

Backgrounder

Biodiversity; Climate change

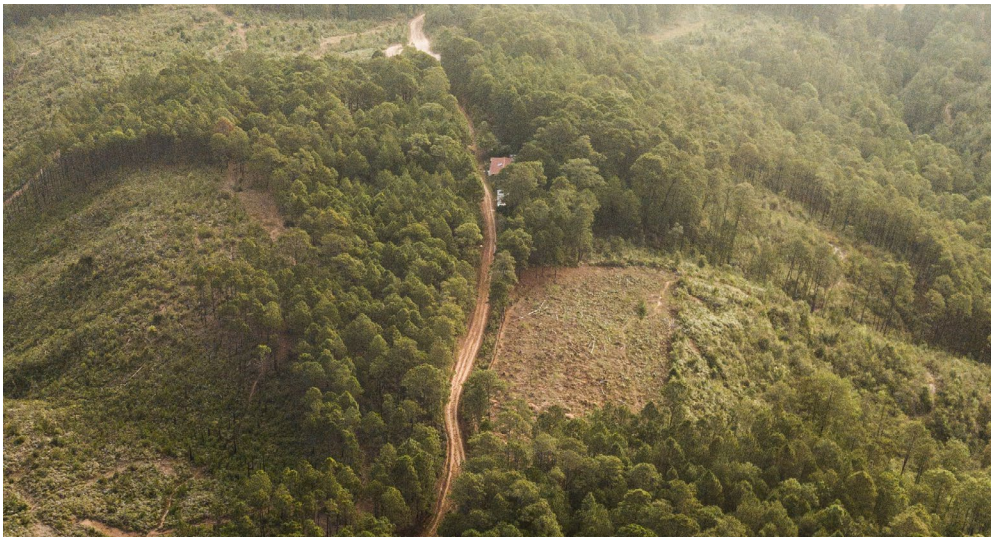
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Applying the concept of ‘loss and damage’ to biodiversity loss

Biodiversity loss has negative impacts on livelihoods. But who is responsible and who should pay?

Climate change inflicts a wide range of negative impacts — losses and damages — on people. Climate hazards such as floods, droughts and other extreme weather events are occurring with increasing intensity and frequency as a result of climate change, and the damages they inflict are also increasing. The scale and significance of these impacts vary depending on various interlinked contextual factors, including the level of physical exposure to climate hazards and the socioeconomic status of the communities impacted. One common factor though, is that the impacts are felt disproportionately more by countries and communities across the global South. These countries have argued for many years that rich countries should take

responsibility for greenhouse gas emissions, with the principles of ‘common but differentiated responsibility’ emerging at the Rio ‘Earth Summit’ in 1992, and issues around compensation for climate-related losses and damages highlighted in the lead-up to the 2009 climate conference (COP15). In 2022, Parties to the UNFCCC finally agreed to establish new “funding arrangements for responding to loss and damage associated with the adverse effects of climate change”,¹ and the first financial pledges were made at COP28.

In the context of climate change, losses and damages are generally categorised as economic (loss of resources, goods and

KEY TERMS

- **Loss and damage:** “the actual and/or potential manifestation of impacts associated with climate change in developing countries that negatively affect human and natural systems” (UNFCCC).

KEY SPACES

- **UNFCCC:** the United Nations Framework Convention on Climate Change — the international treaty signed by 197 nations that sets out the framework for efforts to combat climate change
- **CBD:** the Convention on Biological Diversity — the international legal instrument for “the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilisation of genetic resources”, which has been ratified by 196 countries.

WHY IT IS IMPORTANT

At COP27, a new landmark agreement was reached on the establishment of a new loss and damage fund. On the first day of COP28, delegates approved recommendations for operating the fund and made initial financial pledges. Loss of biodiversity and ecosystem services is one form of loss and damage from climate change. Biodiversity loss is mainly driven by land conversion and over-exploitation. This is often characterised by unsustainable consumption in the global North, resulting in negative impacts on biodiversity in the global South, with knock-on impacts on local people who depend on that biodiversity. Currently, there is no mechanism that acknowledges and addresses this injustice. A Global Biodiversity Framework Fund was agreed at the

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services that are commonly traded in markets and thus can be quantified and valued) and non-economic (not traded in markets and therefore difficult to quantify and value).² Loss of biodiversity is considered a type of non-economic loss and damage (as is cultural heritage, often linked to biodiversity). This recognition means that biodiversity loss could, in principle, be considered eligible for loss and damage payments — once funding decisions are agreed.³

Despite the impacts that climate change has on biodiversity, the main drivers of biodiversity loss are habitat loss and degradation as well as over-exploitation.³ Losses and damages from these non-climatic drivers would not be eligible for reparations under the climate-linked loss and damage fund. Yet these impacts are significant, particularly for poor and marginalised people who often depend directly on natural resources and the services nature provides to meet their immediate livelihood needs.

Both climate- and non-climate-related losses and damages linked to biodiversity loss include reduced crop productivity, reduced food and nutritional security, reduced bio-trade opportunities, loss of cultural values, loss of traditional knowledge, increased vulnerability to disease and illness, and increased vulnerability to climate change impacts.⁴

Just as emissions from rich countries are a key driver of climate change, commodity consumption in rich countries is a key driver of biodiversity loss — in both cases, the worst impacts are felt in developing countries. As one commentator notes: “developed countries are major net importers of embodied biodiversity loss, associated with commodities coming from developing countries.”⁵ For example, UK consumption of crop, cattle-related and timber commodities in 2018 was associated with an estimated 35,977 hectares of tropical deforestation.⁶ Commodity-linked biodiversity loss can, and does, result in negative impacts for people in the global South. For example, fishing by EU countries off the coast of West Africa has resulted in increased poverty, unemployment, social stress and declining health in the local communities reliant on fish for income and food.⁷ Similarly, forest loss in Latin America has decreased the availability of forest resources and, as such, limited income opportunities, as well as access to energy sources and cultural values.⁸

Of course, unlike climate change where poorer, low-emitting countries are often unwitting recipients of damaging impacts,

commodity trade generally entails voluntary agreements between two countries. Indeed, such trade deals can fuel national and local economic development and may be embraced by governments and individual producers alike. It could be argued, therefore, that there is no injustice. This argument, however, would risk overlooking complex historical legacies marked by global colonialism, exploitation, and enduring economic and political power imbalances. More specifically, consideration must be given to the power imbalances at play in terms of unequal negotiating power between richer and poorer countries (particularly where the latter need to prioritise economic development opportunities and foreign investment)⁹ and between powerful commercial interests and small-scale farmers or fishers. These imbalances, which often originate in historic colonial relationships and become entrenched in neo-colonial financial dependency, leave Southern countries — and particularly poor people within them — at a disadvantage. Injustice is, therefore, just as much at play in the context of biodiversity loss as it is for climate change. The issue is, who should pay for such injustice? And how?

Looking ahead

It seems that there is huge potential for some of the damages associated with biodiversity loss to be addressed through the climate loss and damage fund. What addressing these losses will actually look like in practice can and should be determined by the Indigenous Peoples and local communities directly impacted by them. For losses and damages not associated with climate change, we argue that there is a case for a ‘consumer pays’ principle, whereby richer countries should effectively pay compensation for the damage associated with their consumption. The mechanics of this would need detailed discussion, but there is much to be learnt from the new loss and damage fund. A starting point is more debate about the justice issues associated with biodiversity loss and greater recognition of unsustainable consumption as one of the key drivers of that loss.



Knowledge Products

The International Institute for Environment and Development (IIED) promotes sustainable development, linking local priorities to global challenges.

UN biodiversity summit in 2022 to finance actions to halt and reverse biodiversity loss — but it doesn't include provisions to compensate for the impacts of biodiversity loss. Not only is it crucial that the loss and damage fund adequately addresses the loss and damage to biodiversity and ecosystem services caused by climate change, but an additional mechanism may be required to address the loss that occurs from unsustainable consumption.

¹ UNFCCC (2022) Decision -/CP.27 -/CMA.4. <https://bit.ly/3NnBGGY>

² UNFCCC (2013) Non-economic losses in the context of the work programme on loss and damage. <https://unfccc.int/resource/docs/2013/tp/02.pdf>

³ Addison, S, Bharadwaj, R, Carthy, A, Gallagher, C, More, C, Nisi, N and Shakya, C (2022) Addressing loss and damage: practical insights for tackling multidimensional risks in LDCs and SIDs. IIED, London.

⁴ Roe, D, Seddon, N, and Elliot, J (2019) Biodiversity loss is a development issue. IIED, London.

⁵ Crenna, E, Sinkko, T and Sala, S (2019) Biodiversity impacts due to food consumption in Europe. *Journal of Cleaner Production*, 227, 378–391. <https://doi.org/10.1016/j.jclepro.2019.04.054>

⁶ GOV.UK, 17 Global Impacts of UK Consumption. <https://bit.ly/3Tf7KR2>

⁷ Jonsson, JH (2019) Overfishing social problems and ecosocial sustainability in Senegalese fishing communities. *Journal of Community Practice*, 27(3–4), 213–230.

⁸ Dreoni, I, Schaafsma, M and Matthews, Z (2021) The Social Impacts of Soy Production: A Systematic Review. UKRI GCRF TRADE Hub. <https://bit.ly/41g12wW>

⁹ Mills, E and Alexandersen, A (2017) EU Fisheries Agreements: Cheap Fish for a High Price. Transnational Institute.

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FIND OUT MORE

Our work on biodiversity loss and damage is being undertaken as part of the Nature Concepts project run by IIED's biodiversity and climate change teams. Find out more about our work at: www.iied.org/addressing-nature-loss-damage-due-climate-consumption