

# Policy Coherence in the GEF

A STAP Brief

June 2023

**STAP** SCIENTIFIC AND TECHNICAL  
ADVISORY PANEL  
*An independent group of scientists that advises  
the Global Environment Facility*



## Policy coherence in the GEF: STAP brief

STAP's previous information brief on policy coherence<sup>1</sup> suggested that the GEF's policy coherence objectives should be to ensure that global environmental benefits (GEBs) are not undermined or negated by misaligned policies, or by misaligned investment decisions, both public and private (Table 1, top row).

STAP's new [advisory document](#) provides eight examples of **how the GEF could pursue policy coherence by coordinating across its operational levels – project, program, and portfolio-wide – in pursuit of these objectives.**

Table 1 shows two of these examples.

Column 1 focuses on the finance issue and suggests ways that perverse subsidies can be identified and reduced, followed by examples of ways to assist the private sector in aligning its investments more coherently with environmental outcomes.

Column 2 focuses on policy alignment and ways to address non-environmental policies that drive negative environmental impacts followed by suggestions on how to align subnational, national, and regional policies so they do not conflict

Table 1: Four possible packages of activities to support outcomes under the two policy coherence objectives which could be coordinated across the GEF's operational levels. (See STAP's full Advisory Document for four more examples.)

<p><b>1. To align and mobilize finance to achieve more ambitious levels of GEBs quicker, creating synergies and managing trade-offs through better integrated approaches, drawing on diverse sources of finance (public &amp; private) to incentivize greater investment for GEBs.</b></p>	<p><b>2. To ensure GEBs, once achieved, are not undermined or negated, due to misaligned policies that allow leakage, reduce the durability of the GEBs, or even invest in damaging behaviors.</b></p>	
		<p>➤ Reduce perverse incentives.</p>
<p>Projects ↔ Programs ↔ Portfolio levels</p>	<ul style="list-style-type: none"> <li>• Corporately, the GEF could work with the MEAs to influence countries to redirect perverse incentives and deliver GEBs.</li> <li>• The GEF could fund capacity-building of country focal points to convene cross-government discussions that identify perverse incentives and capture them in a knowledge management and learning system.</li> <li>• Integrated Programs could analyse perverse incentives in their area of focus and coordinate groups of countries to redirect perverse incentives toward positive GEB outcomes through innovation and engagement.</li> <li>• The policy coherence competitive window could develop projects designed to innovate around perverse incentives.</li> <li>• All projects, whether in an Integrated Program or a focal area, could analyse the policy contexts in which they propose to operate to identify perverse incentives that can be mitigated or redirected. Individual projects are unlikely to achieve much, but their screening process will raise awareness of the issue.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporately, the GEF can apply influence to improve the likelihood that recipient nations will demonstrate environment-friendly coherence across their national development policies; for example, by supporting the International Conservation Caucus Foundation.</li> <li>• The GEF could fund capacity-building of country focal points to convene cross-government discussions that encourage coherence and government prioritization of projects for GEF funding that are unlikely to be undermined by policy incoherence.</li> <li>• Integrated Programs could analyse common challenges from incoherent policies in their scope and either avoid investing in projects subject to the policies or promote approaches that improve coherence in the program's area of focus.</li> <li>• Policy coherence funds could be invested in aligned projects aimed specifically at innovating for policy coherence.</li> <li>• All projects, whether in an integrated program or a focal area, could analyse the policy contexts in which they propose to operate, intending to minimise funding in contexts where GEBs are unlikely to endure due to leakage or other negative spillovers.</li> </ul>

## Policy coherence in the GEF: STAP brief

Table 1 (continued).

	➤ Assist the private sector to align its investments coherently with environmental outcomes.	➤ Align subnational, national and regional policies so they do not conflict.
Projects ↔ Programs ↔ Portfolio levels	<ul style="list-style-type: none"> <li>Engage with private sector bodies globally and through the GEF's private sector advisory committees to develop their roles in promoting policy coherence and overcoming undue influence from vested interests.<sup>ii</sup></li> <li>Introduce appropriate metrics and incentivize Environmental, Social, Governance reporting on corporate policy coherence in private sector firms and value chains, such as in Taskforce processes on climate and biodiversity financial disclosures and related policies.</li> <li>Require projects under the NGI program to consider policy coherence around GEB delivery when establishing financial models.</li> <li>GEF projects and programs, including Integrated Programs, that work with the private sector in value chains should engage all actors in ensuring policy coherence in national and supranational policies in support of GEBs.</li> </ul>	<ul style="list-style-type: none"> <li>Implement consistency analysis, required by GEF policy, between global, national and subnational policies /institutional arrangements in project design for key GEBs, supporting this with capacity building through the country engagement strategy.</li> <li>Corporately or through programs, the GEF should promote regional approaches that encourage frameworks for policy coherence across governance levels in natural country groupings based on geography or landscapes (e.g., peatlands, Amazon Basin, cocoa value chain).</li> <li>Programs and projects should explicitly analyze and include stakeholder input at local scales, ensuring the inclusion of stakeholders impacted by changes.</li> <li>Projects supporting national land use planning should emphasize strong participatory processes that engage stakeholders across governance levels, allowing for changing beneficiary patterns across scales.</li> </ul>

### Analysing policy coherence

**Considerable work has been done in applying frameworks to analyse current levels of policy coherence for specific sectors, particularly at the national level. Lessons from this work can be operationalised at program and even project levels, to improve understanding of the policy landscape and to consider how to respond to incoherencies.**

For example, the GEF could examine the relationship between policies at the same level of governance, or 'horizontally' e.g., how improved community forest regulations positively or negatively affect forest management practices and income generation. As well, GEF should look 'vertically' (i.e. the relationship across different spatial scales of governance from local to global) to consider how international environmental agreements on forest, biodiversity or climate change conflict or synergize with national or local forest management practices and income-earning opportunities. The Nilsson et al. (2012) framework can help with these evaluations.<sup>iii</sup>

Coordinating support for policy coherence across the GEF's operational levels will enable the GEF to respond to misaligned investments that could undermine GEB durability, while simultaneously contributing to global policy coherence in ways conducive to achieving MEA goals.

### Addressing policy coherence

The GEF could help countries tackle policy incoherence by fostering project or program interventions that encourage policy repurposing. For example, to address emissions from agriculture, which could double by 2040 if current policies are kept in place, the World Bank<sup>iv</sup> is striving to improve food systems by fundamentally changing agricultural incentives and policies. The World Bank's goal is based on an analysis demonstrating how different scenarios of repurposing agricultural support can raise agricultural productivity by 30 percent and reduce greenhouse gas emissions by 30 percent (other scenarios were also tested).

## Policy coherence in the GEF: STAP brief

The GEF could pilot repurposing in its projects, and in the Integrated Programs, by providing incentives for technologies and approaches that help maintain or increase agricultural productivity while reducing greenhouse gas emissions and delivering additional GEBs and co-benefits.

In addition to analyzing the state of policy coherence and avoiding misaligned policies, and expenditure and investment decisions which undermine GEBs, there may be **opportunities for the GEF projects to engage in the policy cycle to improve policy coherence**. For example, on a thematic area such as mercury or land degradation at a national or transnational level (e.g., biome or value chain), or it could participate in a more generic national or global analysis of policies with environmental implications.

The Kunming-Montreal Global Biodiversity Framework (GBF) adopted at COP15 includes two targets particularly relevant to policy coherence: target 14 on integrating biodiversity into policies etc., across all levels of government and in all sectors; and target 18 on eliminating, phasing out or reforming incentives including subsidies harmful for biodiversity. These targets would require a programmatic approach to analysing and monitoring the effects of a full set of policy changes.

**Annex A highlights diverse policy coherence issues raised by the Integrated Programs.** For example, policy coherence can be a vehicle to mainstream nature-positive production systems across levels of government, including addressing perverse incentives and subsidies, and this is generally facilitated by the establishment of systems that value natural capital.

**Recommendation 1: the GEF should articulate an explicit strategy for coordinating approaches to policy coherence across its operations, drawing on the approach in GEF/C.64/09 “Enhancing Policy Coherence through GEF Operations”, this brief and STAP’s Advisory Document on Policy Coherence.**

**Recommendation 2: the GEF should support countries in developing policy coherence, within and between sectors, through the Country Engagement Strategy (CES) and National Dialogues, including by building knowledge, capacity, and learning.**

The GEF National Dialogues bring together relevant national stakeholders to discuss GEF programming and promote policy coherence, by strengthening national strategy and policy formulation across government ministries, such as environment and natural resources, energy, industry, agriculture and rural development, economy, and planning. Policy coherence will strengthen collaborative partnerships across the GEF, bringing together diverse actors from government officials to civil society and the private sector. The impact on these Dialogues could be increased by actively seeking coordination across all GEF investment in a country to look for synergies, and manage any trade-offs, for example, by funding analyses of the current level of policy coherence, and by identifying how to monitor policy coherence at the national and subnational levels.

**Recommendation 3: the GEF could encourage groups of countries facing similar challenges about the effects of policy incoherence on GEBs to work together, for example, in an integrated program, or focal area.**

Aligning policies to deliver positive change is challenging and requires meaningful and deep collaboration with different types of actors. It also requires time and persistence, potentially across several GEF replenishment cycles. The GEF could bring together groups of countries with similar policy coherence problems affecting GEF investments at a program or focal area level, and create opportunities for cooperation on policy coherence, leading to better integrated planning and more durable project outcomes.

## Policy coherence in the GEF: STAP brief

Recommendation 4: the GEF should apply five criteria to review proposals in the new competitive **window for policy coherence**, and ensure that projects have monitoring systems which will enable resulting lessons and knowledge to be shared.

The five criteria are:

- early engagement with relevant partnerships and links made to other GEF activities in the country;
- appraisal of vertical, horizontal, and temporal policy coherence at the PIF stage, with the interactions between them analyzed, and actions to support coherence articulated;
- a theory of change that articulates the relationship between policy coherence and enduring GEBs outcomes, and how the proposed actions will support them;

- explanation of how project innovation helps advancing experience and learning on key assumptions in the theory of change; and
- concrete plans to measure and assess policy coherence, and advance knowledge and learning about policy coherence.

The competitive window could be used to test approaches to analysing sectoral or national policy coherence, exploring ways to engage with the policy cycle to improve coherence, and developing useful and efficient monitoring systems.

All of these ideas are explained more fully in the Jun 2023 STAP Advisory Document, *Policy Coherence in the GEF*.

---

### Endnotes

- Stafford Smith *et al.* (2022). [Framing Policy Coherence for the GEF](#). A STAP Information Brief. Washington, DC.
- The guidance notes on OECD and UNDP (2021)'s [Impact standards for financing sustainable development](#) are relevant here.
- Nilsson *et al.* (2012). [Understanding Policy Coherence](#): Analytical Framework and Examples of Sector-Environment Policy Interactions in the EU. *Envir.Pol.Gov.* 22, 395-423. These approaches are further detailed in STAP's (2023) Advisory Document.
- Gautam *et al.* (2022). [Repurposing Agricultural Policies and Support](#): Options to Transform Agriculture and Food Systems to Better Serve the Health of People, Economies, and the Planet. World Bank and IFPRI, Washington, DC.

## Policy coherence in the GEF: STAP brief

### Annex A: Policy coherence in GEF-8 Integrated Programs

The following references to policy coherence in relation to the GEF-8 Integrated Programs were extracted verbatim from their descriptions in the *GEF-8 Programming Directions*. The proposed interventions on policy coherence continue to be elaborated during ongoing development of the Integrated Programs, but their implementation was not yet finalized at the time of this document's preparation. Unlisted Integrated Programs had no explicit mention of policy coherence in the *Programming Directions* document.

Integrated Program	Interventions on policy coherence described in <i>GEF-8 Programming Directions</i>
Food Systems	Support national and subnational governments to engage across public agencies to incorporate nature-positive production systems into their national development plans and strategies for climate, biodiversity, and land degradation. In parallel, policy changes should better assess, account and value the natural capital, and shift financial flows away from perverse subsidies and nature-degrading investments toward nature positive investments.
Ecosystem Restoration	Promote policy coherence and provide advisory support for sectoral integration at national and subnational level, including the elimination of harmful subsidies in the agricultural sector.
Sustainable Cities	Focus on themes of global importance to sustainable cities, including technology innovation, policy coherence for net zero emissions in the built environment, urban Nature-based Solutions, models for circularity pathways and application of spatial data and digital technologies.
Amazon, Congo, and Critical Forest Biomes	Strengthen multi-scale and multi-stakeholder governance and law enforcement for increased policy coherence to conserve and sustainably manage forests and eliminate perverse subsidies.
Circular Solutions to Plastic Pollution	Prioritize policy coherence across government agencies to ensure that measures to reduce plastic pollution are not negated by contradictory policies. Ensuring policy coherence will require a thorough review of government policies and strong interagency communication, collaboration, and negotiation.
Blue and Green Islands	Use data from the valuation of natural capital to facilitate the integration of sectoral policies at sub-regional, national, and local levels. Engagement across governance levels will also be encouraged for land use/coastal zone planning and policy reforms.
Net-Zero Nature-Positive Accelerator	Policy coherence and elimination of subsidies to non-Paris aligned technologies or practices will be central to accelerate nature positive, net-zero results. These efforts may include support for the econometric analyses of scenarios to reform fiscal spending and subsidies in the agriculture, energy, and transport sectors, amongst others.
Elimination of Hazardous Chemicals from Supply Chains	Harmonize policy incentives to drive innovation across the supply chain and that support business-to-business partnerships and financial incentives. (*Objective 1 - Policy Coherence for the Management of Sustainable Supply Chains)
Greening Transportation Infrastructure Development	Strengthen integrated, multisectoral, and participatory upstream planning and design. The aim will be to create and apply systems for multisectoral, stakeholder-based upstream planning to identify transportation infrastructure service needs at the national and subnational landscape/seascape scale and over long-term horizons, along with priority areas of investment in nature to provide ecological services.

Source: [GEF-8 Programming Directions](#)