MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

July 1, 2026

Carlos Pol
Chief Executive Officer
Ministry of Economic Transformation
3rd Floor, Right Wing, Sir Edney Cain Building
Belmopan, Belize

Re: **Modification of Belize Compact and Program Implementation Agreement**

Reference is made to that certain Millennium Challenge Compact, by and between the United States of America (***"United States"***) and the State of Belize (***"Government"***), dated September 4, 2024 (***"Compact"***) and that certain Program Implementation Agreement, between the United States and the Government, dated September 4, 2024 (***"PIA"***). Unless otherwise stated, all capitalized terms that are used but not defined in this letter shall have the meaning given to such terms in the Compact and PIA.

Consistent with Section 6.2(b) of the Compact, the United States and the Government may agree to modify by written agreement any Annex in the Compact to modify any Project or Activity, change the allocation of funds as set forth in Annex II, modify the implementation framework described in Annex I of the Compact, add, change or delete any Indicator, Baseline or Target or other information set forth in Annex III of the Compact in accordance with the M&E Policy, and add, modify or delete any condition precedent described in Annex VII of the Compact. Additionally, pursuant to Section 5.4 of the PIA, the United States and the Government may agree to modify any annex to the PIA through a written agreement.

Through this Implementation Letter, MCC and the Government hereby agree to modify and replace (1) Annex I of the Compact in its entirety with the attached Schedule I; (2) Annex III of the Compact in its entirety with the attached Schedule II; (3) Annex V of the Compact in its entirety with the attached Schedule III; and (4) Annex VII of the Compact in its entirety with the attached Schedule IV. MCC and the Government also agree through this Implementation Letter to modify and replace Annexes I, II, III, and IV of the PIA with the attached Schedule V.

This modification is intended to memorialize the agreement to modify the Compact to: (i) remove the Access to and Progression through Secondary Education Activity from the Education Project, (ii) reallocate up to $20,000,000 in MCC Funding from the Education Project to the

Energy Project, (iii) account for an additional $14,290,000 to be provided by the Government (for a total of $54,940,000 of funding to be provided by the Government), and (iv) make other adjustments as necessary to effectuate the aforementioned modifications.

Except as expressly set forth herein, nothing in this Implementation Letter will be deemed to amend or modify any provision of the Compact, PIA, or any other Supplemental Agreement.

This Implementation Letter will be effective as of the date first written above upon MCC's receipt of your countersigned copy.

For any questions, please reach out to Ms. Jenner Edelman, MCC Resident Country Director.

Sincerely,

MILLENNIUM CHALLENGE CORPORATION

Jason Small
Vice President (Acting), Department of Compact Operations
MCC Principal Representative

Acknowledged and Agreed:

MINISTRY OF ECONOMIC TRANSFORMATION

By: _____
Carlos Pol
CEO Ministry of Economic Transformation

SCHEDULE I

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 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 sex, 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. 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.

(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 135,488. This includes 121,114 total beneficiaries from the Transforming Teaching and Learning in Secondary Education Activity (59,080 direct beneficiaries, 32,204 men and 26,876 women, multiplied by the average household size in Belize of 4.1 individuals 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 7,012 direct beneficiaries, 5,041 men and 1,970 women. This number is adjusted by the same household size of 4.1 individuals, 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 Activity that continue to TVET under the with-Project scenario who would otherwise be double counted. This brings the estimated number of beneficiaries of the Training and Transitioning to Work Activity to 14,374. 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 men and women.

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 two Activities:

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

This Activity aims to improve the overall 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 quality education, which will increase the number of students that complete secondary school with the competencies relevant to labor market demand. 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 which may include an early warning system linked to the Belize Education Management Information System ("***BEMIS***") including modifications to the BEMIS and relevant policies and procedures. The technical assistance will 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, and guidelines for school improvement planning to ensure sustainability of access and quality student outcomes.[1]

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

(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 Belizean studies, language arts/English and mathematics for all students for at least standard 1, standard 4, standard 6 and forms 1-4 and of science and technology for at least standards 4 and 6 and forms 1 and 2. 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 develop and implement the reform of the policies and regulations regarding the licensing, hiring, appraisal and promotion of teachers, and school leaders including, but not limited to: (i) establishing a career pathway for teachers 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 using differentiated instruction, parental and family involvement, and performance-based planning.

(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 educational needs of all 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 high-quality teaching and learning resources to support the competency-based curriculum, services to enhance the 501 Academy[3] and the procurement of equipment/devices to access electronic learning materials and facilitate active learning.

(ii) 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

[2] Includes the assessment for high school equivalency.

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

to provide broad 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, relevancy and efficiency of the TVET system (the "***National Training Authority***"), 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, relevance, and efficiency of the TVET system. After the National Training Authority 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 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 responsive TVET sector, capturing a broad segment of students.

(2) Technical assistance and material resources for the establishment of the National Training Authority 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.[4]

(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 Authority, 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.

(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 Authority or training providers.

(B) ***TVET Delivery Sub-activity***

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

(1) Development or procurement of high-quality curricula and learning materials based on national, regional or international standards, as well as the

[4] 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.

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, increasing the enrollment and graduation of men and women 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.

(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, participation of men and women students.

(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 Authority 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, 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.

The indigenous peoples of Belize make up approximately 18% of the country's population.[5] 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

[5] See Belize Press Office, 2020.

indigenous peoples consistent with the overall goals of the Project and in compliance with IFC Performance Standard 7, as applicable.

(c) Social Analysis.

Key findings from research led to the following program elements across the Education Project's two 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 the improvement of BEMIS. The teacher preparation program shall support responsive and adaptive teaching practices to meet the needs of all students, including those who fail to meet grade level standards. Additionally, the Equipping Educators Sub-activity shall ensure school leaders promote a productive environment for students, as well as actively promote increased parental and family involvement. Finally, this Activity shall support the production of high quality, relevant, electronic or printed teaching and learning resources, which have a demonstrable impact on learning for all students.

Training and Transitioning to Work Activity – 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 participation of women and men, guidelines for the development and review of internship, apprenticeship, and work-based learning programs, and the enhancement of the BEMIS and/or other linked applications to track differential student outcomes. The development of curricula and learning materials to national and regional standards shall be adapted for relevancy. Furthermore, competency-based instructor training shall be accompanied by training modules that address barriers to participation of women and men across high potential growth industries. The internship and apprenticeship program shall be developed to embrace opportunities for, and mitigate barriers to, participation of all students.

(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, 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. 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.

USAID was not involved in the design of the Education Project, and USAID is not expected to play a role in any further design, implementation, or monitor of the Education Project.

(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 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 which includes an international university. More specifically, the 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 repeal and replace 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 modernizing the grid, thereby enabling access to lower-cost generation sources, reducing reliance on higher-cost localized emergency power, and improving system efficiency and reliability. The Project also aims to support the organizations that manage the electricity sector to improve policy and regulations to support efficient use of new lower-cost energy generation expected by 2028.

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

(i) Facilitating Low-Cost Energy Activity.

This Activity aims to support Belize to implement their utility-scale generation expansion plans while maintaining the stability of the grid. The expected outcome is the supply of low-cost energy. The Activity shall also support Belize Electricity Limited ("***BEL***") and the Public Utilities Commission ("***PUC***") to modernize the grid.

(A) ***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 energy. This may include but is not limited to:

(1) Funding infrastructure to increase capacity and improve stability of the transmission network which will reduce the wholesale cost of electricity.

(2) Technical assistance to enhance the reliability, stability, flexibility, efficiency, and resilience of the grid by enabling the secure and coordinated integration of high levels of variable energy, distributed resources, and demand-side participation.

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

(B) ***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 Ministry of Public Utilities, Energy and Logistics ("***MPUEL****")*, the PUC, and BEL. This may include but is not limited to support in the following areas:

(1) Drafting of a new Energy Act and amendment of the Electricity Act (or have the Electricity Act subsumed under the Energy Act). The Energy Act will mandate the creation of a Department of Energy within MPUEL, inclusive of a dedicated planning unit.

(2) Capacity building to the newly established planning unit, as well as counterparts from PUC and BEL, in leading practice methodologies for Integrated Resource Planning and Least Cost Expansion Planning; and

(3) Development of dispatch regulations that mandate the system operator to apply security-constrained economic dispatch while respecting power purchase agreements, operational constraints, and system reliability standards.

(b) Environmental and Social Mitigation Measures.

The Energy Project seeks to facilitate lower cost energy and modernize the grid through transmission system upgrades, policy and institutional reform, and technical assistance. The Project is anticipated to result in some environmental and social impacts that will need to be mitigated and is classified as a Category A project under the Environmental Guidelines. As such, it will require an Environmental and Social Impact Assessment, as well as Resettlement Action Plan. Anticipated impacts include resettlement, worker health and safety, as well as environmental considerations during the construction of any infrastructure.

(c) Social Analysis.

The Parties worked together to assess the efficiency and effectiveness of the current social tariff and related mechanisms in providing affordable electricity to households, particularly to low-income households, and to provide recommendations for their improvement. The Energy Project offers the potential to support low-cost retail electricity to low-income households.

(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 40MW solar energy plant and 20 MW battery storage in Belize.

(e) USAID.

USAID was not involved in the design of the Energy Project, and USAID is not expected to play a role in any further design, implementation, or monitor of the Energy Project.

(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 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.

Grid modernization projects to accommodate the higher penetration of variable 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 and sustainable development. 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.

SCHEDULE II

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.

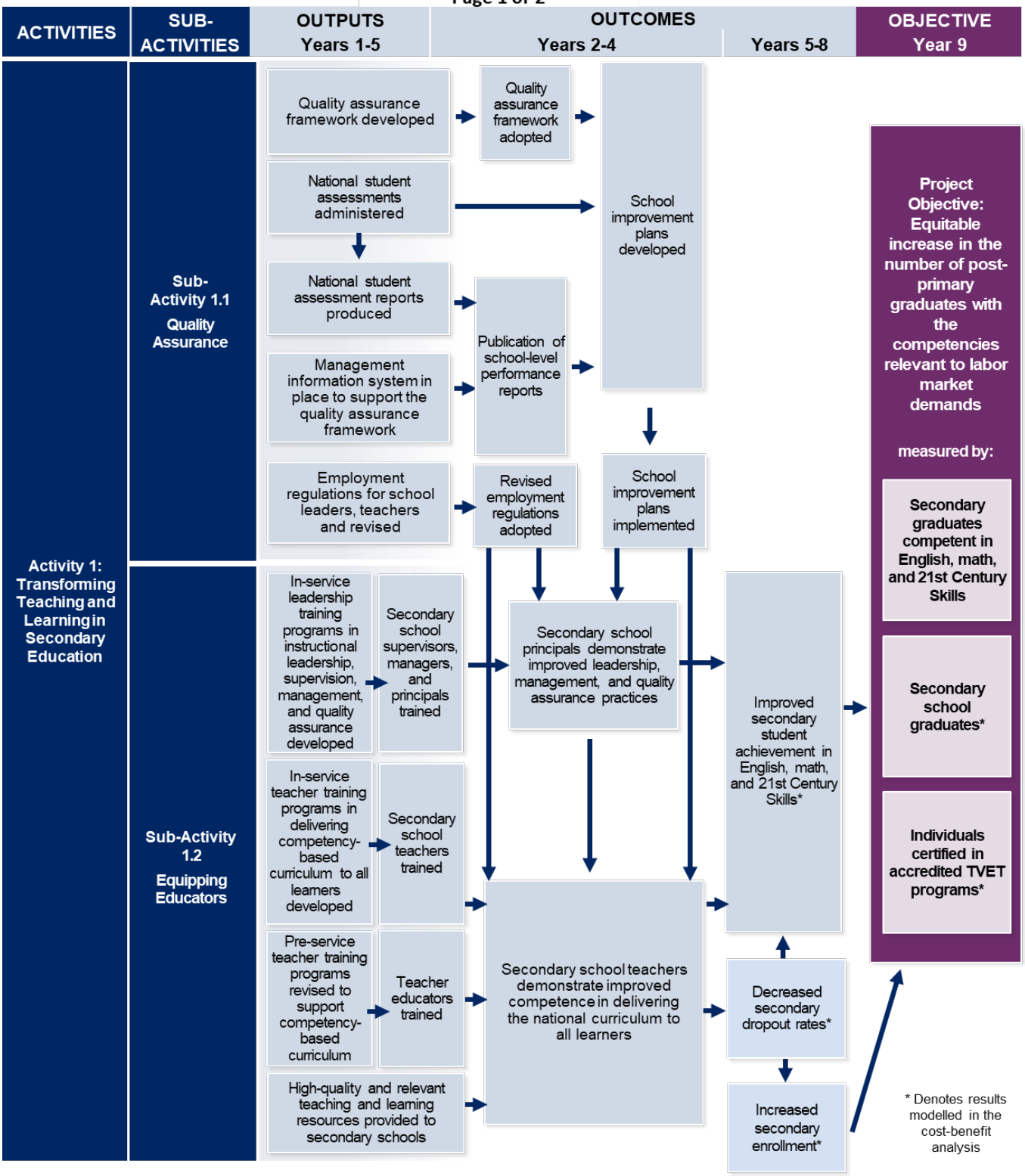
2. Project Logic Diagrams

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 follows[1]:

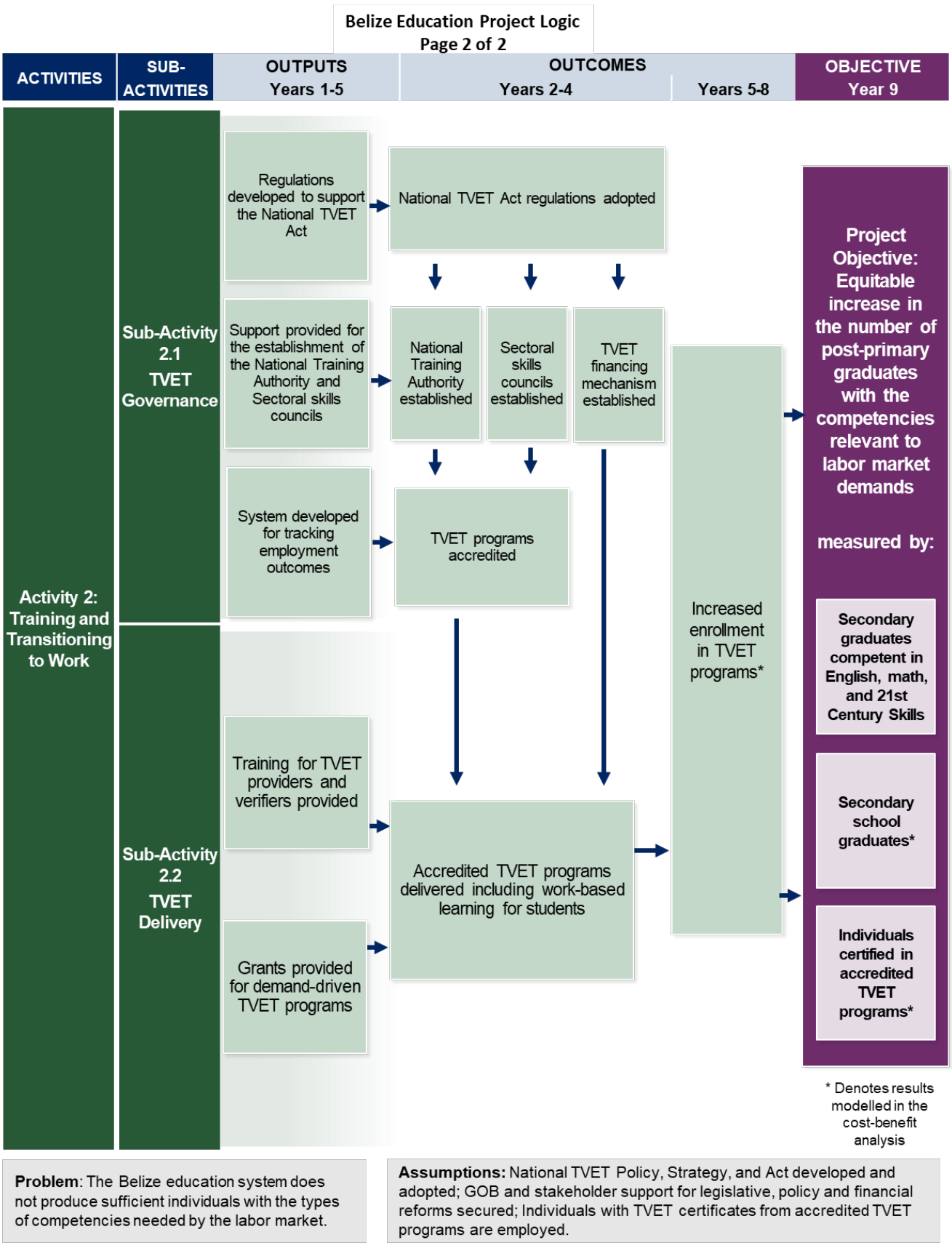
[1] The Education Project Logic is one logic; however, it has been split onto two pages for easier reading.

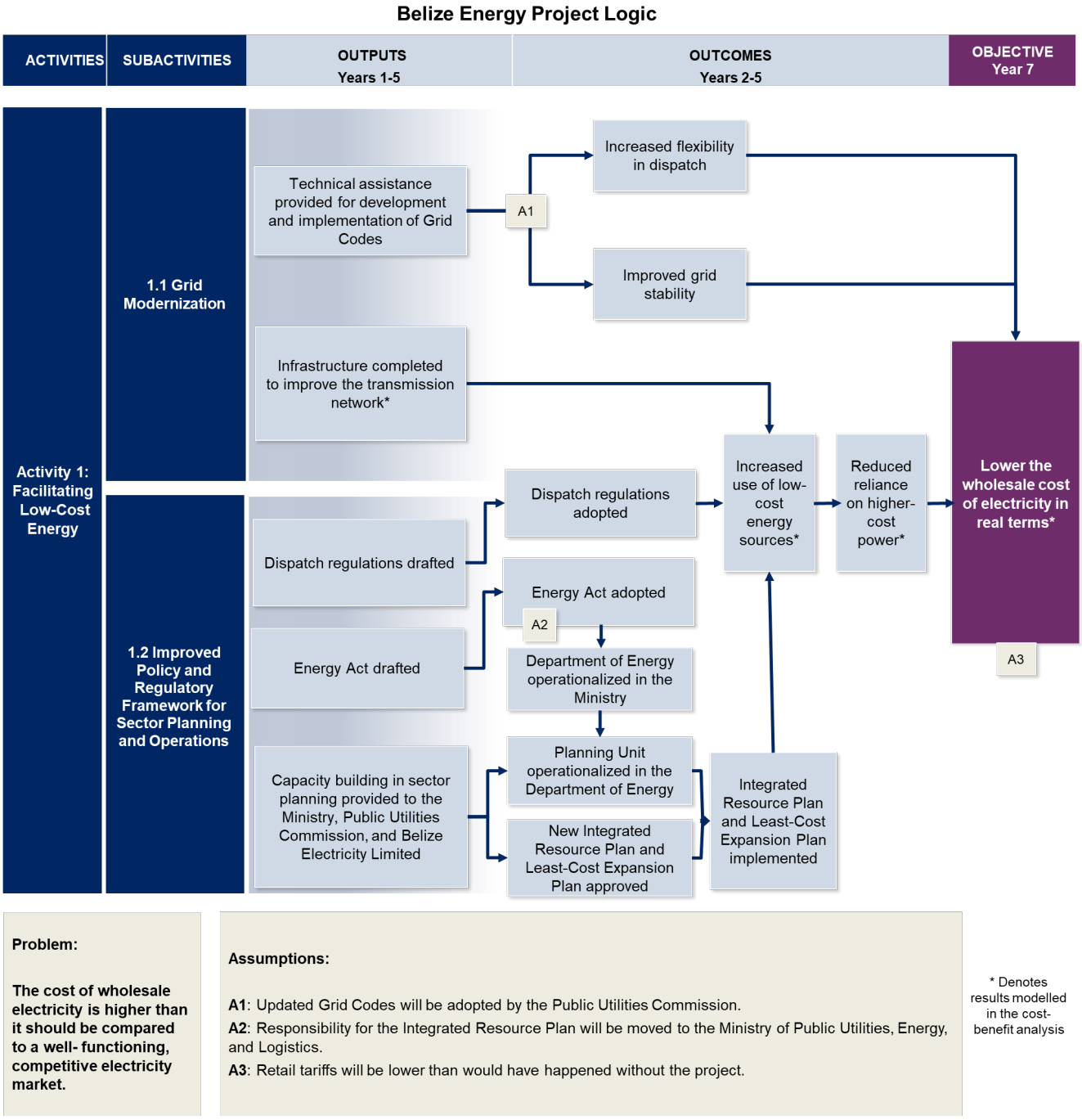
Belize Education Project Logic
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Problem: The Belize education system does not produce sufficient individuals with the types of competencies needed by the labor market.

Assumptions: National Student Assessment System developed; Compulsory school age increased; National curriculum reform completed; GOB and stakeholder support for legislative, policy and financial reforms secured; Transition rate from primary to secondary does not decline


Belize Education Project Logic
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ACTIVITIES
SUB-ACTIVITIES
OUTPUTS
Years 1-5
OUTCOMES
Years 2-4
Years 5-8
OBJECTIVE
Year 9
Activity 2: Training and Transitioning to Work
Sub-Activity 2.1 TVET Governance
Sub-Activity 2.2 TVET Delivery
Regulations developed to support the National TVET Act
National TVET Act regulations adopted
Support provided for the establishment of the National Training Authority and Sectoral skills councils
National Training Authority established
Sectoral skills councils established
TVET financing mechanism established
System developed for tracking employment outcomes
TVET programs accredited
Training for TVET providers and verifiers provided
Grants provided for demand-driven TVET programs
Accredited TVET programs delivered including work-based learning for students
Increased enrollment in TVET programs*
Project Objective: Equitable increase in the number of post-primary graduates with the competencies relevant to labor market demands
measured by:
Secondary graduates competent in English, math, and 21st Century Skills
Secondary school graduates*
Individuals certified in accredited TVET programs*
* Denotes results modelled in the cost-benefit analysis
Problem: The Belize education system does not produce sufficient individuals with the types of competencies needed by the labor market.
Assumptions: National TVET Policy, Strategy, and Act developed and adopted; GOB and stakeholder support for legislative, policy and financial reforms secured; Individuals with TVET certificates from accredited TVET programs are employed.



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 follows 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	**12.4%**
Transforming Teaching and Learning in Secondary Education Activity	13.1%
Training and Transitioning to Work Activity	9.3%
Energy Project	**12.4%**
Facilitating Low-Cost Energy Activity	**12.4**%

Education Project

Two 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 two 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 rates, and income increases are associated with higher levels of schooling attained;

thus, a benefit of reduced dropout rates from secondary schools is also assumed as part of this Activity. **The estimated ERR for this Activity is 13.1%.**

ii. 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 9.3%.**

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. Finally, it is assumed that transition rates from primary to secondary school in Belize do not decline over the Project life. If any 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 two 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 reliable energy through the Grid Modernization Sub-activity. 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 MPUEL and the PUC the success of long-term planning and future requests for proposals for power projects will increase.

The most expensive Sub-activity, the Grid Modernization Sub-activity, has the primary benefits of displacing local generation sources with generally cheaper grid-based power and reducing transmission losses. The Improved Policy and Regulatory Framework for Sector Planning and Operations Sub-activity funds distinct policy- and planning-related interventions that are expected to be highly complementary to the Grid Modernization Sub-activity. At this time, however, there is insufficient information available on how sector reforms will impact sectoral

planning and operations in the medium and long term. Accordingly, MCC has not attempted to estimate benefits for the Improved Policy and Regulatory Framework for Sector Planning and Operations Sub-activity; its costs are included in the overall Project CBA. The ERR for the overall Energy Activity is 12.4%.

Core Risks and Assumptions:

A key simplifying assumption of the CBA framework is that it does not explicitly incorporate subsidies levied by the Government of Belize on imported diesel fuel (i.e., including that used by diesel-fired electricity generating plants). Thus, the economic analysis abstracts from impacts of changes in the incidence of these subsidies that may be attributable to the Energy Project.

An important assumption relating to the Improved Policy and Regulatory Framework for Sector Planning and Operations Sub-activity is that initiatives financed under this Sub-activity are adopted and implemented in practice by MPUEL, the PUC, BEL, and other relevant stakeholders.

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**
Education Project	135,488
Energy Project	517,943
*Total**	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 (2027)	TBD (CED + 4 Years)	Non-ITT Indicator
	Secondary school graduates	The total number of graduates from secondary education.	Number	4,377 (2024)	4,510 (CED + 4 Years)	ITT Indicator
		Male	Number	2,026 (2024)	2,103 (CED + 4 Years)	ITT Indicator
		Female	Number	2,351 (2024)	2,407 (CED + 4 Years)	ITT Indicator
	Individuals certified in accredited TVET programs	The number of trainees certified in programs accredited by the National Training Authority.	Number	0 (2024)	436 (CED + 4 Years)	ITT Indicator
		Male	Number	0 (2024)	308 (CED + 4 Years)	ITT Indicator
		Female	Number	0 (2024)	128 (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 (2027)	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 (2027)	TBD (CED + 4 Years)	Non-ITT Indicator
Decreased secondary dropout rates	Secondary school dropout rate	The five-year average of the 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 (2024)	5.1 (CED + 4 Years)	ITT Indicator
		Male	Percentage	6.7 (2024)	6.0 (CED + 4 Years)	ITT Indicator
		Female	Percentage	4.7 (2024)	4.2 (CED + 4 Years)	ITT Indicator
Increased secondary enrollment	Students enrolled in secondary school	The total number of students enrolled in secondary schools.	Number	22,693 (2024)	22,995 (CED + 4 Years)	ITT Indicator
		Male	Number	11,103 (2024)	11,288 (CED + 4 Years)	ITT Indicator
		Female	Number	11,590 (2024)	11,707 (CED + 4 Years)	ITT Indicator
Sub-Activity 1.1 Quality Assurance						
School improvement plans implemented	Schools implementing a school improvement plan	Percentage of secondary schools implementing a school improvement plan	Percentage	TBD (TBD)	TBD (CED + 4 years)	ITT Indicator

School improvement plans developed	Schools with an approved school improvement plan	Percentage of secondary schools with a school improvement plan 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 all learners	TBD	TBD	TBD	TBD (TBD)	TBD (CED + 4 years)	Non-ITT Indicator
Activity 2: 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 Authority	Number	0 (2024)	1,018 (CED + 4 Years)	ITT Indicator
		Male	Number	0 (2024)	720 (CED + 4 Years)	ITT Indicator
		Female	Number	0 (2024)	298 (CED + 4 Years)	ITT Indicator

	Percentage of female enrollees at ITVETs[2]	The percentage of ITVETs enrollees that are female	Percentage	24 (2024)	29 (CED + 4 Years)	ITT Indicator
Sub-Activity 2.1 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 Authority established	National Training Authority established	Date the National Training Authority'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 Authority	Number	0 (EIF)	TBD (CED + 4 years)	ITT Indicator
Sub-Activity 2.2 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						
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

[2] "ITVET" means institutes for TVET for these tables.

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 all 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 all 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
High-quality 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 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 Authority 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 2.2 TVET Delivery						
Training for TVET providers and verifiers provided	TVET providers and verifiers trained	Number of TVET providers and verifiers trained	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 Low-Cost Energy 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	0.13 (2026)	TBD (CED + 2 Years)	Non-ITT Indicator
Reduced reliance on higher-cost power	TBD	TBD	TBD	TBD (TBD)	TBD (TBD)	TBD
Increased use of low-cost energy sources	TBD	TBD	TBD	TBD (TBD)	TBD (TBD)	TBD
Sub-Activity 1.1 Grid Modernization						

Improved grid stability	TBD	TBD	TBD	TBD (TBD)	TBD (TBD)	Non-ITT Indicator
Increased flexibility in dispatch	TBD	TBD	TBD	TBD (TBD)	TBD (TBD)	Non-ITT Indicator
Sub-Activity 1.2 Improved Policy and Regulatory Framework for Sector Planning and Operations						
Dispatch regulations adopted	Dispatch regulations adopted	The date on which the dispatch regulations are approved by the PUC.	Date	N/A	TBD (CED)	ITT Indicator
Energy Act adopted	Energy Act adopted	The date on which the Energy Act is approved and enacted by Cabinet as evidenced by gazettement.	Date	N/A	TBD (CED)	ITT Indicator
Department of Energy operationalized in the Ministry	Department of Energy staff recruitment	The number of positions the Department of Energy has recruited, as evidenced by appointment letters.	Number	0 (EIF)	TBD (CED)	ITT Indicator
Planning Unit operationalized in the Department of Energy	Planning Unit operational	The date the Planning Unit in the Department of Energy is staffed with the Planning Unit Manager, Energy Officer, and Policy and Planning Officer, as evidenced by appointment letters.	Date	N/A	TBD (CED)	ITT Indicator
Integrated Resource Plan and Least-Cost Expansion Plan implemented	Electricity generation installed in accordance with the Integrated Resource Plan and Least-Cost Expansion Plan	The percentage of installed capacity that has been constructed, commissioned, and connected to the national grid identified within the Integrated Resource Plan and/or the Least Cost Expansion Plan.	Percentage	N/A	100 (CED)	ITT Indicator
New Integrated Resource Plan and Least-Cost Expansion Plan approved	New Integrated Resource Plan approved	The date on which the new Integrated Resource Plan for the 2028-2048 period is approved by PUC.	Date	N/A	TBD (CED)	ITT Indicator
New Integrated Resource Plan and Least-Cost Expansion Plan approved	New Least-Cost Expansion Plan approved	The date on which the new Least-Cost Expansion Plan for the 2028-2048 period is approved by PUC.	Date	N/A	TBD (CED)	ITT Indicator
Output Indicators						
Sub-Activity 1.1 Grid Modernization						
Technical assistance provided for development and implementation of Grid Codes	Grid Codes developed	Number of Grid Codes developed by MCA-Belize consultants	Number	0 (EIF)	3 (CED)	ITT Indicator

Technical assistance provided for development and implementation of Grid Codes	TBD	TBD	TBD	TBD (EIF)	TBD (CED)	ITT Indicator
Infrastructure completed to improve the transmission network	TBD	TBD	TBD	TBD (EIF)	TBD (CED)	ITT Indicator
Sub-Activity 1.2 Improved Policy and Regulatory Framework for Sector Planning and Operations						
Dispatch regulations drafted	Dispatch regulations drafted	Date that MCA-Belize accepts the draft dispatch regulations from consultants.	Date	N/A	TBD (CED)	ITT Indicator
Energy Act drafted	Energy Act drafted	Date that MCA-Belize accepts the draft Energy Act from consultants.	Date	N/A	TBD (CED)	ITT Indicator
Capacity building in sector planning provided to Ministry, Public Utilities Commission, and Belize Electricity Limited	Energy sector stakeholders trained	The number of energy sector stakeholders trained on energy sector planning, including Integrated Resource Planning and energy resilience planning.	Number	0 (EIF)	TBD (CED)	ITT Indicator

SCHEDULE III

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
MPUEL	Ministry of Public Utilities, Energy, and Logistics
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.*

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 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 **Authority** *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 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.*

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.*

SCHEDULE IV

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 a National Training Authority, a statutory body under the laws of Belize, which is responsible for the planning, recommendation of regulations, and overall oversight of the quality, 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 Authority 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 broad-based TVET programs, including apprenticeships and other work-based learning components; and (5) requires the National Training Authority to set standards for regulations for increased quality, efficiency and effectiveness in the governance, management and administration of TVET institutions, including governance guidelines to ensure broad-based access for women and men.

SCHEDULE V

Annex I

DEFINITIONS

AFC Action Plan *has the meaning provided in Section 2.1(i).*

Agreement *has the meaning provided in the Preamble.*

Auditor *has the meaning provided in Section 2.5(c).*

Auditor / Reviewer Agreement *has the meaning provided in Section 2.5(c).*

Bank *has the meaning provided in Section 3.1(c)(ii).*

Bank Agreement *has the meaning provided in Section 3.1(c)(ii).*

BCS *has the meaning provided in Section 2.1(d).*

Belize *has the meaning provided in the Preamble.*

Bylaws *has the meaning provided in Section 1.3(b)(v).*

Closure Period *means the 120-day period beginning on the first day after the last day of the Compact Term (or, if the Compact is terminated earlier in accordance with its terms, the last day that the Compact was in effect) and ending 120 calendar days thereafter.*

Closure Plan *has the meaning set forth in Section 4.2(f).*

Common Payment System *means the system pursuant to which payments of MCC Funding are made directly to vendors as further described in the Fiscal Accountability Plan.*

Compact *has the meaning provided in the Preamble.*

Country Account *has the meaning provided in Section 3.1(c)(i).*

Country Contribution *has the meaning provided in Section 2.8(a).*

Country Contribution Report *has the meaning provided in Section 2.3(d).*

Designated Rights and Responsibilities *has the meaning provided in Section 1.3(a)(i).*

Detailed Financial Plan *has the meaning provided in Section 2.1(b).*

Disbursement Period *has the meaning provided in Section 3.1(a).*

Disbursement Request *has the meaning provided in Section 3.1(a).*

Fiscal Accountability Plan *has the meaning provided in Section 2.1(e).*

Fiscal Agent Agreement *has the meaning provided in Section 2.5(b).*

Funded Agreement *has the meaning provided in Section 1.3(b)(vi).*

General Provisions Annex *means the annex titled General Provisions posted from time to time on the MCC Website or otherwise made available to Belize.*

Governance Guidelines *means the Policy on Accountable Entities and Implementation Structures.*

Governing Document *has the meaning provided in Section 2.4(g).*

HR Manual *has the meaning provided in Section 1.3(b)(v).*

Key Staff *means the following positions in the Operations Unit: (1) executive director, (2) managing director of operations, (3) director of finance and administration, (4) general counsel, (5) director of procurement and grants, (6) director of environmental and social performance, (7) director of social analysis, (8) director of monitoring and evaluation, (9) managing director of the energy project, (10) director of TVET education, (11) director of quality of secondary education, (12) managing director of the education project, (13) director of energy project, (14) director of human resources, and (15) director of communications and outreach.*

Lien *has the meaning provided in Section 1.2(b)(i).*

Local Account *has the meaning provided in Section 3.1(c)(i).*

Material Agreement *has the meaning provided in Section 2.4(c).*

MCA-Belize *has the meaning provided in Section 1.3(a)(i).*

MCA-Belize Website *has the meaning provided in Section 2.6(a)..*

MCC *has the meaning provided in the Preamble.*

Multi-Year Financial Plan *has the meaning provided in Section 2.1(b).*

Outside Project Manager *has the meaning provided in Section 2.5(d).*

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

Permitted Designee *has the meaning provided in Section 1.2(a).*

Principal Implementation Plan *has the meaning provided in Section 2.1.*

Procurement & Grants Plan Package *has the meaning provided in Section 2.1(d).*

Procurement Agent Agreement *has the meaning provided in Section 2.5(c).*

Reviewer *has the meaning provided in Section 2.5(c).*

Social Analysis and Implementation Plan *has the meaning provided in Section 2.1.*

Stakeholder Committee *means one or more bodies of representatives from the private sector, beneficiaries, civil society, and local and regional governments established by MCA-Belize as part of fulfilling the requirements of any stakeholder engagement plan to provide advice and input to MCA-Belize regarding the implementation of the Program.*

United States *has the meaning provided in the Preamble.*

USD Account *has the meaning provided in Section 3.1(c)(i).*

Valuation Date *has the meaning provided in Annex IV.*

Work Plans *has the meaning provided in Section 2.1(a)*

Annex II

CONDITIONS PRECEDENT TO PROGRAM FUNDING[1]

PART A. Conditions Precedent for Entire Disbursement Request (Applicable to All Projects)

(i) Before the first Disbursement of Program Funding, MCA-Belize must develop and adopt an Environmental and Social Management System (ESMS).

(ii) Before the first Disbursement of Program Funding that occurs 180 days after the Compact enters into force, MCA-Belize must develop and adopt a comprehensive M&E Plan, in form and substance satisfactory to MCC.

(iii) Before the second Disbursement of Program Funding, MCA-Belize must develop and adopt a comprehensive Social Analysis and Implementation Plan, in form and substance satisfactory to MCC.

(iv) Before the first Disbursement of Program Funding for payment under a particular works or construction contract for a given Project or Activity, MCA-Belize must submit evidence, in form and substance satisfactory to MCC, that MCA-Belize or the appropriate Belizean entity has developed and adopted an Environmental and Social Impact Assessment or ESIA and/or an Environmental and Social Management Plan or ESMP (as appropriate) for such Project or Activity, each of which must be in form and substance satisfactory to MCC.

(v) Before each Disbursement of Program Funding for payment under a particular works or construction contract for a given Project or Activity, MCA-Belize must submit evidence, in form and substance satisfactory to MCC, that MCA-Belize or the appropriate Belizean entity is implementing the requirements of each ESIA or ESMP, as appropriate, for such Project or Activity in all material respects and consistent with the Environmental Guidelines (including the IFC Performance Standards that are incorporated by reference therein).

(vi) Before any Disbursement of Program Funding on or after the commencement of year five (5) of the Compact Term, MCA-Belize must submit to MCC an initial draft Closure Plan in accordance with the *Program Closure Guidelines*.

(vii) Before the first Disbursement of Program Funding for any activity to be carried out under an implementing entity arrangement, MCA-Belize must deliver to MCC a copy of a signed agreement between MCA-Belize and the relevant Implementing Entity that sets forth the roles and responsibilities of each party with respect to the applicable Project or Activity, which agreement must be in form and substance satisfactory to MCC.

[1] In the case of the enactment of any law, regulation, policy, or amendments or modifications to any of the foregoing that the Government commits to in this Annex II, the Government shall share a draft of the applicable document with MCC for its review before it is submitted to the final approving authority within the Government.

PART B. Conditions Precedent for the Education Project

(i) Prior to each Disbursement of Program Funding for the Education Project, the Chair of the MCA-Belize Board will certify that the units of MoECST identified to MCC as essential for implementation of the Compact have a full staff or that positions are being actively recruited or there is a plan for the recruitment of these positions.

(ii) Before the tenth Disbursement of Program Funding for the Education Project, the Education Project must meet, to MCC's satisfaction, the Results Definition Standard as defined and described in the M&E Policy.

(iii) Prior to the first Disbursement of Program Funding for any grant to training providers, Belize will operationalize the National Training Authority.

PART C. Conditions Precedent for the Energy Project

(i) Prior to the first Disbursement of Program Funding for the Energy Project, a planning determination (as defined in the statute that governs the procurement of regulated services, including power) that supports at least 110 MW of solar energy prior to 2030 will be issued.

(ii) Prior to the first Disbursement of Program Funding for the Energy Project, the World Bank loan for a battery energy storage system will have been approved by the World Bank and Belize.

(iii) Before the fifth Disbursement of Program Funding for the Energy Project, the Energy Project must meet, to MCC's satisfaction, the Results Definition Standard as defined and described in the M&E Policy.

Annex III

COUNTRY CONTRIBUTIONS ALLOCATION

(USD)

Component	Type	Pre-EIF	Year 1	Year 2	Year 3	Year 4	Year 5	Total
1. Education Project								
1.1 Transforming Teaching and Learning in Secondary Education								
Devices to access electronic learning materials in secondary education	In-Kind		1,575,000	2,911,250	3,190,050	3,475,650	3,768,050	**14,920,000**
1.2 Training and Transitioning to Work								
National Training Authority Staffing and expenses	In-Kind		160,000	240,000	320,000	320,000	320,000	**1,360,000**
2. Energy Project								
2.1 Facilitating Low-Cost Energy								
Infrastructure to increase capacity and improve stability of the transmission network	Cash			18,000,000				**18,000,000**
Infrastructure to increase capacity and improve stability of the transmission network	In-Kind		1,800,000	1,800,000			17,060,000	**20,660,000**
Grand Total			**3,535,000**	**22,951,250**	**3,510,050**	**3,795,650**	**21,148,050**	**54,940,000**

Annex IV

PRINCIPLES FOR MANAGEMENT OF THE COUNTRY CONTRIBUTION

The Country Contribution must be made toward meeting the objectives of the Compact and must directly support the Projects and Activities identified in the Compact. Country investments or expenditures that further the objectives of the Compact but are merely complementary or tangentially related to the Projects and Activities identified in the Compact will not count toward the amount of the Country Contribution.

The Country Contribution proposed by the Government is a combination of Financial Contributions and In-kind Contributions as detailed in Annex III of this Agreement. Each of these two categories of Country Contribution is managed according to the principles included in the respective sections below.

I. Financial Contribution

A. General Principles

1. Except as the Parties may otherwise agree in writing, the Financial Contribution shall conform to the requirements and provisions of the Compact and this Agreement, just as if it were MCC Funding. For avoidance of doubt, any activities undertaken, in whole or in part, with the Financial Contribution shall adhere to, among other things, the Reporting Guidelines; the *Accountable Entity Procurement Policy and Guidelines*; the MCC *Cost Principles for Government Affiliates*; the MCC *Guidelines for Country Contributions*; the MCC *Environmental Guidelines*; the Tax Exemption Mechanisms in Annex VI of the Compact; the *MCC Policy on Preventing, Detecting, and Remediating Fraud and Corruption in MCC operations*; the Audit Guidelines; and the Social Analysis and Implementation Plan.

2. The Financial Contribution shall begin to be disbursed through the Program in accordance with the notional schedule in Annex III. The entire amount of the Financial Contribution must be disbursed and recorded prior to the expiration of the Compact.

B. Disbursement Principles for the Financial Contribution

1. In order to properly manage and account for the Financial Contribution, prior to the first Disbursement of the Financial Contribution through the Program, MCA-Belize, through its contracted Fiscal Agent, shall open one or more separate, segregated Government Accounts and/or other Permitted Accounts under the Bank Agreement for disbursements of the Financial Contribution and any earnings and interest accrued thereon. No other accounts are authorized to receive or hold disbursements of the Financial Contribution.

2. Upon request by MCA-Belize, to the Ministry of Finance, Economic Development, Investment, Civil Aviation, and Immigration, the Government shall disburse the requested portion of the Financial Contribution to the Government Account according to the schedule included in Annex III. The request, for the total amount of funding defined as Year 2

Financial Contributions in Annex III will be submitted by MCA-Belize before the end of Year 2. The Government will disburse the funding in the amount requested to the Government Account within 15 days after receipt of MCA-Belize requests.

3. Any and all interest accrued on the Financial Contribution shall remain in the Government Account and, unless the Parties agree otherwise in writing, reduce the amount of MCA-Belize's subsequent disbursement request to the Ministry of Finance, Economic Development, Investment, Civil Aviation, and Immigration.

C. Valuation and Oversight of the Financial Contribution.

1. In compliance with Section 2.8(b), Financial Contributions are recorded when disbursed to the intended recipient, using the prevailing exchange rate conversions between the Belize Dollars and United States Dollars, if applicable, detailed in the Fiscal Accountability Plan.

2. MCA-Belize shall ensure to MCC's satisfaction that the Financial Contribution is fully and timely incorporated in the Principal Implementation Plans.

3. MCA-Belize shall ensure to MCC's satisfaction that the Financial Contribution conforms to the requirements and provisions of the Fiscal Accountability Plan and Audit Plan, just as if it were MCC Funding.

II. In-Kind Contribution

A. General Principles.

1. The In-Kind Contribution is estimated in accordance with the notional estimates included in Annex III. The entire amount of the In-Kind Contribution must be disbursed, put in service and recorded prior to the end of the Compact Term. In-Kind Contributions may consist of goods or services provided by Belize to the Program, or cash expended by Belize for specific Project or Activity costs agreed upon with MCC.

B. Disbursement Principles for the In-Kind Contribution.

1. The Parties will agree in writing regarding the Belize affiliate(s) to manage these In-Kind Contributions identified in Annex III. MCA-Belize will manage reporting on the timing and amount of all contributions consolidated and reported to MCC.

2. MCA-Belize will ensure that sufficient documentation is gathered and maintained to provide evidence that all In-Kind Contributions recorded meet all the requirements of MCC's *Guidelines for Country Contributions*.

C. Valuation and Oversight of the In-Kind Contribution.

1. MCA-Belize will value and record a contribution when it is put in service of the Program (the "***Valuation Date***"). In the case of In-Kind Contributions, the Valuation Date will

typically be the date the goods, works or property are transferred, or the service is provided to MCA-Belize or to an Implementing Entity and put in service of the Program.

2. In compliance with Section 2.8(b), contributions denominated in local or foreign currency will be recorded and converted to United States Dollars using the prevailing exchange rate conversions detailed in the Fiscal Accountability Plan.

3. Values for contributions of services and property will be established in accordance with *Cost Principles for Government Affiliates*. Unless otherwise approved by MCC, In-Kind Contributions will be valued at fair market value.

4. The recorded value of contributed property and services shall be determined in accordance with the usual accounting policies of MCA-Belize or the Implementing Entity, with the following qualifications:

i. Rates for in-kind services must be consistent with those paid for similar work by the entity making the contribution. In instances in which the required skills are not found in the entity making the contribution, rates must be consistent with those paid for similar work in the labor market in which the entity competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation;

ii. The recorded value of donated land and buildings must not exceed their fair market value at the time contributed to the Program. When cost effective, the recorded value should be established by an independent appraiser (*e.g.*, certified real property appraiser) and certified by a responsible official of MCA-Belize;

iii. The recorded value of contributed equipment must not exceed the fair market value of equipment of the same age and condition at the time of donation;

iv. The recorded value of contributed space must not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality; and

v. The recorded value of loaned equipment must not exceed its fair rental value.

III. Country Contribution Reporting

MCC and MCA-Belize will monitor and track the Country Contribution from signing through the end of the Closure Period.

A. Periodic Reporting to MCC from MCA-Belize

1. No later than 30 days after each audit period, MCA-Belize is required to submit to MCC for no-objection an official narrative and financial report consistent with its audit schedule and requirements of the Audit Guidelines. In its review of the report, MCC may request supporting documentation to validate any amount reported.

2. The "Explanatory Notes" that MCA-Belize submits as part of the quarterly Disbursement Request must include an update on the status of the Country Contribution.

B. On-site Monitoring

1. MCC reserves the right to conduct on-site monitoring and verification of the Country Contribution, including, without limitation, by physical inspection of source documents (e.g., timesheets, invoices, valuation reports, and bank statements), site visits and interviews.

C. MCA-Belize External Audit Requirements

1. MCA-Belize audit reports include a "Schedule of Cost Sharing" to document the Country Contribution. The Auditor should perform a review of the Country Contribution as part of its normal audits. As part of its audit, the Auditor will ensure that the required matching percentages or amounts are being met per the agreed schedule of contributions.