

CONFIDENTIAL  
INTERNAL USE  
PUBLIC UPON APPROVAL

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

**BRAZIL**

**THE CIRCULAR ECONOMY AND CLIMATE CHANGE ADAPTATION IN SÃO  
PAULO: RECYCLING USED COOKING OIL**

**(BR-T1343)**

**DONORS MEMORANDUM**

This document was prepared by the project team consisting of: Luciana Botafogo and Estrella Peinado-Vara (MIF/MIF), Project Team Co-leaders; Steven Wilson (MIF/MIF); Gustavo Mendez (WSA/CBR); Luz Fernández García (CSD/CCS); and Luciane Medeiros Juliani (GCL/GCL).

This document contains confidential information relating to one or more of the ten exceptions of the Access to Information Policy and will be initially treated as confidential and made available only to Bank employees. The document will be disclosed and made available to the public upon approval.

## CONTENTS

### PROJECT SUMMARY EXECUTIVE SUMMARY

I.	THE PROBLEM .....	1
II.	THE SOLUTION .....	2
III.	ALIGNMENT WITH THE IDB GROUP, SCALABILITY, AND RISKS.....	5
IV.	COST AND FINANCING .....	6
V.	PROJECT PARTNERS AND IMPLEMENTATION STRUCTURE .....	7
VI.	FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS .....	8

## **PROJECT SUMMARY**

### **THE CIRCULAR ECONOMY AND CLIMATE CHANGE ADAPTATION IN SÃO PAULO: RECYCLING USED COOKING OIL**

**(BR-T1343)**

As a consequence of climate change in Brazil's South and Southeast regions, the state of São Paulo has experienced periods of severe drought and flooding in recent years. The droughts have resulted in interruptions of water service at the state's water company, and flooding has damaged homes and urban infrastructure—especially transportation—in its capital city of more than 11 million. In parallel to the climate problem, the improper handling and disposal of used cooking oil could intensify the adverse effects of drought and flooding.

When poured down the drain, used cooking oil contaminates the surface of rivers and reservoirs, thus reducing the availability of drinking water. Moreover, when released into sanitation networks the oil sticks to the inside of storm drains, causing obstructions and reducing drainage capacity until a blockage occurs (which, in turn, can cause flooding when it rains). Lastly, when the oil begins to decompose, it releases greenhouse gases that further exacerbate climate change. Consequently, the improper disposal of cooking oil results in a situation that further increases the vulnerability of the affected population to climate change, thereby reducing its resilience.

To prevent further exacerbating the shortage of drinking water for the population and the high cost of maintaining the sewer system, an intervention is needed to promote the recycling of used cooking oil, which would contribute to the dual objective of supporting climate change adaptation strategies and improving drinking water systems.

The project's objective is to contribute to a circular economy model that enhances São Paulo's resilience to situations of drought or water shortages and improves the state's water and sanitation system by reducing its vulnerability to climate change. In terms of outcomes, the project will improve collection of used household cooking oil in 63 municípios of the state of São Paulo, which will strengthen the activities of two networks made up of 76 cooperatives and approximately 1,750 grassroots recyclers, as well as work with intermediaries and biofuel buyers and processors.

In a circular model—based on the reduction, reuse, and recycling of waste—cooking oil is converted into an input for the biofuel industry, thereby decreasing its need for first-use oil. Thus, one sector's waste can become inputs for another.

The project will conduct awareness-raising activities and identify the main challenges in the value chain as well as interventions to improve reverse logistics and the recycling cooperatives' capacity to add value. The project will issue challenges to attract the greatest possible number of contributions to solutions with respect to innovation in new materials and the challenges identified in terms of improving the value chain.

## **ANNEXES**

Annex I	Results Matrix
Annex II	Summary Budget

## **APPENDICES**

Proposed resolution

## **INFORMATION AVAILABLE IN THE TECHNICAL FILES**

Annex III	Itemized Budget
Annex IV	Diagnostic Needs Assessment (DNA) of the Executing Agency
Annex V	Progress Status Reports, Fulfillment of Milestones, Fiduciary Agreements, and Institutional Integrity
Annex VI	Structure of the project execution unit

## **ABBREVIATIONS**

ABIOVE	Associação Brasileira das Indústrias de Óleos Vegetais [Brazilian Association of Vegetable Oil Industries]
INE/WSA	IDB Water and Sanitation Division
IRR	Regional Initiative for Inclusive Recycling
MSMEs	Micro, small, and medium-sized enterprises
NDV	Nordic Development Fund
R\$	Brazilian reais
SABESP	Companhia de Saneamento Básico do Estado de São Paulo [State of São Paulo Water and Sanitation Company]
VDPs	Voluntary delivery points

**BRAZIL**  
**THE CIRCULAR ECONOMY AND CLIMATE CHANGE ADAPTATION IN SÃO PAULO: RECYCLING**  
**USED COOKING OIL**  
**(BR-T1343)**

**EXECUTIVE SUMMARY**

<b>Country and geographic location:</b>	Brazil: 63 municípios of the state of São Paulo.		
<b>Executing agency:</b>	Cicla Brasil.		
<b>Focus area:</b>	Inclusive Cities.		
<b>Coordination with other donors/Bank operations:</b>	The project was prepared in coordination with the Bank's Water and Sanitation Division (INE/WSA) and the Climate Change Division (CSD/CCS). The project contributes to achieving the IDB Group's goal of doubling its volume of climate change finance by 2020.		
<b>Direct and indirect beneficiaries:</b>	<p>Direct beneficiaries: two cooperative networks, 76 recycling cooperatives, and 1,750 collectors of recyclable materials.</p> <p>Indirect beneficiaries: 10.5 million residents.</p>		
<b>Financing:</b>	Technical cooperation funding:	US\$ 900,000	00%
	Investment:	-	
	Loan:	-	
	<b>Total MIF contribution:</b>	<b>US\$ 900,000</b>	
	Counterpart:	US\$ 991,026	00%
	Cofinancing (Nordic Development Fund (NDV)/Proadapt): <sup>1</sup>	US\$ 200,000	00%
	<b>TOTAL PROJECT BUDGET:</b>	<b>US\$2,091,026</b>	<b>100%</b>
<b>Execution and disbursement period:</b>	36 months for execution and 42 months for disbursement.		
<b>Special contractual clauses:</b>	The following are conditions precedent to the first disbursement: (i) contracting of the project coordinator; (ii) commitment signed between the executing agency (Cicla Brasil) and potential partner companies (Bunge and/or Cargill); (iii) the disbursement plan for the first six months; and (iv) the project procurement plan.		

<sup>1</sup> ATN/NV-13706-RG/RG-X1167/PROADAPT: Regional Facility on Building Climate Change Resilience in Micro, Small and Medium-sized Enterprises (MSMEs).

**Environmental  
and social  
review:**

This operation was preevaluated on 7 October 2016 and classified in accordance with the IDB's Environment and Safeguards Compliance Policy (Operational Policy OP-703). Since its impacts and risks are limited, the project is proposed as a category "C" operation.



## I. THE PROBLEM

### Problem description

- 1.1 Located in the Brazil's Southeast region, the state of São Paulo is extremely vulnerable to periods of severe drought and flooding.<sup>2</sup> In parallel to the climate problem, it also suffers the consequences of the improper handling and disposal of used cooking oil. Cooking oil is a product frequently used by households in preparing daily meals, and the high volume of waste it creates is not being collected properly.
- 1.2 The Ministry of Environment of the Government of the State of São Paulo warns against the improper disposal of this product, which can contaminate large volumes of water, clog sewer systems, and cause other environmental harm. According to data furnished by the State of São Paulo Water and Sanitation Company (SABESP), one liter of cooking oil can contaminate up to 20,000 liters of water.
- 1.3 In the absence of an effective wastewater treatment system, this oil winds up on the surface of rivers and reservoirs, contaminating the water and threatening many species in these habitats. One liter of used cooking oil can form a thin film over the surface of up to 100 square meters of water, preventing the passage of air and light, respiration, and photosynthesis, thus compromising the base of the aquatic food chain: phytoplankton.
- 1.4 Oil also makes the soil impermeable, contributing to flooding. Moreover, when it begins to decompose, the oil emits methane, which in addition to causing an unpleasant odor, is a greenhouse gas.
- 1.5 Against a backdrop of climate scenarios that forecast water shortages, the existing water becomes contaminated, clearly increasing the population's vulnerability to climate change and decreasing its resilience.
- 1.6 When the oil reaches the household wastewater network, it builds up inside municipal water infrastructure, storm drains, and sewer lines, thus increasing the likelihood that other waste will adhere to these surfaces, causing clogs,<sup>3</sup> and reducing the flow of water until a blockage occurs (which can cause flooding when it rains).
- 1.7 The improper disposal of used cooking oil increases the costs for wastewater treatment works. According to the Brazilian Association of Vegetable Oil Industries (ABIOVE), 242 million liters of cooking oil is consumed each year in the state of São Paulo. Bearing in mind that the cost to cleanup each liter of oil that reaches the sewer system is R\$0.25 (Ministry of the Environment), and only about 3% of used oil is recycled each year, the improper disposal of cooking oil can result in an annual cost to SABESP of R\$58.7 million.
- 1.8 An urgent solution is needed to the improper disposal of used cooking oil so as not to further exacerbate the problems of the population's scarce drinking water and the high costs of maintaining sewer systems due to this product. Accordingly, an intervention to promote the recycling of used cooking oil would help contribute to the

---

<sup>2</sup> Consultative Group on International Agricultural Research (CGIAR), *2014 Climate Change in Central and South America: Recent Trends, Future Projections, and Impacts on Regional Agriculture*. Available at: <https://cgspace.cgiar.org/rest/bitstreams/33625/retrieve>.

<sup>3</sup> Oil solidification is responsible for 40% of pipe obstructions.

dual objective of supporting climate change adaptation strategies and reducing water system maintenance costs.

- 1.9 In Brazil, recyclable materials are collected by some 1,100 recycling organizations located throughout the country. Up to 90% of the materials recycled in Brazil are handled by cooperatives of waste recyclers—commonly known as *catadores* [pickers]. These recyclers already go door to door collecting different materials in places where there are often no other collection alternatives.
- 1.10 Although these cooperatives have great potential to contribute to the recycled cooking oil value chain, they still lack the capacity to make a significant contribution in this regard. Approximately 80 cooperatives operate in the state of São Paulo, 75% of which collect used cooking oil. In total, they collect roughly 24,075 liters of oil each month (about 400 liters/cooperative/month), which they sell for an average price of R\$0.56 per liter. Of the 25 cooperatives identified in the município of São Paulo, 21 collect a total of 5,840 liters of used cooking oil each month.
- 1.11 Historically, waste pickers or recyclers have been and continue to be key environmental agents in the development of Brazil's recycling industry. Around 60% are women, most of whom live in low-income communities where selling recyclable materials is the sole source of income.

## II. THE SOLUTION

### Project description

- 2.1 The project's **impact** objective is to contribute to a circular economy model that increases São Paulo's resistance to situations of drought and water shortages, as well as to improve the state's water and sanitation system in order to reduce the region's vulnerability to climate change. In terms of **outcomes**, the project will improve the collection of used cooking oil in 63 municípios<sup>4</sup> of the state of São Paulo.
- 2.2 **Circular economy.** The situation resulting from the improper handling of used cooking oil also points to the need to transition to circular production models that minimize waste while maximizing reuse and recycling. There is a pressing need to identify models that generate and use renewable energy sources, eliminate the use of toxic chemicals (which prevent their reuse and re-entry into the biosphere); and minimize waste through a redesign of materials, products, systems, and business models.
- 2.3 In this case, recycling used household cooking oil will help to better adapt to the risks of climate change, such as droughts and floods. Consequently, decreasing the amount of oil in the sewer system will stop it from malfunctioning and therefore prevent flooding, and improperly discharging a smaller amount of oil into the water supplies of cities will result in less water contamination (and lower water treatment costs), and therefore a greater supply available for consumers. In addition, the used cooking oil is converted into an input for the biofuel industry, thus decreasing its need

---

<sup>4</sup> The selected municípios are those that already participate in the recycling cooperative networks (i.e. Rede Paulista and CataVale).

for first-use oil.<sup>5</sup> Consequently, one sector's waste can become inputs for another. Intersector linkages need to be strengthened, and this requires innovating in new materials, products, and business models, working in reverse logistics networks, and rethinking industrial policies.

- 2.4 To achieve the expected objectives, the project will: (i) hold awareness-raising activities for the public; (ii) conduct an analysis of the used cooking oil recycling chain to identify the most significant challenges; and (iii) carry out interventions to address the challenges identified in the chain in order to help resolve them. The challenges initially identified concern: (a) reverse logistics and the cooperatives' capacity to add value; (b) marketing and sales to intermediaries and/or processors; and (c) improving the current model by forging new partnerships among the stakeholders. The project's intervention will center on two networks made up of 76 cooperatives and roughly 1,750 grassroots recyclers, intermediaries, and companies that process biofuels and other products. Challenges will be issued to attract the greatest possible number of contributions to solutions with respect to the innovation in new materials and the challenges identified in terms of improving the value chain.
- 2.5 The project is expected to improve the cooking oil collection system, which, in addition to benefitting families, will also indirectly benefit the segment of large-scale (commercial) generators of used cooking oil, such as bars, restaurants, and the hospitality sector as a whole.
- 2.6 **Innovation.** This project aims to transform the threat to the climate and environment posed by poor management of used cooking oil into an opportunity to generate economic activity and increase the incomes of families in vulnerable communities. It will also contribute to a model for reducing damage to the sewer system as well as preventing mass contamination of drinking water and floods caused by drainage systems in poor condition. This will be achieved in accordance with a circular economy approach, in which one product is recovered for use in another production chain (biofuel).
- 2.7 The project is highly innovative in that it attempts to tackle two problems jointly—climate change and cooking oil management. It is also innovative in that it attempts to solve these problems as a business opportunity under an inclusive recycling framework.
- 2.8 The project is the first of its kind to establish such scalability objectives as identifying the first technology/system at the global level for the centralized collection of used oil in new construction, or the development of urban resilience bonds through which public-private partnerships are formed for inclusive cities.
- 2.9 The recyclers will become environmental educators and, by strengthening the cooperatives to increase the amount of used oil collected and to sell it under more fair conditions, they are addressing the challenges of economic and social inclusion, job creation, increasing income, active environmental awareness, and natural resource (water) preservation.

---

<sup>5</sup> The industry uses soybean, palm, and other oils, and its production inputs include water, electricity, and land.

- 2.10 The project contributes to water adaptation issues, creating resilience to water scarcity and the threat of climate-change-induced drought in São Paulo and potentially in other areas of Brazil. The project will help alleviate pressure on the available water resources, laying the groundwork for less contamination.
- 2.11 A distinguishing feature of this proposal is its capillarity and potential to enter communities where the cooperatives are operating, since they are already performing selective collection activities in their areas and could conduct an active and ongoing environmental awareness and education campaign. Most cooking oil collection initiatives focus on collection points, requiring much more intensive awareness-raising efforts than door-to-door collection.
- 2.12 **Component I: In-depth analysis of the used household cooking oil recycling chain and identification of actions (MIF: US\$38,154; Counterpart: US\$6,154).** The objective of this component is to acquire in-depth knowledge about the chain with the aim of identifying stakeholders and, on the basis of the applicable tax issues and legislation, developing the most appropriate business models and implementing them with the recycling cooperatives and other actors.
- 2.13 **Component II: Improving the collection and storage system logistics of household cooking oil (MIF US\$64,615; NDV/Proadapt: US\$142,769; Counterpart: US\$326,462).** The objective of this component is to raise awareness among the population and other actors of the need to properly dispose of used cooking oil and the negative consequences of failing to do so. The component will also include the design and implementation of a computerized system for collecting used cooking oil from households with the aim of improving reverse logistics, and plans to strengthen the recycling cooperatives and voluntary delivery points (VDPs) will be implemented.
- 2.14 **Component III: Strengthening the value added and marketing of used household cooking oil (MIF US\$117,846; NDV/Proadapt: US\$9,847; Counterpart: US\$344,615).** The objective of this component is to ensure the cooperatives' capacity to add value in the collection, storage, and sale of oil through simple filtering and mixing processes that will enable them to sell a greater volume of used cooking oil at higher prices. The cooperatives will receive support to help them establish fair trade relationships with the chain's various stakeholders.
- 2.15 **Component IV: Knowledge generation and communication strategy (MIF US\$55,385; NDV/Proadapt: US\$10,769).** The objective of this component is to deliver key messages to each of the involved stakeholders through the appropriate channels and instruments (publications, events, and audiovisual products).

#### **Project outcomes, impact, monitoring, and evaluation**

- 2.16 A total of 13.5 million liters of used household cooking oil is expected to be collected in communities of the 63 municípios of the state of São Paulo where the pilot program will be implemented. This should prevent the contamination of an estimated 270 million cubic meters of water,<sup>6</sup> generate savings of R\$1.5 million (approximately US\$470,000) in water treatment costs, create 300 jobs, and increase each

---

<sup>6</sup> Based on the estimate that one liter of cooking oil contaminates 20,000 liters of water.

cooperative's annual income by R\$54,000 on average. The 10.5 million residents of the 63 municípios will be indirect beneficiaries.

- 2.17 The project will include a monitoring system to be developed in accordance with the established characteristics and indicators. Accordingly, the data collected on the processes involved in managing used household cooking oil will be input into that system on a regular basis. In turn, the system will generate reports on the project's progress. At the midpoint of project execution, an independent midterm evaluation will be engaged to help correct any problems and adjust activities. Although no final independent evaluation will be conducted, the outcomes will be systematized by the project's technical team for the seminars and technical publications provided for in the itemized budget.

### III. ALIGNMENT WITH THE IDB GROUP, SCALABILITY, AND RISKS

#### Alignment with the IDB Group

- 3.1 The project overlaps with the objectives of the Bank's Water and Sanitation Division (INE/WSA) for Brazil, in that it contributes to the preservation and remediation of springs while reducing inequity and promoting sustainable economic development in metropolitan areas. Looking ahead, there may also be opportunities to work jointly with the Inter-American Investment Corporation to offer financing to companies that purchase and process biofuel.
- 3.2 The project contributes to meeting the IDB Group's target of doubling its volume of climate change finance by 2020. Pursuant to the methodology agreed upon by the multilateral development banks<sup>7</sup> for reporting the contributions of their climate-change projects, this project is considered 100% climate adaptation finance.
- 3.3 **Coordination with the Proadapt project.** The project's approach and objectives are aligned with the MIF's Proadapt project, developed in association with the NDV (RG-M1223/RG-X1167). Proadapt focuses on supporting business models and knowledge products that facilitate greater resilience to climate change.
- 3.4 **Coordination with the Regional Initiative for Inclusive Recycling (IRR) (RG-M1179).** Approved by the Donors Committee on 4 May 2011 and amended on 15 December 2015, this initiative is a platform for strategic and multisector alliances among the different stakeholders in recycling activities (i.e. public and private sectors, civil society, research and knowledge institutions, and recyclers), with a view to achieving greater scale and impact through specific initiatives. Its objective is to test and disseminate good practices and effective models of economic inclusion for recyclers. A MIF-Fundación AVINA joint initiative, with INE/WSA technical and financial support through the AquaFund, the IRR aims to foster systemic change in three areas: (i) in the economic and social conditions of recyclers and their families, by updating their skills and making their activities more lucrative and safe; (ii) in public policy, by improving the municípios' capacity to work with recyclers and develop inclusive waste management systems; and (iii) in the private sector, by including recyclers in the value chain. This project will coordinate all efforts with the

---

<sup>7</sup> For more information on this methodology, see chapter 2 of the *2015 Joint Report on Multilateral Development Banks' Climate Finance*, available at: <http://www.iadb.org/en/news/news-releases/2016-08-09/mdbs-release-2015-climate-finance-report,11532.html>.

IRR, with which it is perfectly aligned, since it will improve recyclers' income and working conditions by linking the cooperatives to the cooking oil recycling markets, while establishing alliances with municípios and companies, all under the circular economy model perspective.

### **Scalability**

- 3.5 As part of the scalability strategy, the aim is to transfer, to the various cooperative networks in other parts of the country, the methodology for the collection, sale, and filtering of used household cooking oil (to be processed subsequently into biofuel). Moreover, companies that produce vegetable oil will be encouraged to participate by funding the installation of VDPs in other cities of the country, as part of their responsibility with respect to the sector agreement on solid waste.
- 3.6 The intervention of stakeholders such as SABESP ensure scale and sustainability. Activities will be undertaken to generate and disseminate knowledge (publications, events, audiovisual products) in order to transmit the appropriate messages to each of the stakeholders, using the most appropriate channels and instruments in each case.

### **Project risks**

- 3.7 The following risks have been identified: (i) the need for the cooperative networks to establish close collaborative relationships with one another; and (ii) the low price of biodiesel, owing to the country's macroeconomic problems.
- 3.8 The following specific steps have been taken to mitigate these risks: (i) development of flexible execution instruments that make it possible to adjust activities to meet the demands of the involved networks; (ii) signature of an agreement that includes the terms agreed upon between the cooperative networks (i.e. Rede Paulista and CataVale) and Cicla Brasil for the transparency of obligations and rights to participate in the project; and (iii) the possibility for the diversification of products in addition to biodiesel.

## **IV. COST AND FINANCING**

- 4.1 The project's total cost is US\$2,091,026, of which US\$900,000 (43%) will be contributed by the MIF; US\$200,000 (10%) by the NDV in the form of a grant from the Proadapt mechanism (ATN/NV-13706-RG/RG-X1167)<sup>8</sup> for technical assistance; and US\$991,026 (47%) as the local counterpart contribution.<sup>9</sup>

---

<sup>8</sup> Proadapt: Regional Facility on Building Climate Resilience in MSMEs.

<sup>9</sup> Cicla Brasil will receive funding from cooking oil producers, such as Bunge and Cargill, to cofinance the counterpart contribution. The commitment of these companies will be considered a condition precedent to disbursement.

	MIF	Counterpart	NDV/Proadapt	Total
<b>Project components</b>				
Component I: In-depth analysis of the used household cooking oil recycling chain and identification of actions	38,154	6,154	—	44,308
Component II: Improving the collection and storage system logistics of household cooking oil	64,615	326,462	142,769	533,846
Component III: Strengthening the value added and marketing of used household cooking oil	117,846	344,615	9,847	472,308
Component IV: Knowledge generation and communication strategy	55,385	—	10,769	66,154
Execution and supervision	604,000	247,333	36,615	887,948
Ex post reviews and midterm evaluation	20,000			20,000
Contingencies		66,462		66,462
<b>Grand Total</b>	<b>900,000</b>	<b>991,026</b>	<b>200,000</b>	<b>2,091,026</b>
<b>% of Financing</b>	<b>43%</b>	<b>47%</b>	<b>10%</b>	<b>100%</b>

## V. PROJECT PARTNERS AND IMPLEMENTATION STRUCTURE

### Description of the project executing agency

- 5.1 Cicla Brasil will be the executing agency for this project and will sign the agreement with the Bank. Cicla Brasil is an organization that seeks to generate social, economic, and environmental benefits through innovative solutions with a high potential for impact and replicability. It has ample work experience with grassroots recyclers, inclusive businesses, and social enterprises.
- 5.2 Other collaborators:
- Intermediaries and companies participating in the project as purchasers of used cooking oil (Trevo, Giglio, EcoABC, and Instituto Triângulo);
  - Biofuel producers that agree to purchase used cooking oil (Empresa Biolirium);
  - Cooking oil producers that participate by providing financial support for the project (Bunge, Cargill, and ABIOVE);
  - Petrobras (the State-owned oil company), to purchase used cooking oil for biodiesel production; and
  - SABESP.

### Implementation structure and mechanism

- 5.3 Cicla Brasil will form an executing unit and establish the structure necessary to execute the project's activities and efficiently and effectively manage its resources. Cicla Brasil will also be responsible for submitting progress reports on the project's

implementation. A management committee will be formed with representatives of Cicla Brasil, IDB/MIF, and the companies cofinancing the project. This committee will be responsible for formulating the executing unit's action strategy and approving changes to the project's investment plan. The details of the executing unit's structure and the requirements for progress reports are included in Annex V and Annex VI of the technical files for this operation.

- 5.4 Periodic coordination meetings will be held to formulate the action and implementation strategies, as well as bilateral meetings with different stakeholders for any required joint activities. The MIF will support the executing agency in preparing the project and may participate in strategic decision-making for the project.

## **VI. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS**

- 6.1 **Results-based disbursements and fiduciary arrangements.** The executing agency agrees to follow the MIF's standard arrangements concerning results-based disbursements, procurement, and financial management, as specified in Annex V.