country Contribution. The initial audit shall cover the period from signing of this Compact until the initial audit period end date specified in an audit plan (the "**Audit Plan**") developed and implemented by MCA-Belize in accordance with the *Accountable Entities Guidelines for Contracted Financial Audits* (the "**Audit Guidelines**") and the Program Implementation Agreement. Subsequent audits shall cover each twelve-month period thereafter, through the end of the Compact Term, as well as the 120-day period following expiration of the Compact Term. All such audits and review engagements shall be performed in accordance with the *Audit Guidelines* or such other processes and procedures as MCC may direct from time to time. In addition, Belize shall ensure that such audits are conducted by an independent auditor approved by MCC and selected in accordance with the Audit Guidelines. Each audit must be completed, and the draft audit report delivered to MCC no later than 120 days after the applicable audit period, or such other period as the Parties may otherwise agree in writing. Any changes to the period to be audited shall be included in the Audit Plan as approved by MCC or as agreed by the Parties in writing.

(b) Audits of Other Entities. Belize shall ensure that MCC-financed agreements between it and any Covered Provider state that the Covered Provider is subject to audit in accordance with the Audit Guidelines.

(c) Corrective Actions. Belize shall use its best efforts to ensure that each Covered Provider (i) takes, where necessary, appropriate, and timely corrective actions in response to audits, (ii) considers whether the results of the Covered Provider's audits necessitate adjustment of Belize's records, and (iii) permits independent auditors to have access to its records and financial statements as necessary.

(d) Audit by MCC. MCC shall have the right to arrange for audits of Belize's use of MCC Funding and of the Country Contribution.

(e) Cost of Audits, Reviews or Evaluations. MCC Funding may be used to fund the costs of any audits, reviews or evaluations required under this Compact.

ARTICLE 4.

COMMUNICATIONS

Section 4.1 Communications. Any document or communication required or submitted by either Party to the other under this Compact must be in writing and, except as otherwise approved by MCC, in English. All such documents or communication must be submitted to the address of each Party set forth below or to such other address as may be designated by any Party in a written notice to the other Party.

To the United States:

Millennium Challenge Corporation
Attention: Vice President, Compact Operations
(with a copy to the Vice President and General Counsel)
1099 Fourteenth Street, NW Suite 700
Washington, DC 20005
United States of America
Telephone: +1 (202) 521-3600
Email: VPOperations@mcc.gov (Vice President, Compact Operations)
VPGeneralCounsel@mcc.gov (Vice President and General Counsel)

To Belize:

Ministry of Finance, Economic Development, Investment, Civil Aviation, and
Immigration
Attention: CEO of the Ministry of Economic Development
3rd Floor, Right Wing, Sir Edney Cain Building
Belmopan
Belize
Telephone: +501-822-2362

Upon establishment of MCA-Belize, Belize shall notify the United States of the contact details for MCA-Belize.

Section 4.2 Representatives. For all purposes relevant to implementation of this Compact, Belize shall be represented by the individual holding the position of, or acting as, the Chief Executive Officer of the Ministry of Economic Development and Investment of Belize, and the United States shall be represented by the individual holding the position of, or acting as, Vice President, Compact Operations of MCC (each of the foregoing, a “*Principal Representative*”). Each Party, by written notice to the other Party, may designate one or more additional representatives of such Party (each, an “*Additional Representative*”) for all purposes relevant to implementation of this Compact except for amending this Compact pursuant to Section 6.2(a). Belize hereby designates the Executive Director of MCA-Belize as an Additional Representative for Belize. The United States hereby designates MCC’s Deputy Vice President, Department of Compact Operations, Europe, Asia, the Pacific and Latin America, and the Resident and Deputy Resident Country Directors for Belize as Additional Representatives for the United States. A Party may change its Principal Representative to a new representative that holds a position of equal or higher authority upon written notice to the other Party.

Section 4.3 Signatures. Signatures to this Compact and to any amendment to this Compact shall be original signatures appearing on the same page or in an exchange of letters or diplomatic notes.

ARTICLE 5.

TERMINATION; SUSPENSION; EXPIRATION

Section 5.1 Termination; Suspension.

(a) Either Party may terminate this Compact without cause in its entirety by giving the other Party thirty (30) days’ prior written notice. MCC may also terminate MCC Funding without cause in whole or in part by giving Belize thirty (30) days’ prior written notice.

(b) The United States may, immediately, upon written notice to Belize, suspend or terminate this Compact and MCC may, immediately, upon written notice to Belize, suspend or terminate MCC Funding, in each case, in whole or in part, and any obligation related thereto, if MCC determines that any circumstance identified by MCC as a basis for suspension or termination (as notified to Belize in writing) has occurred, which circumstances include but are not limited to the following:

(i) Belize fails to comply with its obligations under this Compact or any other agreement or arrangement entered into by it with MCC in connection with this Compact or the Program;

(ii) any statement, affirmation or assurance of Belize made or deemed made in this Compact, the Program Implementation Agreement, any other Supplemental Agreement, or in any certificate or other document delivered in connection with this Compact proves to have been incorrect or misleading in any material respect as of the date when made or deemed made;

(iii) an event or series of events has occurred that makes it probable that any of the Project Objectives is not going to be achieved during the Compact Term, or that Belize is not going to be able to perform its obligations under this Compact;

(iv) a use of MCC Funding or continued implementation of this Compact or the Program violates applicable law or United States Government policy, whether now or hereafter in effect;

(v) Belize or any other person or entity receiving MCC Funding or using Program Assets is engaged in activities that are contrary to the national security interests of the United States;

(vi) an act has been committed or an omission or an event has occurred that would render Belize ineligible to receive United States economic assistance under Part I of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2151 *et seq.*), by reason of the application of any provision of such act or any other provision of law;

(vii) Belize has engaged in a pattern of actions inconsistent with the criteria used to determine its eligibility for assistance under the MCA Act; and

(viii) Belize is classified as a Tier 3 country in the United States Department of State's annual Trafficking in Persons Report.

Section 5.2 Consequences of Termination, Suspension or Expiration.

(a) Upon the suspension or termination, in whole or in part, of this Compact or any MCC Funding, or upon the expiration of this Compact, the provisions of Section 4.2 of the Program Implementation Agreement shall govern the post-suspension, post-termination or post-expiration treatment of MCC Funding, any related Disbursements, and Program Assets. Any portion of this Compact, MCC Funding, the Program Implementation Agreement or any other Supplemental Agreement that is not suspended or terminated shall remain in full force and effect.

(b) MCC may reinstate any suspended or terminated MCC Funding under this Compact if MCC determines that Belize or other relevant person or entity has committed to correct each condition for which MCC Funding was suspended or terminated.

(c) Subject to the Parties' rights under Section 5.1 above, the Parties agree that any dispute, difference or claim arising out of or in connection with, the interpretation or implementation of this Compact shall be subject to resolution through consultation of the Parties to such dispute, difference or claim. Either Party may contact the Principal Representative of the other Party at any time to request a consultation. Such consultations shall begin at the earliest possible date. The Parties agree to enter any such consultations guided by the principle of achieving the Compact Goal in a timely and cost-effective manner.

Section 5.3 Refunds; Violation.

(a) If any MCC Funding, any interest or earnings thereon, or any Program Asset is used for any purpose that is in violation of the terms of this Compact, then the United States may require Belize to repay to MCC in United States Dollars the value of the misused MCC Funding, interest, earnings, or asset, plus interest thereon in accordance with Section 5.4 within thirty (30) days after Belize's receipt of MCC's request for repayment. Belize shall not use MCC Funding, the Country Contribution, proceeds of MCC Funding or the Country Contribution or any Program Assets to make such payment.

(b) Notwithstanding any other provision in this Compact or any other agreement to the contrary, the United States' right under Section 5.3(a) to obtain a refund shall continue during the Compact Term and for a period of (i) five (5) years thereafter or (ii) one (1) year after MCC receives actual knowledge of such violation, whichever is later.

Section 5.4 Late Payment Interest. If Belize fails to pay any amount under this Compact or the Program Implementation Agreement when due (including amounts under Section 2.8(c) and Section 5.3(a)), Belize shall pay interest on such past due amount. Interest shall accrue on such amount at a rate equal to the then current US Treasury Current Value of Funds Rate, calculated on a daily basis and a 360-day year from the due date of such payment until such amount is paid in full. Any such payment shall first be credited against interest due, and once the interest due amount is extinguished, then payments shall be credited against outstanding principal.

Section 5.5 Survival. Belize's responsibilities under this Section and Section 2.7 (Limitations on the Use of MCC Funding), Section 2.8 (Taxes), Section 3.2(f) (Country Responsibilities), Section 3.7 (Records; Accounting; Access), Section 3.8 (Audits; Reviews), Section 5.2 (Consequences of Termination, Suspension or Expiration), Section 5.3 (Refunds; Violation), Section 5.4 (Late Payment Interest), and Section 6.4 (Governing Law) shall survive the expiration, suspension or termination of this Compact, provided that the terms of Section 2.8 shall survive for only 120 days following this Compact's expiration.

ARTICLE 6.

COMPACT ANNEXES; AMENDMENTS; GOVERNING LAW

Section 6.1 Annexes. Each annex to this Compact constitutes an integral part hereof, and references to "Annex" mean an annex to this Compact unless expressly stated otherwise.

Section 6.2 Amendments and Modifications.

(a) The Parties may amend this Compact only by a written agreement. Such agreement shall specify how it enters into force.

(b) Notwithstanding subsection (a), the Parties may by written agreement, which shall enter into force upon signature, modify any Annex to, in particular, but without limitation (i) suspend, terminate or modify any Project or Activity, (ii) change the allocations of funds as set

forth in Annex II, (iii) modify the implementation framework described in Annex I, (iv) add, change or delete any Indicator, Baseline or Target or other information set forth in Annex III in accordance with the M&E Policy, (v) add, modify or delete any condition precedent described in Annex IV or Annex VII, or (vi) modify the mechanisms for exempting MCC Funding from Taxes as set forth in Annex VI; *provided that*, in each case, any such modification (A) is consistent in all material respects with the Project Objectives, (B) does not cause the amount of Program Funding to exceed the aggregate amount specified in Section 2.1 (as may be modified by operation of Section 2.2(e)), (C) does not cause the amount of Compact Facilitation Funding to exceed the aggregate amount specified in Section 2.2(a), (D) does not reduce Belize's responsibilities or contribution of resources required under Section 2.6(a), and (E) does not extend the Compact Term.

Section 6.3 Definitions; Inconsistencies.

(a) Capitalized terms used herein shall have the respective meanings given such terms in Annex V.

(b) In the event of any conflict or inconsistency between:

(i) any Annex and any of Articles 1 through 8, such Articles 1 through 8, as applicable, shall prevail; or

(ii) this Compact and any other agreement between the Parties regarding the Program, this Compact shall prevail.

Section 6.4 Governing Law. This Compact is an international agreement and as such shall be governed by international law.

Section 6.5 Additional Instruments. Any reference in this Compact to activities, obligations or rights existing under or in furtherance of this Compact shall include activities, obligations, and rights existing under or in furtherance of any agreement, document or instrument related to this Compact and the Program.

Section 6.6 References to MCC Website. Unless expressly provided otherwise, any reference in this Compact, the PIA or any other agreement entered into in connection with this Compact, to a document or information available on, or notified by posting on the MCC Website shall be deemed a reference to such document or information as updated or substituted on the MCC Website from time to time.

Section 6.7 References to Laws, Regulations, Policies and Guidelines; References to Compact Expiration and Termination; Country Successors.

(a) Unless expressly provided otherwise, each reference in this Compact, the PIA, or any other agreement entered into in connection with this Compact, to a law, regulation, policy, guideline, or similar document shall be construed as a reference to such law, regulation, policy, guideline, or similar document as it may, from time to time, be amended, revised, replaced, or

extended, and shall include any law, regulation, policy, guideline or similar document issued under or otherwise applicable or related to such law, regulation, policy, guideline or similar document.

(b) Unless expressly provided otherwise, each reference in this Compact, the PIA, or any other agreement entered into in connection with this Compact, to a policy, guideline, guidance paper, or similar document shall be construed as a reference to an MCC policy, guideline, guidance paper, or similar document relating to the administration of MCC-funded assistance programs, in each case, as such may be posted from time to time on the MCC Website.

(c) Unless expressly provided otherwise, each reference in this Compact, the PIA, or any other agreement entered into in connection with this Compact, to a ministry of Belize shall be construed to include any successor ministry with the relevant subject matter or sector authority.

(d) Each reference in this Compact, the PIA or any other agreement entered into in connection with this Compact, to the Compact's "expiration" refers to the date on which the Compact Term ends if the Compact is not terminated earlier, which in accordance with Section 7.4 is five (5) years after its entry into force. Each reference in any of the aforementioned documents to the Compact's "termination" refers to this Compact ceasing to be in force prior to its expiration in accordance with Section 5.1.

Section 6.8 MCC Status. MCC is a United States government corporation acting on behalf of the United States in the implementation of this Compact. The United States, including MCC, assumes no liability for any claims or loss arising out of activities or omissions under this Compact. Belize waives any and all claims against the United States, including MCC, and any current or former officer or employee of the United States, including MCC, for all loss, damage, injury, or death arising out of activities or omissions under this Compact, and agrees that it shall not bring any claim or legal proceeding of any kind against any of the above entities or persons for any such loss, damage, injury, or death. Belize agrees that the United States, including MCC, and any current or former officer or employee of the United States, including MCC, shall be immune from the jurisdiction of all courts and tribunals of Belize for any claim or loss arising out of activities or omissions under this Compact.

ARTICLE 7.

ENTRY INTO FORCE

Section 7.1 Domestic Procedures. Belize shall proceed in a timely manner to complete all of its domestic requirements for this Compact and the PIA to enter into force, and to be domesticated into and form part of the laws of Belize. The Parties understand that this Compact and the PIA, upon forming part of the laws of Belize, shall for purpose of the laws of Belize remain subject only to the constitution of Belize. The Parties further understand that, consistent with Belize law, prior to Belize sending the letter described in Section 7.3, this Compact and the PIA is to be submitted to and approved by the National Assembly.

Section 7.2 Conditions Precedent to Entry into Force. Each of the following conditions must be met to MCC’s satisfaction before this Compact enters into force:

- (a) the Program Implementation Agreement has been signed by the parties thereto;
- (b) Belize has delivered to MCC:
 - (i) a letter signed and dated by the Principal Representative, or such other duly authorized representative acceptable to MCC of Belize, confirming that Belize has completed its domestic requirements necessary for this Compact to enter into force and that the other conditions precedent to entry into force in this Section 7.2 have been met;
 - (ii) a signed legal opinion from the Attorney General of Belize (or such other legal representative acceptable to MCC of Belize), in form and substance satisfactory to MCC; and
 - (iii) complete copies of all decrees, legislation, regulations or other governmental documents relating to Belize’s domestic requirements necessary for this Compact and the PIA to enter into force, which MCC may post on its website or otherwise make publicly available;
- (c) MCC has determined that after signature of this Compact, Belize has not engaged in a pattern of actions inconsistent with the eligibility criteria for MCC Funding; and
- (d) The conditions set forth in Annex VII have been satisfied.

Section 7.3 Date of Entry into Force. This Compact shall enter into force on the date of the letter from the United States, acting through MCC, to Belize in an exchange of letters confirming that the Parties have completed their respective domestic requirements for entry into force of this Compact and that the conditions precedent to entry into force in Section 7.2 have been met to the United States’ satisfaction.

Section 7.4 Compact Term. This Compact shall remain in force for five (5) years after its entry into force, unless terminated earlier under Section 5.1 (the “*Compact Term*”).

Section 7.5 Provisional Application. Upon signature of this Compact, and until this Compact has entered into force in accordance with Section 7.3, the Parties shall provisionally apply the terms of this Compact; *provided that*, no MCC Funding, other than Compact Facilitation Funding, shall be made available or disbursed before this Compact enters into force.

ARTICLE 8.

ADDITIONAL COVENANTS

Section 8.1 Covenant Regarding Additional Commitments. Belize acknowledges that the interest of consumers of electricity can best be protected by establishing a clear regulatory environment, using transparent and competitive processes to select new independent power

producers, and only amending or modifying power purchase agreements in exceptional cases and through a transparent process. Therefore, Belize agrees to take all necessary efforts to ensure that:

(a) all new power purchase agreements (or other agreements to purchase power or power generation equipment) entered into by Belize Electricity Limited (“**BEL**”), or another entity designated under Belizean law to purchase electricity to be sold to BEL, are based on a competitive procurement process that follows the regulations established by the Public Utilities Commission (“**PUC**”) to govern power procurements, **provided, however**, this does not preclude the establishment of feed-in tariffs at a rate established by the PUC, **provided, further** this does not apply to power purchase agreements wherein the government or a government owned entity is the power producer so long as such power purchase agreements are based on power plants constructed under transparently and competitively procured contracts;

(b) existing power purchase agreements are only amended or modified in the case that the PUC determines that the change in terms would benefit consumers through a decrease in the net present value of the cost of power purchases or other quantifiable benefits expected under such power purchase agreement and that the proposed changes are published for public comment at least 30 days prior to the signing of such a change to the power purchase agreement;

(c) existing power purchase agreements are only extended following a competitive process, **provided, however**, that for a one year period following the date hereof, power purchase agreements may be extended without a competitive process at or below current tariffs rates established therein for a term of no more than five years if the PUC determines that such generation capacity is needed to meet expected demand, so long as there is a public comment process, including the publication of the original and amended agreement, of at least 30 days prior to the signing of such an extension; and

(d) no request for proposals for energy generation is published until the regulations for a Grid Code have been approved and published by the PUC, **provided, however**, prequalification and comments on such request for proposal may occur prior to the publication of such regulations, **provided, further**, that this clause will not apply in the case of emergencies beyond the reasonable control of Belize.

SIGNATURE PAGE FOLLOWS ON THE NEXT PAGE

IN WITNESS WHEREOF, the undersigned duly authorized by their respective governments have signed this Compact.

Done at Belize City, Belize, this 4th day of September, 2024.

FOR THE UNITED STATES OF AMERICA

FOR THE STATE OF BELIZE

/s/

/s/

Name: Alice P. Albright
Title: Chief Executive Officer

Name: John Antonio Briceño
Title: Prime Minister and Minister of Finance,
Economic Development, Investment,
Civil Aviation, and Immigration

ANNEX I

PROGRAM DESCRIPTION

This Annex I describes the Program to be funded with MCC Funding and the Country Contribution during the Compact Term.

A. PROGRAM OVERVIEW

1. **Background and Consultative Process.**

(a) Background.

Belize is a small, diverse, coastal nation with a population of 405,272 (as of 2022) that has been a stable democracy since gaining independence in 1981.

The Board of Directors of MCC selected Belize as eligible for a compact in December 2021. To identify the most binding constraints to economic growth in Belize, MCC and Belize conducted a constraints analysis. From this analysis, five binding constraints to growth emerged, and Belize chose to focus on two: low quality of education and high electricity costs. A key focus of the early development work was to identify the underlying policy and institutional problems in the education and electricity sectors. The Program seeks to address the root causes in the education sector of low quality of education that has led to a shortage of trained professionals in all industries, and in the energy sector of the high cost of wholesale electricity compared to a well-functioning competitive electricity market.

In addition, the Program supports the current priorities of Belize as outlined in its #planBelize Medium Term Development Strategy 2022-2026, which aims to ensure that all Belizeans “have access to relevant education, primary healthcare, employment, land, and housing.” The specific goals for education are further elaborated in the Belize Education Sector Plan 2021-2025 and include increasing access to all levels of education, from preschool to university; reducing gender, rural/urban, and socioeconomic inequities in education; improving the quality of education provided at all levels of the system; and aligning the system of education to national development needs. The Education Project activities support the Ministry of Education, Culture, Science, and Technology (“*MoECST*”) in the process of implementing the Belize Education Sector Plan and the Compact’s condition precedents are consistent with Belize’s policy objectives. Belize’s National Energy Policy (2023 – 2040) is based on seven policy objectives for effective management of the sector, sustainable development, and the country’s contribution to the global effort on climate change. Two policy objectives relating to strengthening energy management capabilities and increasing indigenous energy sources in the energy supply mix are most relevant to the Energy Project. Moreover, the Energy Project shall assist Belize in meeting its commitment set out in its 2021 updated Nationally Determined Contribution of achieving 75% of Belize’s electricity demand from renewable resources by 2030 and to developing a long-term strategy aligned with achieving net zero global emissions by 2050.

(b) Consultative Process.

Throughout the Belize Compact development process, MCC and Belize conducted an inclusive, iterative approach with various stakeholders to inform project focus and design. During the pre-compact development phase, thirty-one (31) stakeholders from the government of Belize, civil society, social, private, and productive sectors, as well as non-government organizations were engaged in a diagnostic process that contributed to an understanding of the binding constraints to economic growth in Belize. Consultations continued across the country throughout the root cause analysis phase and into the project definition and design. Analysis of the education constraint was also facilitated using problem driven iterative adaptation, an in-depth framework for solving complex problems while motivating teams to create solutions.

2. Description of Program and Beneficiaries.

(a) Program Description.

The Program consists of two Projects, each designed to respond to a separate constraint to growth, align with Belize's national development priorities, and lead to poverty reduction and sustainable economic growth in Belize: (i) the Education Project, responding to the constraint of low quality of education has led to a shortage of trained professionals in all industries, and (ii) the Energy Project, responding to the constraint of the high cost of electricity.

(b) Intended Beneficiaries.

The Program is projected to benefit a total of 517,943 people.

The estimated number of beneficiaries under the Education Project is 140,243. This includes 125,081 total beneficiaries from the Transforming Teaching and Learning in Secondary Education Activity and the Access to and Progression through Secondary Education Activity (61,015 direct beneficiaries, 34,302 males and 26,713 females, multiplied by the average household size in Belize of 4.1 and divided by the average number of children per household in Belize, two). For the Training and Transitioning to Work Activity, there are an estimated 7,396 direct beneficiaries, 5,662 males and 1,734 females. This number is adjusted by the same household size of 4.1, and divided by two, but not to account for children per household in Belize; instead, the division by two adjusts for potential beneficiaries of the first two Activities that continue to TVET under the with-Project scenario who would otherwise be double counted. This brings the estimated number of beneficiaries in Training and Transitioning to Work Activity to 15,162. Beneficiary estimates cover 20 cohorts of students, starting from the point at which implementation of the investment is complete (assumed as Year 5 of the Compact, such that the first cohort of beneficiaries is those enrolled in Year 6). The Education Project is expected to increase lifetime incomes for 20 cohorts of students in with-Project schools and TVET programs who graduate and become employed. Benefits are disaggregated by males and females, as there are differences between graduation and employment rates—as well as differences in returns to education—across males and females.

The estimated number of beneficiaries under the Energy Project is 517,943. The Energy Project is expected to lower electricity tariff costs for all households and businesses connected to the

grid. Over a 20-year period it is expected that the entire population is impacted either through business or household savings; therefore, the beneficiary population is the projected population of Belize in 2044.

B. DESCRIPTION OF PROJECTS

Set forth below is a description of each Project that Belize agrees to implement, or cause to be implemented, using MCC Funding and the Country Contribution to advance the applicable Project Objective. In addition, specific activities to be undertaken within each Project (each, an “*Activity*”), including sub-activities, are also described.

1. Education Project

(a) Summary of Project and Activities.

The objective of the Education Project (the “*Education Project*”) is set forth in Section 1.2 of this Compact. To accomplish the Education Project Objective, the Project focuses on addressing the lack of post-primary graduates with the necessary competencies relevant to labor market demands, including numeracy, literacy, 21st Century Skills, and certified technical training.

The Education Project is comprised of the following three Activities:

(i) Transforming Teaching and Learning in Secondary Education Activity.

This Activity aims to improve the numeracy, literacy and 21st Century Skills of secondary graduates by improving the capability and accountability of the MoECST, managing authorities, educators, and other actors in the Belizean educational system for providing inclusive, quality education. This shall be accomplished through legal and institutional reforms to clarify and enhance the mandate and responsibilities of each actor in the system and policy reforms that enable better teacher management, school supervision and support, monitoring of learning outcomes, and accountability for student achievement. Specifically, the Activity supports the following Sub-activities:

(A) *Quality Assurance Sub-activity*

This Sub-activity aims to improve accountability for the quality of student learning through the establishment of an educational quality assurance system to assess and improve the quality of management and teaching as well as the achievement of learning outcomes by funding the following interventions:

(1) Technical assistance to develop and implement a quality assurance framework and a management information system linked to the Belize Education Management Information System (“*BEMIS*”) including modifications to the BEMIS to support the management and quality assurance of the education system, as well as the development, implementation, and change management needed to ensure adequate high-quality information and compliance with reporting requirements. The quality assurance framework shall define the standards for schools, managers, principals and teachers, procedures for assessing performance,

guidelines for school improvement planning, and performance-based budgeting to ensure sustainability for equitable access and quality student outcomes.¹

(2) The refinement and expansion of a national student assessment system to enable accurate measurement of student learning. The national assessment system shall at a minimum include annual tests of science and technology, Belizean studies, language arts/English and mathematics for all students for at least standard 1, standard 4, and standard 6 through to form 4. These tests would be supplemented by sample-based tests that assess students' mastery of a wider range of competencies, including 21st Century Skills aligned with the national curriculum.²

(3) Technical assistance to support the development and/or reform of the policies and regulations regarding the licensing, hiring, appraisal and promotion of teachers, school leaders, and counselors, including, but not limited to: (i) establishing a career pathway for teachers, school counselors and school leaders linked to performance standards, (ii) revising a teaching licensing process to improve rigor and ensure minimum standards and competencies for teachers and school leaders, (iii) revising an appraisal system for teachers and school leaders and a performance-based incentive system to promote school improvement and student achievement, and (iv) establishing a system for dual subject certification for secondary school teachers.

(B) Equipping Educators Sub-activity

This Sub-activity aims to improve the quality of educational leadership and teaching through capacity building and providing teaching and learning resources by funding the following interventions:

(1) The refinement and delivery of a leadership training program for school leaders and managers to improve school management, quality of teaching, inclusive practices for indigenous students, immigrant students, special education needs students, and students living with trauma (together, "***Structurally Excluded Students***"), parental and family involvement, and performance-based planning and budgeting.

(2) The refinement and implementation of sustainable in-service secondary teacher education programs to: (i) ensure that teachers have the necessary pedagogical and content knowledge to effectively teach the new national competency-based curriculum focused on 21st Century Skills, and (ii) address the diverse education needs of Structurally Excluded Students.

(3) The improvement of pre-service teacher education through the revision of the curricula for teachers and school leaders and the provision of training for teacher educators to ensure that newly trained secondary teachers are capable of effectively teaching the new national competency-based curriculum.

(4) The provision of socially and culturally relevant teaching and learning resources to support the competency-based curriculum, services to enhance the 501

¹ Standards for schools will include adult continuing education institutions or other schools providing high school equivalency certification.

² Includes the assessment for high school equivalency.

Academy³ and the procurement of equipment/devices to access electronic learning materials and facilitate active learning.

(ii) Access to and Progression through Secondary Education Activity.

This Activity focuses on increasing the percentage of primary graduates that enroll in and complete secondary school. To accomplish this, the Activity supports interventions regarding the transition from primary to secondary school and improving the retention of students in secondary school.

Specifically, the Activity provides funding for the following Sub-activities:

(A) ***Transition Sub-activity***

This Sub-activity aims to improve the academic preparation and interests of upper primary school graduates to transition into secondary and continue through secondary by funding the following interventions:

(1) Enhancement and implementation of an early warning system to estimate primary and secondary students' risk of dropout and/or academic problems as well as support to teachers, counselors, and school leaders to use this information to improve student outcomes. This application shall be linked to the BEMIS and utilize the results of screening, national student assessments, as well as attendance and demographic data, among other information.⁴

(2) Development and implementation of a literacy and numeracy remediation program for upper primary and form 1 students not at grade level to better prepare them for secondary education. This program shall: (i) provide targeted support to students identified as performing below grade level to increase their academic preparation and potential for success at the secondary level; (ii) include program development, diagnostic tools, teaching and learning resources and training of principals and teachers in the delivery of effective remedial programs; and (iii) train teachers to provide psychosocial support to students and to encourage student transition into secondary.

(3) Development and implementation of policies to support primary schools to facilitate the enrollment of students in secondary school prior to the end of the school year.

(B) ***Secondary Retention Sub-activity***

This Sub-activity aims to improve the retention of secondary students, both the general population as well as Structurally Excluded Students by funding the following:

(1) Technical assistance to the MoECST to develop and implement guidelines to ensure adherence of secondary school policies to national policies and legislation regarding equitable access to and participation in education and the elimination of school policies that penalize students based on gender, cultural, religious, or socioeconomic

³ The 501 Academy, nicknamed "Belize's learning hub," is a website that provides teachers with easily accessible resources and unit plans.

⁴ The use of the early warning system shall be included in the training programs for school counselors, teachers and school leaders.

characteristics. This includes requiring clear guidance in school handbooks to parents and guardians on grievance procedures.

(2) Support to secondary schools to develop programs to more effectively engage and motivate families to increase the attendance and academic success of their children.

(3) Support to school counselor and para-professional training programs to increase identification and support for Structurally Excluded Students in secondary schools.

(iii) Training and Transitioning to Work Activity.

This Activity supports Technical and Vocational Education and Training (“*TVET*”) providers to improve their capability to deliver high quality training demanded by the labor market as well as to provide inclusive access to these training opportunities. After Belize creates a national training agency as an autonomous national institution with full responsibility and authority for planning, updating of regulations, and oversight of quality, equity, relevancy and efficiency of the TVET system (the “*National Training Agency*”), this Activity shall support the newly established agency to fulfill its role as an autonomous national institution with full responsibility and authority for the planning, updating of regulations, and overseeing the quality, equity, relevance, and efficiency of the TVET system. After the National Training Agency is operational, this Activity shall fund demand-driven TVET programs through a proposal process.

Specifically, the Activity provides funding for the following Sub-activities:

(A) *TVET Governance Sub-activity*

This Sub-activity aims to improve the efficiency, inclusivity, and effectiveness of systems related to governance, management, financing, and quality assurance of the TVET system (including secondary schools and tertiary institutions offering TVET programs and institutes for TVET), by funding the following:

(1) Support the implementation of the National TVET Policy, the National TVET Strategy, and the National TVET Act with regulations and policies for a better quality and a more equitable and responsive TVET sector.

(2) Technical assistance and material resources for the establishment of the National Training Agency to begin the process of evaluating Belizean training institutions to be accredited to deliver specific training programs that lead to nationally, regionally and/or internationally recognized qualifications and certifications, including Caribbean Vocational Qualifications.⁵

(3) Technical assistance for the development of sectoral skills councils so each council can effectively play the role of, among other things: an advisor to the National Training Agency, a convening body for the private sector, and a coordinating body for apprenticeships and internships, in alignment with provisions for the function and composition of sectoral skills councils in the National TVET Act.

⁵ A regional certification system designed to accredit a standard and uniform delivery of competency-based technical and vocational education, training, and certification within the Caribbean.

(4) Enhancement of the BEMIS, and/or support to other linked applications, to enable data capture and analysis of employment outcomes (i.e., tracing of graduates) and employer satisfaction surveys (i.e. feedback from employers on the performance of interns/apprentices and graduates).

(5) Support for the delivery of tracer surveys of TVET graduates implemented by the National Training Agency or training providers.

(B) *TVET Delivery Sub-activity*

This Sub-activity aims to design and build the capacity of the TVET sector to implement inclusive TVET programs that are aligned to labor market needs by funding:

(1) Development or procurement of socially and culturally relevant curricula and learning materials based on national, regional or international standards, as well as the development of new and updating of existing national standards and curricula based on 21st Century Skills and the technical skills demanded by the labor market.

(2) Training for TVET providers and verifiers to include, but not be limited to: (i) competency-based education, training, and assessment for all faculty, including instructors with industry backgrounds; (ii) recruitment and management of instructors to achieve an adequate mix of educators, including both full time and part-time, as well as dedicated educators and trainers from the private sector; (iii) leadership and financial planning, application for training materials and equipment, facilities management, grant application writing, and program quality assessment for TVET managers; (iv) recruiting, enrolling, and maintaining students particularly increasing the enrollment and graduation of female students; (v) design and management of work based learning programs (including internships and apprenticeships) and job placement for vocational guidance counselors; and (vi) training of internal and external verifiers to support validation of programs. In each of the above, accompanying gender-sensitivity training modules shall address known, industry-specific discrimination and exclusionary practices.

(3) Development of quality internship and apprenticeship models, including but not limited to training for companies on effectively providing internships, to ensure students receive the hands-on experience necessary to be successful in their careers. These models shall provide guidance on how training providers can embrace opportunities for, and mitigate barriers to, equitable female participation.

(4) Funding through a grant facility for demand driven TVET programs. Proposals must demonstrate the private sector's need for the programs through endorsements by the National Training Agency and/or sectoral skills councils, availability of internships, and availability of sector-specific teachers. The funding includes but is not limited to developing the necessary curriculum, designing internships, training instructors and industry verifiers in up-to-date industry standards, equipping and upgrading labs, program promotion with a focus on gender equity, and tracer surveys of graduates.

(b) Environmental and Social Mitigation Measures.

The Education Project consists of policy and institutional reform, and capacity building and training. Therefore, the project is unlikely to result in adverse environmental and social impacts.

Current opportunities do not anticipate land acquisition or resettlement. While an environmental and social impact assessment is not required, as the Education Project's Activities become more defined, specific studies may be conducted where positive environmental and social impacts may be enhanced. The use of an Environmental and Social Management System as required by IFC Performance Standard 1 and the Environmental Guidelines shall ensure proper identification and management of risks and opportunities throughout implementation.

Because the Training and Transitioning to Work Activity envisions strengthening the capacity of the TVET sector in tourism and agriculture, opportunities should be sought in Project design consistent with MCC Climate Strategy and Belize's Nationally Determined Contribution. Tourism in Belize, which represents almost 50% of GDP, is largely nature based and particularly vulnerable to climate change. Ensuring that training programs include an understanding of these linkages and potential climate actions is critical for the sustainability of the sector. Similarly, Belize predicts a loss of 10-20% of agricultural production by 2100.⁶ Ensuring Belize's transition to climate smart agriculture is an important component for designing TVET programs in agriculture.

The indigenous peoples of Belize make up approximately 18% of the country's population.⁷ As the Project becomes more defined, an informed consultation and participation process shall ensure that Project implementation is designed to provide benefits and opportunities for indigenous peoples consistent with the overall goals of the Project.

(c) Gender and Social Inclusion.

Key findings from research led to the following program elements across the Education Project's three Activities and their respective Sub-activities:

Transforming Teaching and Learning in Secondary Education Activity – The quality assurance framework proposed in this Activity shall provide important inputs into an early warning system for at-risk students. The teacher preparation program shall support effective, trauma-informed teaching practices and curricula, including support to special education needs students in relation to classroom management, and traumatized students in relation to emerging best practices in trauma-informed teacher training. Additionally, the Equipping Educators Sub-activity shall ensure school leaders promote an inclusive environment for Structurally Excluded Students, as well as actively promote increased parental and family involvement. Finally, this Activity shall support the production of socially and culturally relevant electronic or printed teaching and learning resources, which have a demonstrable impact on learning for diverse groups of students.

Access to and Progression through Secondary Education Activity – This Activity shall promote equitable access and retention in secondary education, including the identification and elimination of specific practices that may penalize students based on gender, pregnancy, cultural, religious, or socioeconomic characteristics. Individual schools shall develop school-level policies and programs that engage parents and families in the increased attendance and success of their children. The policy reforms supported by this Project requiring a counselor unburdened by teaching responsibilities to be placed in every secondary school shall be matched by counselor training programs that increase support for students identified with academic, personal and social

⁶ See Belize's National Climate Change Office, 2021

⁷ See Belize Press Office, 2020.

barriers to learning, including students with disabilities, students living in poverty, and Structurally Excluded Students. These at-risk students, both in primary and secondary, shall be identified through an early warning system. Finally, upper primary at-risk students shall participate in literacy and numeracy remediation programs to ensure equitable transition to secondary.

Training and Transitioning to Work Activity – Gender-equitable regulations and policies shall be set forth in the National TVET Policy, the National TVET Strategy and the National TVET Act, including governance guidelines to ensure equitable participation of women and Structurally Excluded Students, guidelines for the inclusive development and review of internship, apprenticeship, and work-based learning programs, and the enhancement of the BEMIS to track differential student outcomes. The development of curricula and learning materials to national and regional standards shall be adapted for social and cultural relevancy. Furthermore, competency-based instructor training shall be accompanied by gender-sensitive training modules that address widely known discrimination, exclusionary practices, and barriers to equitable female participation across high potential growth industries. The internship and apprenticeship program shall be developed to embrace opportunities for, and mitigate barriers to, equitable female participation.

These components align with MCC’s *Inclusion and Gender Strategy*, which aims to expand excluded groups’ ability to have access to, participate in or derive benefits from Compact interventions.

(d) Donor Coordination.

Careful attention was paid in the design of the Education Project to avoid overlap, as well as to complement and build on other donor-funded programs. Identified areas for such complementarity include enhancements of the BEMIS and teacher training in science, technology, engineering, art, and math and 21st Century Skills, which aligns with work supported by the Inter-American Development Bank, and literacy programs, which aligns with work supported by the Peace Corps and Literacy Alive. Several of the outputs of the Education Project, including the further customization of the BEMIS, capacity building for teachers and school leaders, the introduction of a quality assurance system including a student assessment mechanism, the provision of teaching and learning resources, and support for student transition, shall build on and expand the reach (i.e., number of schools, levels, or beneficiaries) and potential impact of previous and ongoing donor-funded initiatives. For example, the outputs of the Caribbean Development Bank consultancy for the Early Identification system are a draft design for an early identification system and a pilot program to support students based on the design. The early warning application shall seek to enhance and scale the design for national implementation. Discussions with the MoECST and other donors shall continue up to and through the implementation phase of the Education Project to identify additional opportunities for collaboration and synergy.

(e) USAID.

At this time, there is no USAID mission in Belize. The Compact shall seek to benefit from any future involvement by USAID in the education sector in Belize.

(f) Sustainability.

The Education Project has been designed to consider the long-term sustainability of programmatic impacts. To ensure sustainability for the teacher training component, the Compact shall build on the MoECST's established requirement for in-service teachers to complete 120 hours of professional development within a five-year period. The teacher training program which shall be delivered through a university partnership shall support the MoECST's move to a competency-based curriculum providing in-service teachers with a mixture of in-person and virtual training options including coaching. The Compact shall result in digital materials for professional development that will be available beyond the Compact Term as well as building up the local teacher training capacity.

In addition, the faculty of education and arts at the University of Belize is updating the pre-service teacher education curriculum to incorporate competency-based education. The Equipping Educators Sub-activity shall include a partnership between the University of Belize and an international university or a consortium thereof. More specifically, the university partnership shall support the training of the pre-service teachers in competency-based education pedagogy ensuring that new teachers shall enter their profession feeling confident in teaching a competency-based curriculum.

(g) Policy, Legal and Regulatory Reforms.

There are a number of Education Project conditions precedent set out in Annex II of the Program Implementation Agreement, supporting a number of reforms that the MoECST is in the process of implementing. The legislation to increase the compulsory school age from 14 to 16 years was passed in early 2024. Additionally, Belize plans to adopt regulations under the Education Act with a view to ensuring access to free secondary education to all primary graduates by offering free education at all government schools and, in order to ensure adequate geographical coverage, select grant-aided schools.

2. **Energy Project**

(a) Summary of Project and Activities.

The objective of the Energy Project (the "**Energy Project**") is set forth in Section 1.2 of this Compact. The Energy Project shall achieve its objective of lowering the wholesale cost of electricity in real terms by facilitating new power purchase agreements for lower-cost renewable energy, by modernizing the grid to efficiently manage an influx of variable power generation, and by supporting the organizations that manage the electricity structure to improve policy and regulations to support efficient use of the new lower-cost renewable energy generation.

The Energy Project is comprised of the following Activity and sub-activities:

(i) Facilitating New Lower-Cost Renewable Generation Activity.

This Activity aims to support Belize to implement their utility-scale renewable energy expansion plans while maintaining the stability of the grid. The expected outcome is the signing of new power purchase agreements for low-cost renewable generation. To accommodate the variable and intermittent supply of power from solar energy without compromising reliability and/or power quality, the Activity shall also support BEL and the PUC to modernize the grid.

(A) ***Advisory Services for Development of New Renewable Independent Power Producer Generation Sub-activity***

This Sub-activity aims to support Belize to successfully manage all phases of the project lifecycle for securing power purchase agreements both through independent power producers and government-owned plants. This may include but is not limited to support:

(1) Transaction advisory services to conduct transparent and competitive tender(s) to secure new renewable energy independent power producers.

(2) Technical assistance to support Belize in overseeing the procurement and acquisition of new generation assets, including conducting the design review, licensing documentation review, confirming compliance with relevant codes, acceptance and performance tests, fitness-for-service assessments, and claim management. This technical assistance would also support Belize in project management and coordination of the broader efforts to increase the portion of Belize's electricity sourced from renewable energy.

(B) ***Blended Finance Sub-activity***

This Sub-activity aims to incentivize bidders to propose a lower price for the sale of electricity than would otherwise be possible. Specifically, this Sub-activity is designed to provide blended finance in an amount up to \$100,000 per MW of capacity for renewable energy to support private sector investment in this sector.

(C) ***Grid Modernization Sub-activity***

This Sub-activity shall support the upgrade of the grid and its operations regime to accommodate a high penetration of variable renewable energy. This may include but is not limited to support:

(1) Technical assistance to the entities responsible for complying with or enforcing the Grid Code published by the PUC to facilitate the integration of variable renewable energy, including requirements for upgrading generating facilities to comply with the Grid Code.

(2) Battery energy storage systems and other equipment to efficiently manage the requirements associated with variable renewable energy as well as technical assistance to ensure their efficient design, commissioning, operation, and maintenance.

(3) Technical assistance, equipment and information technology (hardware and software) to improve the capability of the system operator to efficiently manage challenges that come with the introduction of significant variable renewable energy into the generation mix.

(D) Improved Policy and Regulatory Framework for Sector Planning and Operations Sub-activity

This Sub-activity aims to support Belize to improve the policy and regulatory frameworks to facilitate efficient planning, regulation and operation with the flexibility required of modern systems with a high proportion of variable energy. This Sub-activity may support but is not limited to technical assistance to MPUELE and the PUC with:

- (1) Implementing distributed generation tariffs and regulations under the PUC Act and/or Electricity Act that assist with avoiding grid defection.
- (2) Reviewing and implementing recommendations from (i) that certain Belize Electricity Tariff Assessment and Benchmarking Analysis initiated in 2023 and (ii) the Social Tariff Report (defined below).
- (3) Managing and consistently implementing policy and planning initiatives, including coordination of integrated resource planning.

(b) Environmental and Social Mitigation Measures.

The Energy Project seeks to facilitate new, lower-cost renewable generation through policy and institutional reform, technical assistance, credit enhancements, and software/equipment for grid modernization. As such, the Project is unlikely to result in adverse environmental and social impacts and is classified as a Category C project under the Environmental Guidelines. As with the Education Project, current opportunities would not likely lead to land acquisition or resettlement, as defined by the IFC Performance Standard 5, or the need for an environmental and social impact assessment. Transaction advisory services for tenders to secure new, renewable independent power producer energy generation would be implemented using the IFC Performance Standards. Consistent with the MCC Climate Strategy and in addition to its focus on renewable generation, the Energy Project includes support for policy and planning initiatives towards meeting Belize's Nationally Determined Contribution goals.

(c) Gender and Social Inclusion.

The Parties worked together to assess the efficiency and effectiveness of the current social tariff and related pro-poor mechanisms in providing affordable electricity to households, particularly to poorer households, and to provide recommendations for their improvement (the "***Social Tariff Report***"). The Energy Project offers the potential to support lower-cost retail electricity to poor households, particularly if the Social Tariff Report's recommendations influence a revision of the existing social tariff parameters, through the Improved Policy and Regulatory Framework for Sector Planning and Operations Sub-activity. This effort is consistent with MCC's *Inclusion and Gender Strategy*, which aims to expand excluded groups' ability to have access to, participate in or derive benefits from Compact investments.

(d) Donor Coordination.

The Caribbean Development Bank, World Bank and the European Union are supporting programs with similar objectives aimed at bolstering the electricity infrastructure. These shared aims encompass establishing and allowing secure and reliable electricity service, energy

efficiency and strategic energy planning, expanding the reach of the electricity supply service, enhancing overall system reliability, and ultimately reducing the burden of electricity supply cost to Belizeans. In August 2023, Belize signed a US\$77 million loan agreement with the Saudi Fund for Development, for the construction of an approximately 60MW solar energy plant in Belize.

(e) USAID.

USAID does not have an active presence in Belize and is not expected to have a role in the implementation or monitoring of the Compact. However, USAID has done valuable work in integrating variable renewable energy into developing country systems. MCC expects to rely on previous work from USAID and to consult USAID on Project goals and processes.

(f) Sustainability.

In order to sustain the reduction in the wholesale cost of power, as set forth in Article 8 of this Compact, Belize shall ensure that (i) independent power producers that provide power under the new power purchase agreements are able to provide power in accordance with the power purchase agreement or in the case that an independent power producer cannot fulfill their obligations that the single buyer (currently BEL) is able to take legal measures that allows them to enter into a new power purchase agreement, (ii) any additional new power purchase agreements are competitively tendered, and (iii) no power purchase agreements are renegotiated to extend, expand or modify the contracts in a way that would increase the cost of power.

In order to increase the likelihood that Belize will enjoy the lower cost of power from the power purchase agreements supported under this Compact, the transaction advisor(s) shall advise on adequate contractual protections to limit the risk of the independent power producer failing to perform.

Grid modernization projects to accommodate the higher penetration of variable renewable energy shall be coordinated with BEL and any financial investments BEL shall make towards the same objective. BEL is a high-capacity transmission and distribution operator with financial and technical resources to adequately maintain these system improvements. This shall be reinforced by a strong regulatory oversight role from the PUC.

(g) Policy, Legal and Regulatory Reforms.

The Belize National Energy Policy (2023 – 2040) sets a vision of effective management of the sector, sustainable development, and the country’s contribution to the global effort on climate change. Consistent with this policy document, through this Compact, Belize is committing to a range of policy reforms to complement the Energy Project Activities in support of the Energy Project objective of reducing the wholesale cost of power in real terms. These reforms include: (i) setting forth technical specifications and requirements in a Grid Code to be in place prior to

the publication of a request for proposals for independent power producers; (ii) adopting policies requiring competitive procurement; and (iii) establishing a tariff policy.

C. IMPLEMENTATION FRAMEWORK

1. MCA-Belize

(a) Independence and Autonomy.

MCA-Belize shall have operational and legal independence and full decision-making autonomy, including, inter alia, the ability, without consultation with, or the consent or approval of, any other party, to: (i) enter into contracts in its own name, (ii) sue and be sued, (iii) establish bank accounts with financial institutions in its own name and hold MCC Funding and the Country Contribution in those accounts, (iv) expend MCC Funding and the Country Contribution, (v) engage contractors, consultants and/or grantees, including, without limitation, procurement and fiscal agents, and (vi) competitively engage one or more auditors to conduct audits of its accounts. MCA-Belize shall be governed and managed by a board of directors (the “**Board of Directors**”) and an operations unit (the “**Operations Unit**”) in accordance with the terms of its constitutive documents and internal regulations (which must be in form and substance satisfactory to MCC) and any related MCC policies.

(b) Board of Directors.

The Board of Directors shall have ultimate responsibility for the oversight, direction, and decisions of MCA-Belize, as well as the overall implementation of the Program. As of the date hereof, it is comprised of seven (7) voting members and three (3) non-voting members as follows:

Voting Members:

- CEO of the ministry responsible for finance
- CEO of the ministry responsible for economic development
- CEO of the ministry responsible for education
- CEO of the ministry responsible for energy
- A civil society representative
- A private sector representative
- A representative from the Belize National Teacher’s Union

Non-voting Members:

- Executive Director of MCA-Belize

- CEO of the ministry responsible for human development
- A representative from academic and educational organizations

The number and composition of voting members may be changed through amendments to and in accordance with MCA-Belize's constitutive documents and internal regulations with MCC's approval. The members of the Board of Directors may be represented by alternates appointed pursuant to the Governing Documents. The non-government representatives shall be selected through an open and transparent process in form and substance satisfactory to MCC. Other non-voting members may be included as named in the Governing Documents. In addition, MCC's resident country director in Belize shall serve as a non-voting observer of the Board.

(c) Operations Unit.

The Operations Unit consists of the employees and consultants of MCA-Belize who have responsibility for the day-to-day activities and operation of the Program and for assisting the Board of Directors with implementation of the Program. The Operations Unit shall be led by an executive director and shall be composed of the directors, officers and other staff as agreed between the Parties and selected after an open, competitive, and non-discriminatory recruitment and selection process (or its equivalent).

2. Implementing Entities.

Subject to the terms and conditions of this Compact, the Program Implementation Agreement, and any other related agreement entered into in connection with this Compact, Belize intends to engage one or more entities of Belize to assist with implementing any Project or Activity (or a component thereof) (each, an "***Implementing Entity***"). The appointment of any Implementing Entity shall be subject to review and approval by MCC. Belize shall ensure that the roles and responsibilities of each Implementing Entity and other appropriate terms are set forth in an agreement, in form and substance satisfactory to MCC (each an "***Implementing Entity Agreement***").

3. Fiscal Agent and Procurement Agent.

Unless MCC agrees otherwise in writing, Belize shall engage an individual or firm with expertise in financial management and reporting to serve as fiscal agent (the "***Fiscal Agent***"), and an individual or firm with expertise in public procurement and contract management to serve as procurement agent (the "***Procurement Agent***"). The Fiscal Agent and Procurement Agent, respectively, are expected to help Belize ensure that all Program-related financial management activities and procurements are conducted in strict compliance with the principles, rules, and procedures set out in this Compact and related MCC policies, procedures, or guidance. The duties of the Fiscal Agent and Procurement Agent, respectively, shall include those set forth in the Program Implementation Agreement, as well as those set forth in the respective agreements, each in form and substance satisfactory to MCC, entered into between Belize and each agent.

ANNEX II

MULTI-YEAR FINANCIAL PLAN SUMMARY

A multi-year financial plan summary (“*Multi-Year Financial Plan Summary*”) for the Program is attached to this Annex as Exhibit A.

By such time as specified in the Program Implementation Agreement, Belize shall adopt, subject to MCC approval, a multi-year financial plan that includes, in addition to the multi-year summary of estimated MCC Funding and the Country Contribution, the annual and quarterly funding requirements for the Program (including administrative costs) and for each Project, projected both on a commitment and cash requirement basis.

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EXHIBIT A TO ANNEX II
MULTI-YEAR FINANCIAL PLAN SUMMARY

(US\$)							
Component	Compact Facilitation Funds	Year 1	Year 2	Year 3	Year 4	Year 5	Total
1. Education Project	3,468,000	13,674,000	15,460,000	17,610,000	14,982,000	8,607,000	73,801,000
1.1 Transforming Teaching and Learning in Secondary Education	2,472,000	9,050,000	9,841,000	9,421,000	7,789,000	2,472,000	41,045,000
1.2 Access to and Progression through Secondary Education	813,000	3,251,000	4,064,000	4,064,000	3,251,000	813,000	16,256,000
1.3 Training and Transitioning to Work	183,000	1,373,000	1,555,000	4,125,000	3,942,000	5,322,000	16,500,000
2. Energy Project	909,000	5,132,000	11,046,000	2,439,000	1,844,000	314,000	21,684,000
2.1 Facilitating New Lower-Cost Renewable Generation	909,000	5,132,000	11,046,000	2,439,000	1,844,000	314,000	21,684,000
3. Monitoring and Evaluation	550,000	210,000	50,000	410,000	50,000	550,000	1,820,000
3.1 Monitoring and Evaluation	550,000	210,000	50,000	410,000	50,000	550,000	1,820,000
4. Program Administration and Control	5,735,000	4,081,000	4,108,000	4,161,000	4,217,000	5,393,000	27,695,000
4.1 Program Administration	4,685,000	3,031,000	3,033,000	3,086,000	3,142,000	4,118,000	21,095,000
4.2 Fiscal Agent	500,000	500,000	500,000	500,000	500,000	700,000	3,200,000
4.3 Procurement Agent	500,000	500,000	500,000	500,000	500,000	500,000	3,000,000
4.4 Audit	50,000	50,000	75,000	75,000	75,000	75,000	400,000
TOTAL MCC Funding	10,662,000	23,097,000	30,664,000	24,620,000	21,093,000	14,864,000	125,000,000
Government of Belize Contribution		10,260,000	20,650,000	6,040,000	1,650,000	2,050,000	40,650,000
GRAND TOTAL COMPACT INVESTMENT	10,662,000	33,357,000	51,314,000	30,660,000	22,743,000	16,914,000	165,650,000

ANNEX III

COMPACT MONITORING & EVALUATION SUMMARY

This Annex III outlines the monitoring and evaluation (“*M&E*”) framework for this Compact, which shall be further elaborated in an M&E plan (“*M&E Plan*”). The actual structure and content of the M&E Plan, which may differ from those specified in this Annex III, shall be agreed to by the Parties in accordance with the *Policy for Monitoring and Evaluation of Compact and Threshold Programs* (the “*M&E Policy*”). The M&E Plan may be modified from time to time as described in the M&E Policy without requiring an amendment to this Annex III. The M&E Plan shall be posted publicly on the MCC Website and updated as necessary.

1. Objective

MCC and Belize shall formulate and agree to, and Belize shall implement or cause to be implemented, an M&E Plan that explains in detail how and what MCC and MCA-Belize shall (i) monitor to determine whether the Projects are on track to achieve their intended results (“*Monitoring Component*”), and (ii) evaluate the achievement of intended results for accountability and learning (“*Evaluation Component*”). The M&E Plan shall summarize all Indicators that must be reported to MCC on a regular basis, as well as the Indicators and complementary data to be collected for evaluation of the Program. The M&E Plan shall also include any M&E requirements that MCA-Belize must meet in order to receive Disbursements and shall serve as a communication tool so that MCA-Belize staff and other stakeholders clearly understand the project objectives and Targets that MCA-Belize is responsible for achieving. The results of M&E activities, measured by monitoring data and evaluations, shall be made publicly available on the website of MCA-Belize and on the MCC Website.

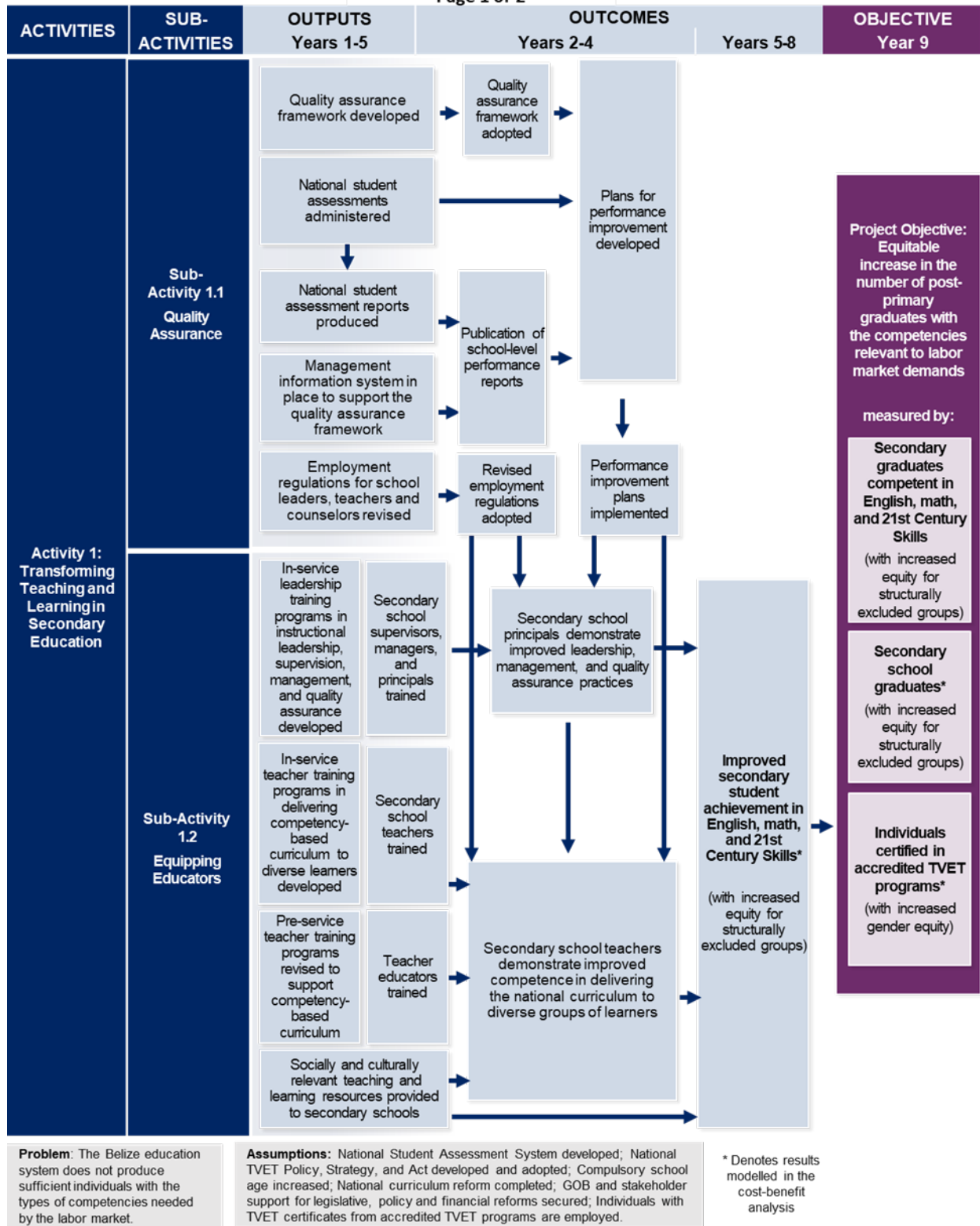
2. Project Logic Diagrams

The M&E approach for each Project is built on the project logic diagram, which illustrates the cause-and-effect theory of how a Project’s interventions work together to achieve the Project Objective and details key intermediate results expected along the way. The project logic diagram provides a graphical representation of the Projects as described in Section B of Annex I of this Compact and of the impacts targeted by the Projects as described below in the section titled *Projected Economic Benefits and Beneficiaries*.

The project logic diagrams for the Program are as follows⁸:

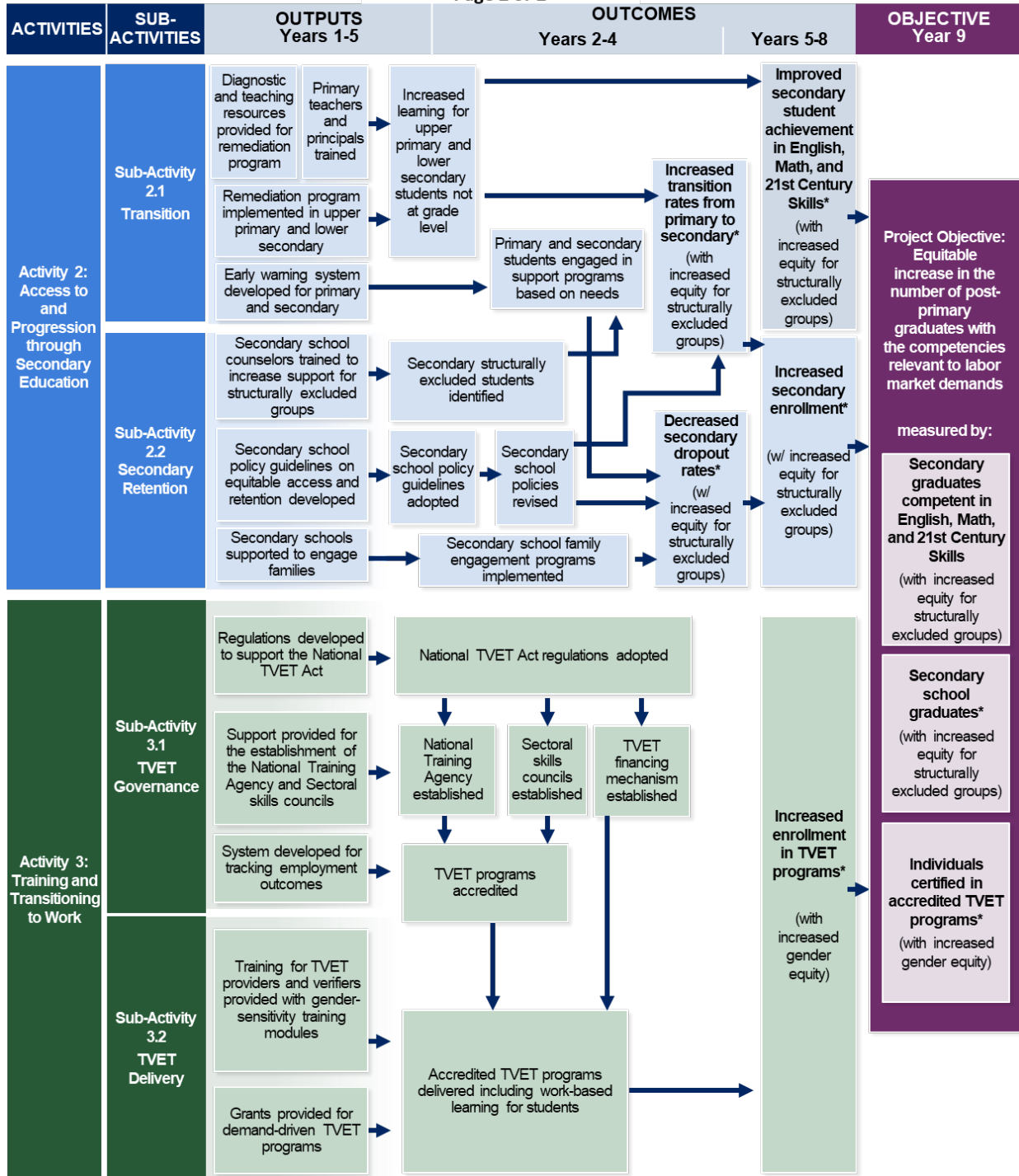
⁸ The Education Project Logic is one logic; however, it has been split onto two pages for easier reading.

Belize Education Project Logic
Page 1 of 2



Belize Education Project Logic

Page 2 of 2

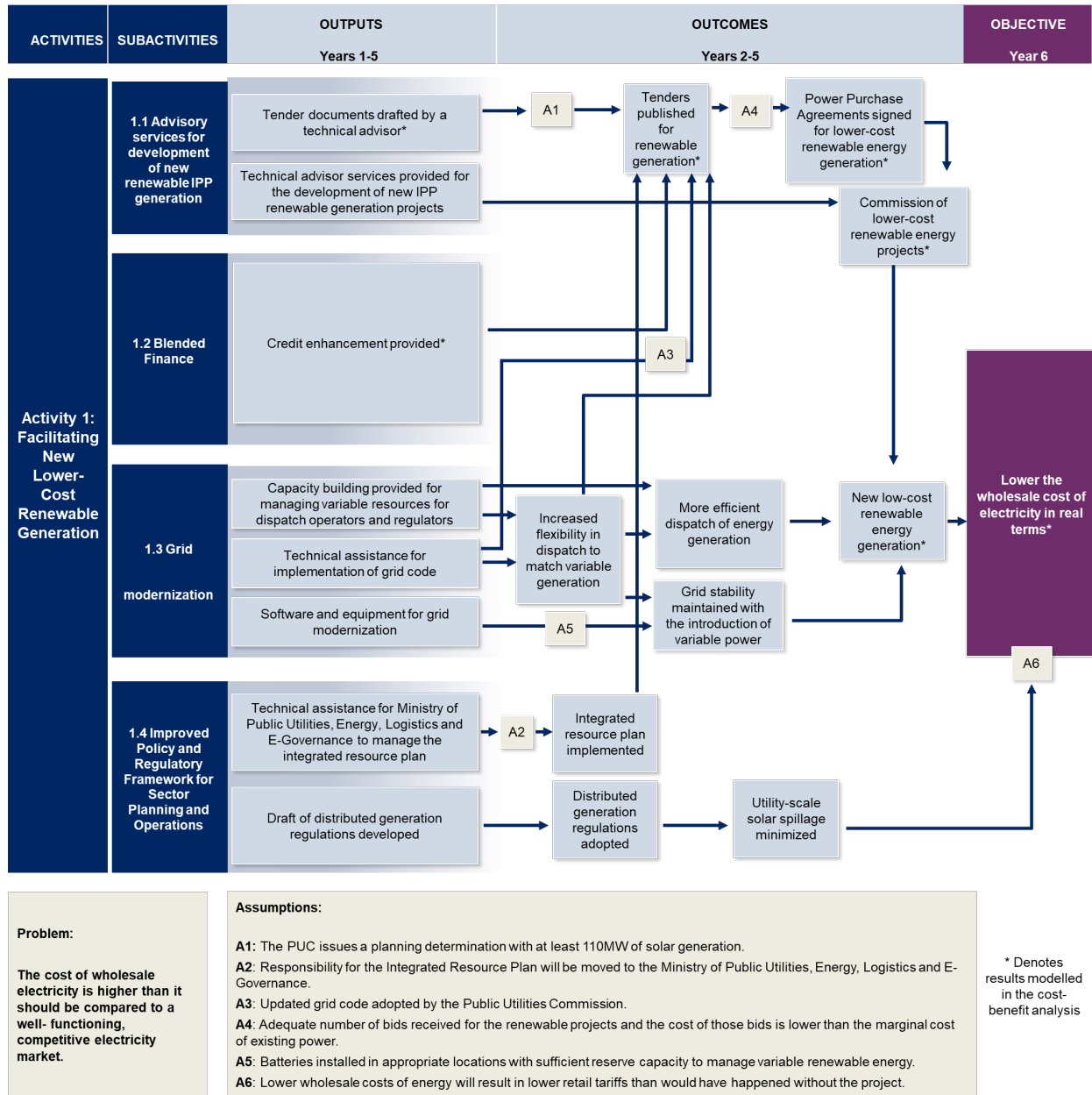


Problem: The Belize education system does not produce sufficient individuals with the types of competencies needed by the labor market.

Assumptions: National Student Assessment System developed; National TVET Policy, Strategy, and Act developed and adopted; Compulsory school age increased; National curriculum reform completed; GOB and stakeholder support for legislative, policy and financial reforms secured; Individuals with TVET certificates from accredited TVET programs are employed.

* Denotes results modelled in the cost-benefit analysis

Belize Energy Project Logic



3. Projected Economic Benefits and Beneficiaries

The economic analysis of compact programs aligns with the theory reflected in the project logic diagrams. It consists of a cost-benefit analysis, which is summarized by an estimated economic rate of return (ERR), and a beneficiary analysis. The economic analysis informs the Indicators for each Project and is summarized below.

3.1. Projected Economic Benefits

Cost-Benefit Analysis (CBA) is completed to determine whether project costs are justified by the estimated economic benefits that can be directly attributed to the Project. The underlying economic logic of the CBA models follow the project logic diagrams depicted above.

Additionally, several of the variables included in the model become key Indicators to monitor the Projects and evaluate whether each Project achieved its objective as set forth in Section 1.2 of this Compact, as well as determining its cost effectiveness. Each model includes estimated benefits and the total estimated costs to reach those intended benefits, whether costs are incurred by MCC, Belize, another donor, or another entity. These are typically examined over a 20-year period, unless noted otherwise.

The table below provides a summary of the estimated ERRs for the Projects. The text following the table describes the general methodology and logic of the CBA models, as well as the key benefit streams, costs, assumptions, risks, etc. for each of the calculated ERRs.

Compact Component	Estimated Economic Rates of Return
Education Project	16.3%
Transforming Teaching and Learning in Secondary Education Activity	11.0%
Access to and Progression through Secondary Education Activity	21.1%
Training and Transitioning to Work Activity	9.5%
Energy Project	13.8%
Facilitating New Lower-Cost Renewable Generation Activity	13.8%

Education Project

Three CBA models have been developed for the Education Project, one for each Activity. The long-term outcome that is quantified in the CBA models to calculate an ERR for each Activity of the Education Project is ***increased incomes for graduates of with-Project schools*** relative to incomes they would have earned in the absence of an MCC intervention. The project logic diagram details the assumed outputs and outcomes of the three Activities and has been used to best assign assumed benefits to a particular Activity—while reducing the potential for double counting. Expected benefit streams and beneficiaries for each Activity are outlined below.

- i. The ***Transforming Teaching and Learning in Secondary Education Activity*** will lead to an improvement in the learning quality of direct beneficiaries, *students who receive at least one year of training from a with-Project school, graduate from a with-Project school, and become employed*. Learning quality improvements result in income improvements for beneficiaries relative to what they would have earned

- without the Project with the same level of education. Improved learning has also been shown to contribute to increased educational attainment through higher graduation and transition rates, and income increases are associated with higher levels of schooling attained. However, to avoid double counting, and to be consistent with the project logic, increases in graduation and transition rates are fully attributed to the Access to and Progression through Secondary Education Activity. **The estimated ERR for this Activity is 11.0%.**
- ii. The *Access to and Progression through Secondary Education Activity* will inclusively increase enrollment rates in secondary schools. Assumptions on increased transition from primary to secondary school are used such that Belize moves closer to comparator countries' performance in transition to secondary school, as well as reduces the gap between males and females in enrollment in and completion of secondary school; on-time transition and enrollment changes can be tracked in the M&E Plan and will guide any revision of transition rate assumptions in future CBA models. The improvement in transition rates will also lead to an increase in the number of graduates at post-primary levels of education, which will improve incomes of direct beneficiaries, *students who would not have enrolled in secondary school without the Project who enroll and graduate from a with-Project school, and subsequently become employed*. Increases in secondary school enrollment (measured as increases in transition rates from primary to secondary school), an increase in the graduation rate from secondary school, and increased transition from secondary school to post-secondary education are attributed to the Access to and Progression through Secondary Education Activity. **The estimated ERR for this Activity is 21.1%.**
- iii. The *Training and Transitioning to Work Activity* improves the employability of students relative to the counterfactual, where there is a mismatch in the quantity and quality of students demanded by key sectors in the Belizean economy. This results in increased incomes due to a reduction in the skills mismatch as more qualified students emerge in high-growth industries that may include but are not limited to agriculture, tourism, and information technology. Reduced unemployment rates for students in these sectors are also modeled, although at the time of the investment decision there was limited available data on TVET students by level or specific course. Quality improvements in teaching in high-demand skills areas are also considered through income premiums for graduates of improved (or accredited) TVET programs. Finally, interventions in the Training and Transitioning to Work Activity support assumptions around increased enrollment in and graduation rates from TVET programs. The direct beneficiaries in this Activity are *students who complete training in and earn certifications from with-Project technical and vocational schools and become employed following the MCC interventions*. **The estimated ERR for this Activity is 9.5%.**

Core Risks and Assumptions

The ERR for the Education Project depends on assumptions of successful implementation of the Project. This includes not only training of the targeted number of teachers and school administrators, but also the use of training and change of teaching practices in the classroom such that students receive improved instruction and counseling. Further, it is assumed that secondary schools and TVET centers in Belize have the physical and financial capacity to take on additional students. If either of these key assumptions fails, the ERR for the Education Project will decline.

Energy Project

The Project Objective is to lower the wholesale cost of electricity in real terms. The four Sub-activities are expected to achieve this goal by first improving the grid and providing training services/equipment to BEL to prepare the system for variable renewable energy through the Grid Modernization Sub-activity and then facilitate bringing on new lower cost power via independent power producers or assistance to the Saudi Development Fund project through the Advisory Services for Development of New Renewable Independent Power Producer Generation Sub-activity and the Blended Finance Sub-activity. The Advisory Services for Development of New Renewable Independent Power Producer Generation Sub-activity will focus on providing technical assistance to Belize to ensure that power projects reach completion, since past experience in requests for proposals for power projects have been unsuccessful and the Blended Finance Sub-activity will act to lower the expected cost of capital for bidders and ultimately the tariff charged by independent power producers. Finally, the Improved Policy and Regulatory Framework for Sector Planning and Operations Sub-activity is intended to modernize long term management and oversight in the power sector. By providing assistance to the MPUELE and the PUC the success of long-term planning and future requests for proposals for power projects will increase.

All Sub-activities are included under one CBA given their inter-connections. The most expensive Sub-activity, the Grid Modernization Sub-activity, has a primary benefit of allowing independent power producers to come online, so the first three Sub-activities are all interconnected and cannot viably be separated out. The Improved Policy and Regulatory Framework for Sector Planning and Operations Sub-activity has some separation, however at this time there is not enough information available to determine how sector reform will impact long term project planning, therefore such Sub-activity at this stage has no measured benefits and is included in the overall project CBA as a cost only. The ERR for the overall Energy Activity is 13.8%.

Core Risks and Assumptions:

The first key assumption is that power from Mexico maintains a constant price in current United States Dollars over the life of the CBA. If the price of power imported from Mexico goes up over time, the ERR would improve, while if such price goes down over time the ERR would decrease.

The second key assumption is that battery storage and other adjustable power sources allow solar power to be fully utilized and no power is wasted.

3.2. Projected Program Beneficiaries

The M&E Plan shall also document the analysis conducted to identify the persons or entities expected to benefit from the Program. Beneficiary analysis is an extension of the CBA and seeks to disaggregate the total benefits to determine specifically which segments of society will benefit from the Projects and Activities. MCC considers beneficiaries of Projects and Activities to be those people who experience better standards of living as a result of the Project or Activity (as the case may be) through higher real incomes. For definitional purposes it is important to note that not all MCC project participants are necessarily project beneficiaries. The expected beneficiaries of this Compact over 20 years (unless noted otherwise) are shown in the following table. The text below the table provides a description of the beneficiaries.

Project/Activity	Estimated Beneficiaries
<i>Education Project</i>	140,243
<i>Energy Project</i>	517,943
<i>Total*</i>	517,943

*There is some anticipated overlap in beneficiaries across the projects so the beneficiaries cannot simply be added together to estimate total beneficiaries.

The beneficiaries for both Projects are described in Annex I, Part A, above.

4. **Monitoring Component**

As defined in the M&E Policy, monitoring is the continuous, systematic collection of data on specified Indicators to measure progress toward project objectives and the achievement of intermediate results along the way. The Monitoring Component of the M&E Plan summarizes the monitoring strategy to monitor progress toward achieving the results of this Compact, which requires identifying the (i) Indicators, (ii) definitions of the Indicators, (iii) Baselines and Targets, (iv) sources and methods for data collection, (v) frequency for data collection, (vi) reporting requirements, including the party or parties responsible for collecting, analyzing, and reporting relevant data, along with the process and timeline for reporting on each Indicator to MCC, and (vii) approach to assessing and ensuring data quality. It should be noted that some Indicators continue to be tracked after the Compact Term as necessary.

4.1 Indicators. The M&E Plan shall measure the results of the Program using quantitative or qualitative variables that provide a simple and reliable means to measure achievement of targeted results (“**Indicators**”).

4.1.1 Definitions.

The M&E Plan shall establish definitions for every Indicator. Indicator definitions should be operationally precise, such that they can be consistently measured across time and by different data collectors. There should be no ambiguity about what is being measured, how to calculate it, what or who the sample is, or how to interpret the results.

4.1.2 Baselines.

The M&E Plan shall document baselines for every Indicator (each a, “**Baseline**”). An Indicator’s Baseline should be established prior to the start of the corresponding Project, Activity and/or sub-activity. Baselines demonstrate that the problem can be specified in measurable terms and thus are a pre-requisite for adequate intervention design. Belize shall collect Baselines on the selected Indicators or verify already collected Baselines where applicable.

4.1.3 Targets.

The M&E Plan shall document for each Indicator the expected value and the expected time by which the corresponding result shall be achieved (“**Target**”).

4.1.4 Disaggregation of Indicators.

The M&E Plan shall indicate which Indicators shall be disaggregated by sex, income level, age, and other relevant subgroups to the extent practical and applicable.

4.1.5 Indicator Levels.

The M&E Plan shall include Indicators at the following levels: outcome, output, process, and risk/assumption, as defined in the M&E Policy.

4.1.6 Common Indicators.

MCC’s Common Indicators (as described in the M&E Policy) shall also be included as relevant. Additional guidance on Indicator reporting is contained in the *Guidance on Common Indicators*.

4.1.7 Modifications of Indicators and Targets.

Subject to prior written approval from MCC and in accordance with the M&E Policy, Belize may add or retire Indicators or refine the definitions, Targets, or other aspects of existing Indicators.

4.1.8 Indicator Tracking Table.

MCA-Belize must report to MCC on monitoring Indicators in the M&E Plan on a quarterly basis using an Indicator Tracking Table (“**ITT**”) in the form provided by MCC. No changes to Indicators, Baselines or Targets may be made in the ITT until the changes have been approved in accordance with the M&E Policy. Additional guidance on indicator reporting is contained in the *QDRP Policy* and the *Guidance on the Indicator Tracking Table*.

The M&E Plan shall contain the monitoring Indicators listed in Tables 1.1 and 1.2

5. Evaluation Component

While good program monitoring is necessary for program management, it is not sufficient for assessing the achievement of intended results. MCC therefore requires the use of evaluation as a complementary tool to better understand the effectiveness of its programs. As defined in the M&E Policy, evaluation is the objective, systematic assessment of a program’s design, implementation, and results. MCC is committed to making its evaluations as rigorous as warranted in order to understand the causal impacts of its programs on the expected outcomes.

5.1 Independent Evaluations. Every Project must undergo a comprehensive, independent evaluation in accordance with the M&E Policy. The Evaluation Component of the M&E Plan

shall describe the purpose of the evaluation, methodology, timeline, required MCC approvals, and the process for collection and analysis of data for each evaluation. All independent evaluations must be designed and implemented by independent, third-party evaluators.

For each independent evaluation, MCA-Belize (or, after the Compact Term, such other entity of Belize designated to support post-program M&E activities) is expected to review and provide feedback to independent evaluators on the evaluation materials and reports in order to ensure proposed evaluation activities are feasible, and final evaluation products are technically and factually accurate. The results of all evaluations shall be made publicly available in accordance with the M&E Policy.

The following evaluations are planned for the Program:

Education Project:

The Education Project is expected to be evaluated through a performance evaluation relying on a to be determined evaluation methodology to understand the quality and effectiveness of the project interventions. Along with the Indicators listed in Table 1.1, which comprise the results to be measured and/or analyzed by the evaluation, the following questions shall guide the design of the evaluation:

1. To what extent was the Project implemented according to plan (in terms of quantity and quality of outputs)?
2. Did the Project achieve its stated objective in the timeframe and magnitude expected, as documented in the M&E Plan? Why or why not?

Energy Project:

The Energy Project is expected to be evaluated through a performance evaluation relying on a to be determined evaluation methodology to understand the quality and effectiveness of the project interventions. Along with the Indicators listed in Table 1.2, which comprise the results to be measured and/or analyzed by the evaluation, the following questions shall guide the design of the evaluation:

1. To what extent was the Project implemented according to plan (in terms of quantity and quality of outputs)?
2. Did the Project achieve its stated objective in the timeframe and magnitude expected, as documented in the M&E Plan? Why or why not?

To facilitate the evaluations, Belize shall share with MCC any necessary data, documentation, or other information required to assess the achievement of results targeted by the Program. This shall include, but is not limited to, copies of student enrollment, drop-out, and graduation data; student assessment data; information on school performance; and energy generation and cost data. All such information provided by Belize for evaluation purposes shall be de-identified and/or generalized in reporting, such that sensitive details shall not be made public. More detailed information on required data sources to be provided by Belize shall be set forth in the M&E Plan.

6. Data Quality Reviews.

Data Quality Reviews (“**DQR**”) are a mechanism to review and analyze the quality and utility of performance information. They cover all data reported in the ITT, and all primary sources that feed into that reporting. DQRs may be conducted internally by MCA-Belize and MCC M&E staff, or by a third-party. DQRs should review data against the following standards: accuracy, consistency, timeliness, and transparency. The frequency and timing of DQRs must be set forth in the M&E Plan; however, in addition to a pre-implementation DQR, at least one DQR is required during implementation, and MCC may request a DQR at any time. DQRs should be timed to occur once the ITT reflects several quarters of reporting but early enough in the Compact Term that meaningful remedial measures (if any) may be taken depending on the results of the review.

7. Other Components of the M&E Plan.

In addition to the monitoring and evaluation components, the M&E Plan shall include the following components:

7.1 Implementation and Management of M&E.

7.1.1. Review and Modification of the M&E Plan.

This section describes the approach to ensuring the M&E Plan is kept as current as possible, including how often the M&E Plan is expected to be reviewed and modified in accordance with the M&E Policy. All major modifications and the justifications therefor are documented in an annex to the M&E Plan and must be submitted to and approved by the board of directors of MCA-Belize. All M&E Plan modifications, whether major or minor, proposed by MCA-Belize must be submitted to MCC for prior written approval.

7.1.2. Post Compact Responsibilities.

Evaluation activities under the M&E Plan are expected to continue beyond the end of the Compact Term and MCA-Belize shall identify the individuals and organizations within Belize that shall support these activities through completion. This section describes the M&E responsibilities of MCA-Belize during the Program’s closure period and of MCC, Belize, and any other relevant entities after the Program has ended.

7.2 Budget. The budget for implementing the proposed M&E activities for the term of the Program is set forth in Annex II to this Compact. The M&E budget does not include costs for the salaries of the M&E staff in the MCA-Belize or field visits, both of which are included in the administrative budget of the Program.

8. Responsibility for Developing the M&E Plan.

Responsibility for developing the M&E Plan lies with the M&E Director of MCA-Belize with support and input from MCC’s M&E and economic staff. MCA-Belize leadership and sector leads, stakeholders of Belize, the MCC Resident Country Mission in Belize, and other MCA-Belize and MCC staff (such as cross-cutting leads) shall assist with the development of the M&E Plan. MCC and MCA-Belize Project/Activity leads are expected to (i) guide the selection of

Indicators for results that do not yet have an associated Indicator, (ii) support the refinement of indicator information, and (iii) review the Baseline and Target for each Indicator.

9. Approval and Implementation of the M&E Plan.

The approval and implementation of the M&E Plan, as modified from time to time, shall be in accordance with the Program Implementation Agreement, each other relevant Supplemental Agreement and the M&E Policy and associated guidance documents. The M&E Plan may undergo peer review within MCC before the beginning of the formal approval process.

Table 1.1: Indicators

The table below lists the preliminary set of monitoring and evaluation Indicators linked to each result in the project logic diagrams. Indicators that can be reported on at least an annual basis shall be included in quarterly monitoring indicator reports, while Indicators that require survey data or a longer time period to track shall be included in evaluation reports.

Table 1.1: Education Indicators

Project Logic Result	Indicator	Definition	Unit	Baseline	Final Target	ITT Indicator
Outcome Indicators						
Education Project						
Project Objective: To equitably increase the availability of post-primary graduates with the competencies relevant to labor market demands	Secondary graduates competent in English, math, and 21st Century Skills	The total number of graduates from secondary education considered competent in English, math, and 21st Century Skills.	Number	TBD (2025)	TBD (CED + 4 Years)	Non-ITT Indicator
	Secondary school graduates	The total number of graduates from secondary education.	Number	4,585 (2023)	5,339 (CED + 4 Years)	ITT Indicator
		Male	Number	2,071 (2023)	2,620 (CED + 4 Years)	ITT Indicator
		Female	Number	2,514 (2023)	2,719 (CED + 4 Years)	ITT Indicator
	Individuals certified in accredited TVET programs	The number of trainees certified in programs accredited by the National Training Agency.	Number	0 (2023)	459 (CED + 4 Years)	ITT Indicator
		Male	Number	0 (2023)	346 (CED + 4 Years)	ITT Indicator
		Female	Number	0 (2023)	113 (CED + 4 Years)	ITT Indicator
Activity 1: Transforming Teaching and Learning in Secondary Education Activity						
Improved secondary student achievement in English, math,	Improvement in test scores	Average standard deviation increase in test scores.	Number	0 (2023)	0.20 (CED + 4 Years)	Non-ITT Indicator

and 21st Century skills	Secondary student achievement	Average test scores in English, math, and select 21st Century skills as relevant to the curriculum.	TBD	TBD (2025)	TBD (CED + 4 Years)	Non-ITT Indicator
Sub-Activity 1.1 Quality Assurance						
Performance improvement plans implemented	Schools implementing a performance improvement plan	Percentage of primary and secondary schools implementing a performance improvement plan	Percentage	TBD (TBD)	TBD (CED + 4 years)	ITT Indicator
Plans for performance improvement developed	Schools with approved performance improvement plans	Percentage of primary and secondary schools with performance improvement plans approved by the MoECST	Percentage	TBD (TBD)	TBD (CED + 4 years)	ITT Indicator
Quality assurance framework adopted	Quality assurance framework adopted	Date when the quality assurance framework is adopted	Date	N/A	TBD (CED)	ITT Indicator
Publication of school-level performance reports	TBD	TBD	TBD	TBD (TBD)	TBD (CED)	ITT Indicator
Revised employment regulations adopted	Revised employment regulations adopted	Date when the employment regulations are issued	Date	N/A	TBD (CED)	ITT Indicator
Sub-Activity 1.2 Equipping Educators						
Secondary school principals demonstrate improved leadership, management, and quality assurance practices	TBD	TBD	TBD	TBD (TBD)	TBD (CED + 4 years)	Non-ITT Indicator

Secondary school teachers demonstrate improved competence in delivering the national curriculum to diverse groups of learners	TBD	TBD	TBD	TBD (TBD)	TBD (CED + 4 years)	Non-ITT Indicator
Activity 2: Access to and Progression through Secondary Education Activity						
Increased secondary enrollment	Students enrolled in secondary school	The total number of students enrolled in secondary schools.	Number	22,014 (2023)	24,257 (CED + 4 Years)	ITT Indicator
		Male	Number	10,739 (2023)	12,024 (CED + 4 Years)	ITT Indicator
		Female	Number	11,275 (2023)	12,233 (CED + 4 Years)	ITT Indicator
Decreased secondary dropout rates	Secondary school dropout rate	Proportion of students from a cohort enrolled in a given grade at a given school year who are no longer enrolled in the following school year	Percentage	5.7 (2023)	4.5 (CED + 4 Years)	ITT Indicator
		Male	Percentage	6.5 (2023)	5.1 (CED + 4 Years)	ITT Indicator
		Female	Percentage	4.8 (2023)	3.8 (CED + 4 Years)	ITT Indicator
Increased transition rates from primary to secondary	Transition rate from primary school to secondary school	The number of new entrants (excludes repeaters) enrolled in the first grade of a secondary education in a given year, expressed as a percentage of the number of students who graduated from primary education in the previous year.	Percentage	73 (2022)	81 (CED + 4 Years)	ITT Indicator
		Male	Percentage	69 (2022)	79 (CED + 4 Years)	ITT Indicator

		Female	Percentage	76 (2022)	83 (CED + 4 Years)	ITT Indicator
Primary and secondary students engaged in support programs based on needs	Students engaged in support programs based on needs	Percentage of primary and secondary school students identified as needing support that are engaged in student support programs	Percentage	TBD (TBD)	TBD (CED + 4 years)	ITT Indicator
Sub-Activity 2.1 Transition						
Increased learning for upper primary and first year secondary students not at grade level	TBD	TBD	TBD	TBD (TBD)	TBD (CED + 4 years)	Non-ITT Indicator
Sub-Activity 2.2 Secondary Retention						
Secondary school policies revised	Secondary school policies revised based on new guidelines on equitable access and retention	Percentage of secondary schools with revised policies based on guidelines on equitable access and retention.	Percentage	TBD (TBD)	TBD (CED)	ITT Indicator
Secondary school policy guidelines adopted	Secondary school policy guidelines on equitable access and retention adopted	Date the secondary school policy guidelines on equitable access and retention are adopted by MoECST	Date	N/A	TBD (CED)	ITT Indicator
Secondary school family engagement programs implemented	Secondary school family engagement programs implemented	Percentage of secondary schools that have implemented at least one family engagement program in accordance with the family engagement policies and programs manual	Percentage	TBD (TBD)	TBD (CED)	ITT Indicator
Secondary Structurally Excluded Students identified	Secondary schools with Structurally Excluded Students identified	Percentage of secondary schools that have adequately identified Structurally Excluded Students in BEMIS	Percentage	TBD (TBD)	TBD (CED)	ITT Indicator
Activity 3: Training and Transitioning to Work Activity						

Increased enrollment in TVET programs	Students enrolled in accredited TVET programs	The total number of students enrolled in TVET programs accredited by the National Training Agency	Number	0 (EIF)	997 (CED + 4 Years)	ITT Indicator
		Male	Number	672 (2023)	751 (CED + 4 Years)	ITT Indicator
		Female	Number	167 (2023)	246 (CED + 4 Years)	ITT Indicator
	Percentage of female enrollees at ITVETs ⁹	The percentage of ITVETs enrollees that are female	Percentage	20 (2023)	25 (CED + 4 Years)	ITT Indicator
Sub-Activity 3.1 TVET Governance						
National TVET Act regulations adopted	National TVET Act regulations adopted	Date that the National TVET Act regulations are adopted	Date	N/A	TBD (CED)	ITT Indicator
National Training Agency established	National Training Agency established	Date the National Training Agency's Board has its first meeting	Date	N/A	TBD (CED)	ITT Indicator
Sectoral skills councils established	Sectoral skills councils established	Number of sectoral skills councils established.	Number	0 (EIF)	TBD (CED)	ITT Indicator
TVET financing mechanism established	TVET financing mechanism established	TBD	TBD	TBD (TBD)	TBD (CED)	ITT Indicator
TVET programs accredited	TVET programs accredited	Number of TVET programs accredited per year by the National Training Agency	Number	0 (EIF)	TBD (CED + 4 years)	ITT Indicator
Sub-Activity 3.2 TVET Delivery						
Accredited TVET programs delivered including work-based learning for students	Accredited TVET programs delivered including work-based learning for students	Number of accredited TVET programs delivered per year that include work-based learning for students	Number	0 (EIF)	TBD (CED + 4 years)	ITT Indicator
Output Indicators						
Sub-Activity 1.1 Quality Assurance						

⁹ "ITVET" means institutes for TVET for these tables.

Quality assurance framework developed	Quality assurance framework developed	Date when the quality assurance framework deliverable is accepted by MCA-Belize, following acceptance by MoECST	Date	N/A	TBD (CED)	ITT Indicator
National student assessment reports produced	National student assessment reports produced	Percentage of government and government-aided primary and secondary schools with reports on students' learning from the national student assessments	Percentage	0 (2024)	100 (CED)	ITT Indicator
National student assessments administered	Ministry of Education administering national student assessments	Percentage of government and government-aided primary and secondary schools in which national student assessments are administered	Percentage	0 (2024)	100 (CED)	ITT Indicator
Management information system in place to support the quality assurance framework	TBD	TBD	TBD	TBD (TBD)	TBD (CED)	ITT Indicator
Employment regulations for school leaders, teachers, and counselors revised	Employment regulations for school leaders, teachers, and counselors revised	Date when the revised employment regulations are drafted and accepted by MCA-Belize, following acceptance by MoECST	Date	N/A	TBD (CED)	ITT Indicator
Sub-Activity 1.2 Equipping Educators						
Secondary school supervisors, managers, and principals trained	Secondary school supervisors, managers, and principals trained in instructional leadership and management	Number of school supervisors, managers, and principals trained in instructional leadership and management.	Number	0 (EIF)	150 (CED)	ITT Indicator
Secondary school teachers trained	Secondary school teachers trained	The number of secondary school teachers who complete in-service training on delivering competency-based curriculum to diverse learners	Number	0 (EIF)	1,200 (CED)	ITT Indicator

Teacher educators trained	Teacher educators trained	Number of teacher educators trained in delivering revised pre-service programs and newly developed in-service programs.	Number	0 (EIF)	45 (CED)	ITT Indicator
In-service leadership training programs in instructional leadership, supervision, management, and quality assurance developed	In-service leadership training program developed	Date the in-service leadership training program specifications for school leaders is accepted by MCA-Belize, following acceptance by MoECST	Date	N/A	TBD (CED)	ITT Indicator
In-service teacher training programs in delivering competency-based curriculum to diverse learners developed	In-service teacher training program developed	Date the in-service teacher training program specifications is accepted by MCA-Belize, following acceptance by MoECST	Date	N/A	TBD (CED)	ITT Indicator
Pre-service teacher training programs revised to support competency-based curriculum	Pre-service teacher training programs revised to support competency-based curriculum	Date the revised pre-service teacher training program is accepted by MCA-Belize, following acceptance by MoECST	Date	N/A	TBD (CED)	ITT Indicator
Socially and culturally relevant teaching and learning resources provided to secondary schools	Teaching and learning resources distributed to secondary schools	Percentage of government and government-aided secondary schools receiving complete teaching and learning resource packages	Percentage	0 (EIF)	100 (CED)	ITT Indicator
Sub-Activity 2.1 Transition						
Early warning system developed for primary and secondary	Early warning system developed for primary and secondary	Date of completion of a system for identifying those students in primary and secondary schools who may be at increased risk for dropping out of school	Date	N/A	Year 2 (CED)	ITT Indicator

Remediation program implemented in upper primary and the first year of secondary	Schools with remediation programs implemented	Percentage of government and government-aided primary and secondary schools with remediation programs being implemented	Percentage	0 (EIF)	TBD (CED)	ITT Indicator
Primary teachers and principals trained	Primary teachers and principals trained in primary remediation	Number of primary teachers and principals trained in primary remediation program	Number	0 (EIF)	1,100 (CED)	ITT Indicator
Diagnostic and teaching resources provided for remediation program	Diagnostic and teaching resources for the remediation program distributed	Percentage of government and government-aided primary and secondary schools receiving remediation program resources	Percentage	0 (EIF)	TBD (CED)	ITT Indicator
Sub-Activity 2.2 Secondary Retention						
Secondary school policy guidelines on equitable access and retention developed	Secondary school policy guidelines on equitable access and retention developed	Date the secondary school policy guidelines on equitable access and retention are accepted by MCA-Belize, following acceptance by MoECST	Date	N/A	TBD (CED)	ITT Indicator
Secondary schools supported to engage families	Funding provided to secondary schools to implement family engagement programs	The value of funding provided to schools to support family engagement programs	US dollars	0 (EIF)	TBD (CED)	ITT Indicator
Secondary school counselors trained to increase support for Structurally Excluded Students	Secondary school counselors trained	Number of secondary school counselors trained to increase support for Structurally Excluded Students	Number	0 (EIF)	40 (CED)	ITT Indicator
Sub-Activity 3.1 TVET Governance						
Regulations developed to support the National TVET Act	Regulations developed to support the National TVET Act	Date that the draft National TVET Act regulations are accepted by MCA-Belize, following acceptance by MoECST	Date	N/A	TBD (CED)	ITT Indicator

Support provided for the establishment of the National Training Agency and sectoral skills councils	TBD	TBD	TBD	0 (EIF)	TBD (CED)	ITT Indicator
System developed for tracking employment outcomes	TBD	TBD	TBD	TBD (TBD)	TBD (CED)	ITT Indicator
Sub-Activity 3.2 TVET Delivery						
Training for TVET providers and verifiers provided with gender-sensitivity training modules	TVET providers and verifiers trained with gender-sensitivity training modules	Number of TVET providers and verifiers trained with gender-sensitivity training modules	Number	0 (EIF)	TBD (CED)	ITT Indicator
Grants provided for demand-driven TVET programs	Grants provided to TVET institutions to implement programs	Value of grants disbursed to TVET institutions for demand-driven TVET programs by the Compact, training levy, or Belize budget.	US dollars	0 (EIF)	8,000,000 (CED)	ITT Indicator

Table 1.2: Energy Indicators

Project Logic Result	Indicator	Definition	Unit	Baseline (Year)	Final Target (Year)	ITT Indicator
Outcome Indicators						
Energy Project						
Activity 1: Facilitating New Lower-Cost Renewable Generation Activity						
Project Objective: Lower the wholesale cost of electricity in real terms	Average wholesale cost of power purchased by distributor from suppliers in real terms	The average annual wholesale cost per kilowatt hours of power purchased by distributor from suppliers in real terms. Calculated as the reference cost of power divided by the kilowatt hours purchased and generated, then adjusted for inflation	US dollars	0.12 (2022)	0.11 (CED + 1 year)	Non-ITT Indicator

New low-cost renewable energy generation	Low-cost renewable energy generation facilitated by the project	The amount of low-cost renewable energy that is generated annually from independent power producers whose investments were facilitated by the Project. Low-cost is defined as the price of energy being lower than US\$65/MW Hours (US\$0.065/KWH) based on expert opinion and historical performance of similar IFC ¹⁰ projects.	Megawatt hours	0 (2022)	227,450 (CED + 1 year)	ITT Indicator
Sub-Activity 1.1 Advisory services for development of new renewable independent power producer generation						
Commission of lower-cost renewable energy projects	Capacity of low-cost new renewable energy projects commissioned	Capacity of new low-cost renewable energy projects commissioned	Megawatts	0 (EIF)	110 (CED)	ITT Indicator
Power purchase agreements signed for lower-cost renewable energy	Capacity of project-supported low-cost renewable energy projects with power purchase agreements signed	Capacity of project-supported low-cost renewable energy projects with power purchase agreements signed	Megawatts	0 (EIF)	110 (CED)	ITT Indicator
Tenders published for renewable generation	Capacity of new renewable energy projects with tenders published	Capacity of new renewable energy projects with tenders published	Megawatts	0 (EIF)	110 (CED)	ITT Indicator
Sub-Activity 1.3 Grid Modernization						
More efficient dispatch of energy generation	Efficiency of energy generation dispatch	Cost of power per KWH with full ex-post information and optimal dispatch minus actual cost of power per KWH	US dollars	TBD (TBD)	TBD	Non-ITT Indicator
Grid stability maintained with the introduction of variable power	TBD	TBD	TBD	TBD (TBD)	TBD	Non-ITT Indicator
Increased flexibility in dispatch to match variable generation	TBD	TBD	TBD	TBD (TBD)	TBD	Non-ITT Indicator
Sub-Activity 1.4 Improved Policy and Regulatory Framework for Sector Planning and Operations						

¹⁰ “IFC” means International Finance Corporation.

Utility-scale solar spillage minimized	TBD	TBD	TBD	TBD (TBD)	TBD	Non-ITT Indicator
Distributed generation regulations adopted	Distributed generation regulations adopted	Date when the distributed generation regulations were adopted	Date	N/A	TBD	ITT Indicator
Integrated resource plan implemented	TBD	TBD	TBD	TBD (TBD)	TBD	ITT Indicator
Output Indicators						
Sub-Activity 1.1 Advisory services for development of new renewable independent power producer generation						
Tender documents drafted by a technical advisor	Capacity of new renewable energy projects with tender documents drafted	Capacity of new renewable energy projects with tender documents drafted and accepted	Megawatts	0 (EIF)	110 (CED)	ITT Indicator
Technical advisor services provided for the development of new IPP ¹¹ renewable generation projects	Technical advisor services provided for the development of new IPP renewable generation projects	Technical advisor days provided for the development of new IPP renewable generation projects	Days	0 (EIF)	1000	ITT Indicator
Sub-Activity 1.2 Blended Finance						
Credit enhancement provided	Value of credit enhancement provided	The value of the credit enhancement provided	US dollars	N/A	N/A	ITT Indicator
Sub-Activity 1.3 Grid modernization						
Capacity building provided for managing variable resources for dispatch operators and regulators	Dispatch operators and regulators trained in managing variable resources	The number of dispatch operators and regulators trained in managing variable resources	Number	0 (EIF)	TBD	ITT Indicator
Technical assistance for implementation of Grid Code	Technical assistance provided for implementation of the Grid Code	Consultant days provided for the implementation of the Grid Code	Days	0 (EIF)	TBD	ITT Indicator

¹¹ “IPP” means independent power producer for these tables.

Software and equipment for grid modernization	Energy capacity of battery energy storage system	Energy capacity of the battery energy storage system available for dispatch supported by the Project	MWh	0	160	ITT Indicator
Sub-Activity 1.4 Improved Policy and Regulatory Framework for Sector Planning and Operations						
Technical assistance for the MPUELE to manage the integrated resource plan	TBD	TBD	TBD	0 (EIF)	TBD	ITT Indicator
Draft of distributed generation regulations developed	Distributed generation regulations drafted	Date when the distributed generation regulations were drafted and accepted by PUC	Date	N/A	TBD	ITT Indicator

ANNEX IV

CONDITIONS PRECEDENT TO DISBURSEMENT OF COMPACT FACILITATION FUNDING

This Annex IV sets forth the conditions precedent applicable to Disbursements of Compact Facilitation Funding (each a “*CFF Disbursement*”).

Capitalized terms used in this Annex IV and not defined in this Compact shall have the respective meanings assigned thereto in the Program Implementation Agreement. Once the Program Implementation Agreement is signed, each CFF Disbursement shall be subject to all of the terms of the Program Implementation Agreement except that the only conditions to disbursements of CFF shall be those set forth in this Annex IV.

1. Conditions Precedent to Initial CFF Disbursement.

Unless waived or deferred in writing by MCC, each of the following conditions must be met to MCC’s satisfaction before the initial CFF Disbursement:

(a) MCA-Belize has delivered to MCC:

- (i) an interim fiscal accountability plan acceptable to MCC;
- (ii) a plan for procurements and grants acceptable to MCC;
- (iii) an interim bid challenge system; and
- (iv) an interim procurement operations manual.

(b) MCA-Belize has hired the MCA-Belize Procurement Director or another individual, approved by MCC, to perform the duties of a procurement officer on behalf of Belize until such time as the MCA-Belize Procurement Director has been hired.

(c) The MoECST shall submit an organigram identifying those units of the MoECST that are essential for the implementation of the Compact and listing such units’ staffing requirements to be fully staffed.

2. Conditions Precedent to All CFF Disbursements.

Unless waived or deferred by MCC in writing, each of the following conditions must be met to MCC’s satisfaction before each CFF Disbursement, including the initial CFF Disbursement:

(a) MCA-Belize has delivered to MCC a completed Disbursement Request covering the related Disbursement Period in accordance with the QDRP Policy.

(b) If any proceeds of the CFF Disbursement are to be deposited in a bank account, MCC has received satisfactory evidence that (i) the Bank Agreement has been executed and (ii) the Permitted Accounts have been established.

(c) MCA-Belize has engaged an entity to provide fiscal agent services, as approved by MCC, until such time as Belize provides to MCC a true and complete copy of a Fiscal Agent Agreement, duly executed and in full force and effect, and the fiscal agent engaged thereby is mobilized.

(d) MCA-Belize has engaged an entity or individual to provide procurement agent services, as approved by MCC, until such time as Belize provides to MCC a true and complete copy of a Procurement Agent Agreement, duly executed and in full force and effect, and the procurement agent engaged thereby is mobilized.

(e) MCC is satisfied, in its discretion, that (i) no material default or breach of any covenant, obligation, or responsibility of Belize, MCA-Belize, or any other entity of Belize has occurred and is continuing under this Compact, the Program Implementation Agreement, or any other Supplemental Agreement; (ii) the activities to be funded with such CFF Disbursement are necessary, advisable or otherwise consistent with the goal of facilitating implementation of this Compact and shall not violate any applicable law or regulation; (iii) there has been no violation of, and the use of requested funds for the purposes requested shall not violate, the limitations on use or treatment of MCC Funding set forth in Section 2.7 of this Compact or in any applicable law or regulation; (iv) any Taxes paid with MCC Funding through the date (ninety) 90 days prior to the start of the related Disbursement Period have been reimbursed by Belize in full in accordance with Section 2.8(c) of this Compact; and (v) Belize has satisfied all of its payment obligations, including any insurance, indemnification, tax payments, or other obligations, and contributed all resources required from it, under this Compact, the Program Implementation Agreement, and any other Supplemental Agreement

(f) For any CFF Disbursement occurring after this Compact has entered into force in accordance with Article 7, MCC is satisfied, in its discretion, that:

(i) MCA-Belize has made progress, satisfactory to MCC, on implementing activities for which funding is requested, including progress on each of the Principal Implementation Plans;

(ii) the M&E Plan is current and updated and MCA-Belize is in substantial compliance with the requirements of the M&E Plan (including any applicable reporting requirements set forth therein for the related Disbursement Period);

(iii) there has been no material negative finding in any financial audit report delivered in accordance with this Compact and the Audit Plan, for the prior two quarters (or such other period as the Audit Plan may require);

(iv) MCC does not have grounds for concluding that any matter certified to it in any certificated provided as part of the Disbursement Request is not as certified; and

(v) each of the Key Staff of MCA-Belize remain engaged, or if a position is vacant, MCA-Belize is actively engaged, to MCC's satisfaction, in recruiting a replacement.

(g) the United States has not determined that an act, omission, condition, or event has occurred that would be the basis for it to suspend or terminate this Compact, in whole or in part, in accordance with Section 5.1 of this Compact.

(h) MCC has not determined that an act, omission, condition, or event has occurred that would be the basis for it to suspend or terminate MCC Funding in whole or in part, in accordance with Section 5.1 of this Compact.

ANNEX V

ACRONYMS & DEFINITIONS

ACRONYMS

ACRONYM	DEFINITION
BEL	Belize Electricity Limited
BEMIS	Belize Education Management Information System
CBA	Cost Benefit Analysis
MoECST	Ministry of Education, Culture, Science, and Technology
MPUELE	Ministry of Public Utilities, Energy, Logistics and E-Governance
PUC	Public Utilities Commission
MW	Megawatts

DEFINITIONS

21st-Century Skills refers to transversal skills that help people, at any age, to live in and adapt to an increasingly changing world. They include digital skills; advanced cognitive skills (such as critical thinking or problem-solving); skills related to executive function (such as self-regulation and metacognition); and socio-emotional skills (such as self-esteem, perseverance, or empathy).

Accountable Entity Procurement Policy & Guidelines has the meaning provided in Section 3.6(a).

Activity has the meaning provided in Part B of Annex I.

Additional Representative has the meaning provided in Section 4.2.

Audit Guidelines has the meaning provided in Section 3.8(a).

Audit Plan has the meaning provided in Section 3.8(a).

Baseline has the meaning provided in Section 4 of Annex III.

Belize has the meaning provided in the Preamble.

Board of Directors has the meaning provided in Part C of Annex I.

CDF Agreement has the meaning provided in Section 3.2(b).

CFF has the meaning provided in Section 2.2(a).

CFF Disbursement has the meaning provided in Annex IV.

Compact has the meaning provided in the Preamble.

Compact Facilitation Funding has the meaning provided in Section 2.2(a).

Compact Goal has the meaning provided in Section 1.1.

Compact Records has the meaning provided in Section 3.7(a).

Compact Term has the meaning provided in Section 7.4.

Country Contribution has the meaning provided in Section 2.6(a).

Covered Provider has the meaning provided in the Audit Guidelines.

Disbursement has the meaning provided in Section 2.4.

Education Project has the meaning provided in Part B of Annex I.

Energy Project has the meaning provided in Part B of Annex I.

Environmental Guidelines has the meaning provided in Section 2.7(c).

Environmental and Social Impact Assessment or ESIA means a process for analyzing projects for potential risks and impacts, assessing potential significance of those risks and impacts and designing a set of interventions to avoid, manage, mitigate, or monitor the potential environmental and social impacts of a proposed activity or project.

Environmental and Social Management Plan or ESMP means a documented plan or strategy specifying the measures that will be taken to ensure that social and environmental impacts, risks, and liabilities identified during the ESIA or other analytical process are effectively mitigated, managed, and monitored during the construction, operation, and closure of the proposed project.

Environmental and Social Management System or ESMS means a set of policies, procedures, tools, and capacities to identify and manage the environmental and social risks, of the compact activities, which may include environmental and social management plans.

Evaluation Component has the meaning provided in paragraph 1 of Annex III.

Excess CFF Amount has the meaning provided in Section 2.2(d).

Final Evaluations has the meaning provided in paragraph 4(b) of Annex III.

Fiscal Agent has the meaning provided in Part C of Annex I.

Gender Policy means the MCC Gender Policy (including any guidance documents issued in connection with such policy).

Grant has the meaning provided in Section 3.6(b).

Grid Code means the technical specifications and processes that sets forth the parameters a facility connected to a public electric grid must meet to ensure safe, secure and proper economic functioning of the electric system, including specifying the required behavior of a connected generator during system disturbances. These include specifications on voltage regulation, power factor limits and reactive power supply, response to a system fault (e.g. short-circuit), response to frequency changes on the grid, and requirements to ride through short interruptions of the connection.

IFC Performance Standards means the Performance Standards on Environmental and Social Sustainability of the International Finance Corporation, as in effect from time to time.

Implementation Letters has the meaning provided in Section 3.5.

Implementing Entity has the meaning provided in Part C of Annex I.

Implementing Entity Agreement has the meaning provided in Part C of Annex I.

Income Tax Exempt Person has the meaning provided in Annex VI.

Indicators has the meaning provided in Section 4 of Annex III.

Inspector General has the meaning provided in Section 3.7(c).

Intellectual Property means all registered and unregistered trademarks, service marks, logos, names, trade names and all other trademark rights; all registered and unregistered copyrights; all patents, inventions, shop rights, know how, trade secrets, designs, drawings, art work, plans, prints, manuals, computer files, computer software, hard copy files, catalogues, specifications, and other proprietary technology and similar information; and all registrations for, and applications for registration of, any of the foregoing; provided however, that Intellectual Property shall not include property forming part of the cultural heritage of any nation state and not placed or intended to be commercially licensed or sold.

M&E has the meaning provided in the first paragraph of Annex III.

M&E Plan has the meaning provided in the preamble to Annex III.

M&E Policy has the meaning provided in the preamble to Annex III.

MCA Act has the meaning provided in Section 2.2(a).

MCA-Belize has the meaning provided in Section 3.2(b).

MCC has the meaning provided in the Preamble.

MCC Climate Strategy means the information on the MCC Website that sets forth MCC's strategy for more fully integrating climate considerations into MCC's core business.

MCC Funding has the meaning provided in Section 2.3.

MCC Website means the MCC website at WWW.MCC.GOV.

Monitoring Component has the meaning provided in paragraph 1 of Annex III.

Multi-Year Financial Plan Summary has the meaning provided in Annex II.

National Training Agency has the meaning provided in Part B of Annex I.

Operations Unit has the meaning provided in Part C of Annex I.

Party and Parties have the respective meanings provided in the Preamble.

Permitted Account has the meaning provided in Section 2.4.

Principal Representative has the meaning provided in Section 4.2.

Procurement Agent has the meaning provided in Part C of Annex I.

Program has the meaning provided in the Preamble to this Compact.

Program Assets means any assets, goods or property (real, tangible or intangible) purchased or financed in whole or in part (directly or indirectly) by MCC Funding.

Program Closure Guidelines means the MCC Program Closure Guidelines (including any guidance documents issued in connection with such guidelines).

Program Funding has the meaning provided in Section 2.1.

Program Grant Guidelines has the meaning provided in Section 3.6(b).

Program Guidelines means collectively the Audit Guidelines, the Environmental Guidelines, the Policy on Accountable Entities and Implementation Structures, the Program Grant Guidelines, the Accountable Entity Procurement Policy & Guidelines, the QDRP Policy, the M&E Policy, the Cost Principles for Government Affiliates Involved in Compact Implementation, the Policy on Program Closure, the Gender Policy, the Operational Requirements and Milestones for Social Inclusion and Gender Integration, the Guidelines for Economic and Beneficiary Analysis, the Standards for Global Marking, the Country Contributions Policy, the Counter-Trafficking in Persons Policy, the Policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC Operations, the Policy on Funding under Section 609(g), and any other guidelines, policies or guidance papers relating to the administration of MCC-funded assistance programs, in each case, as such may be posted from time to time on the MCC Website.

Program Implementation Agreement and PIA have the meaning provided in Section 3.1.

Project(s) has the meaning provided in Section 1.2.

Project Objective(s) has the meaning provided in Section 1.2.

Provider means any natural or legal person who provides any goods, works, or services in connection with the Program.

QDRP Policy means the Policy on Accountable Entities' Submission of the Quarterly Disbursement Request Package.

Social Tariff Report has the meaning provided in Part B of Annex I.

Structurally Excluded Students has the meaning provided in Part B of Annex I.

Supplemental Agreement means any agreement between (a) Belize (or any Government affiliate, including MCA-Belize) and MCC (including, but not limited to, the PIA), or (b) MCC and/or Belize (or any Government affiliate, including MCA-Belize), on the one hand, and any third party, on the other hand, in each case, setting forth the details of any funding, implementing or other arrangements in furtherance of, and in compliance with, this Compact.

Target has the meaning provided in Section 4 of Annex III.

Taxes has the meaning provided in Section 2.8(a).

TVET has the meaning provided in Part B of Annex I.

United States Dollars or USD or US\$ means the lawful currency of the United States of America.

ANNEX VI

TAX EXEMPTION MECHANISMS

This Annex and its schedules set forth the mechanisms or procedures that Belize shall implement to comply with the tax exemption required by Section 2.8 of this Compact.

MCA-Belize and all persons (natural and legal) entitled to the tax exemption shall be required to follow the procedures set forth herein to claim the exemption. No additional procedures or requirements shall apply, unless agreed by the Parties in writing. The Financial Secretary, Ministry of Finance of Belize is the point of contact for implementing the tax exemption.

SCHEDULE A

GENERAL SERVICES TAXES

Legal Basis for Exemption

Section 2.8 of this Compact

Beneficiaries of Exemption

MCC, MCA-Belize, Providers

Procedure to Claim Exemption

1. Purchases by MCA-Belize

MCA-Belize shall not be required to pay or collect General Sales Tax (GST) on any goods, works, or services purchased by MCA-Belize in connection with the Program. For local purchases, MCA-Belize shall make a written request to the Ministry of Finance to register as a GST Refund Taxpayer to claim the reimbursement for GST paid. MCA-Belize will then be able to claim all paid GST on local purchases and the Belize Tax Service Department will refund MCA-Belize for such GST paid.

For purchases above BZD10,000, MCA-Belize has the option of making a written request to the Ministry of Finance for a waiver letter for tax exemption on purchases at point of sale.

2. Purchases by Providers

Providers that purchase goods, works, or services purchased in connection with the Program shall be able to claim the reimbursement for GST paid. Providers shall make a written request to the Ministry of Finance to register as a GST Refund Taxpayer to claim the reimbursement of GST paid. Providers will then be able to claim all paid GST on local purchases and the Belize Tax Service Department will refund Provider for such GST paid.

For purchases above BZD10,000, Providers, with the certification of the MCA-Belize, have the option of making a written request to the Ministry of Finance for a waiver letter for tax exemption on purchases at point of sale.

3. Indirect imports by MCA-Belize and Providers

For goods indirectly imported into Belize in connection with the Program by MCA-Belize or any Provider, the beneficiary shall follow the procedures as outlined in Points 1 and 2 above.

4. Direct imports

For goods directly imported into Belize in connection with the Program, the beneficiary shall follow the procedures as set out in Schedule B.

5. Temporary imports

Goods imported into Belize in connection with the Program on a temporary basis shall not accrue or be liable for any GST or other Taxes and Duties. Prior to the importation of any goods, MCA-Belize shall submit a written endorsement letter to the Ministry of Finance on behalf of itself and each Provider for approval of the temporary importation of such goods with exemption from import and excise duties, revenue replacement duties, environmental tax, and GST.

SCHEDULE B

CUSTOMS DUTIES AND EXCISE TAXES

Legal Basis for Exemption

Section 2.8 of this Compact

Beneficiaries of Exemption

MCC, MCA-Belize, Provider

Procedure to Claim Exemption

Goods Imported by MCA-Belize and Providers

MCA-Belize and Providers shall not be required to pay any import and excise duties, revenue replacement duty, environmental tax, and general sales tax (GST) for any goods imported directly by MCA-Belize or Providers in connection with the Program.

Prior to the importation of any goods, MCA-Belize shall submit a written letter to the Ministry of Finance on behalf of itself and each Provider requesting exemption from import and excise duties, revenue replacement duties, environmental tax, and GST. The letter will detail the quantity and estimated value of the items supported by an invoice or waybill. The Ministry of Finance shall issue approval of the exemption from these duties and taxes to MCA-Belize for each Provider and MCA-Belize.

Indirect Imports by MCA-Belize and by Providers

Indirect Imports purchased locally off-the-shelf would not qualify for exemption or refunds or waiver of import duties and taxes already paid on the items by the off-the-shelf supplier.

SCHEDULE C

INCOME AND WITHHOLDING TAX

Legal Basis for Exemption

Section 2.8 of this Compact

Beneficiaries of Exemption

Procedure to Claim Exemption

1. MCA-Belize

The Ministry of Finance shall ensure that MCA-Belize is included as an exempt entity in the act of the Parliament of Belize which would give effect to the Compact and the tax exemptions conferred therein.

2. Income Tax Exempt Persons and Withholding Tax

Income tax exemptions do not extend to MCA-Belize staff, local contractors, sub-contractors or consultants. MCA-Belize payments to such entities and individuals are treated as receipts to such parties and subject to income and business tax.

For non-resident Providers, MCA-Belize shall submit a written endorsement letter on behalf of each non-resident Provider and that Provider may request a waiver to the Ministry of Finance to be exempt from the Income and Business Tax and Withholding Tax. For the purposes of the Compact, the status of Providers as resident or non-resident shall be based on the Provider's status as of the time that it commenced Compact-related work, and such initial determination shall not change for the Compact Term or the closure period.

SCHEDULE D
PROPERTY TAXES

Legal Basis for Exemption

Section 2.8 of this Compact

Beneficiaries of Exemption

MCA-Belize and Providers (provided however, that entities or persons that lease property to MCA-Belize shall not be considered Providers under this Schedule)

Procedure to Claim Exemption

MCA-Belize and Providers shall not be required to pay or collect any Taxes applicable to ownership, transfer of ownership, mortgage of land, houses or properties, or registration of legal documents relating to property owned by MCA-Belize and by any Provider for the sole purpose of the Compact (collectively, "***Property Taxes***"). To claim the exemption, MCA-Belize shall apply to the Ministry of Finance for an exemption letter on behalf of itself and any Provider.

Within five business days of receiving the complete application, the relevant Government department shall issue a letter confirming the exemption. The tax departments in charge of collecting such taxes shall exempt the beneficiaries from paying any Property Taxes after receiving the documents.

SCHEDULE E

FUEL TAXES

Legal Basis for Exemption

Section 2.8 of this Compact

Beneficiaries of Exemption

MCA-Belize and Providers

Procedure to Claim Exemption

MCA-Belize and Providers shall not be required to pay any fuel tax in connection with the Program. Any such taxes that might be paid will be reimbursed by the Ministry of Finance upon submission of a claim supported by receipts and certified by MCA-Belize.

1. Purchases of Fuel by MCA-Belize

MCA- Belize shall submit a written letter to the Ministry of Finance on behalf of itself requesting the exemption of all taxes on fuel to be used by the Compact. The letter would specify the local fuel supplier and the amount and type of fuel being requested for a period of 12 months in the first instance. Approval would be thereafter automatically renewed, with revised amounts, if necessary, on an annual basis.

2. Purchases of Fuel by Providers

MCA- Belize shall submit a written letter to the Ministry of Finance on behalf of each Provider requesting the exemption of all taxes on fuel to be used by the Compact. The letter would specify the local fuel supplier and the amount and type of fuel being requested for a period of 12 months in the first instance. Approval would be thereafter automatically renewed, with revised amounts, if necessary, on an annual basis.

SCHEDULE F

HOTEL ACCOMMODATION TAX

Legal Basis for Exemption

Section 2.8 of this Compact

Beneficiaries of Exemption

MCA-Belize and Providers

Procedure to Claim Exemption

MCA-Belize and Providers shall not be required to pay any hotel accommodation tax in connection with the Program.

1. MCA-Belize

MCA- Belize shall submit a written electronic letter to the Ministry of Finance on behalf of itself requesting the exemption of the Hotel Accommodation Tax and listing the names, dates, and hotel at which their staff will be staying. Such electronic letter shall be submitted at least two working days prior to the date of arrival at the specified hotel.

2. Providers

MCA- Belize shall submit a written electronic letter to the Ministry of Finance on behalf of each Provider requesting the exemption of the Hotel Accommodation Tax and listing the names, dates, and hotel at which their staff will be staying. Such electronic letter shall be submitted at least two working days prior to the date of arrival at the specified hotel.

SCHEDULE G

OTHER NATIONAL TAXES

Legal Basis for Exemption

Section 2.8 of this Compact

Beneficiaries of Exemption

MCA-Belize and Providers

Procedure to Claim Exemption

In the case of any national tax not described in the Schedules to this Annex, whether administered by the Belize Tax Service Department or another Government authority, MCA-Belize shall apply for an exemption on behalf of the beneficiary by submitting to the relevant tax collecting authority, a letter referencing this Compact as the basis for the exemption and an official letter from the Ministry of Finance confirming the exemption. Upon receipt of such documentation, the tax collecting authority shall issue a letter confirming its exemption of the Taxes.

ANNEX VII

ADDITIONAL CONDITIONS PRECEDENT TO ENTRY INTO FORCE

In addition to the conditions precedent set forth in Section 7.2 of this Compact, unless waived or deferred in writing by MCC, each of the following conditions must be met to MCC's satisfaction before this Compact enters into force:

(a) Belize must have enacted legislation that requires: (1) national student assessments to enable accurate measurement of student learning in English, math, and select 21st Century skills; (2) publication of national student assessments results by each grade for each school; (3) a rigorous evaluation process for the award of teacher licenses including subject matter testing to be phased in over a period of no more than three years; and (4) a process for secondary school teachers to obtain certifications to teach subjects for which they do not have a degree to be phased in over a period of no more than two years.

(b) Belize must have enacted legislation to: (1) increase the compulsory completion school age to 16; and (2) provide an option for access to free secondary education to all primary graduates by offering free education at all government schools and, in order to ensure adequate geographical coverage, select grant-aided schools.

(c) Belize must have enacted legislation that creates an enabling framework for TVET that: (1) establishes the National Training Agency as an autonomous national institution with full responsibility and authority for planning, updating of regulations, and oversight of quality, equity, relevancy and efficiency of the TVET system; (2) establishes sectoral skills councils to assure equitable access to quality and demand-driven TVET programs; (3) establishes a training levy or budgetary commitment to provide sustainable financing of TVET programs and institutions, including guidelines for cost-sharing with the private sector in the funding and delivery of programs and generation of income from commercial activities; (4) requires the National Training Agency to set standards for the recruitment, contracting, continuous professional development (including industry attachments), appraisal and remuneration of TVET staff; and guidelines for the development and review of gender equitable and inclusive TVET programs, including apprenticeships and other work-based learning components; and (5) requires the National Training Agency to set standards for regulations for increased equity, quality, efficiency and effectiveness in the governance, management and administration of TVET institutions, including inclusive governance guidelines to ensure equitable representation of women and Structurally Excluded Students.