



Nature, loss and damage, and unsustainable consumption

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Online event

Event Report

Who pays the price for the loss and damage of nature?

A dialogue on the role of unsustainable consumption

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About the event

For more information about this report, or the Addressing nature loss and damage due to climate and consumption project, visit www.iied.org/addressing-nature-loss-damage-due-climate-consumption, or contact: Dilys Roe, dilys.roe@iied.org

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Background and Overview

What is loss and damage?

Although there is no formal definition of the term loss and damage, in the context of climate change, the working definition used by the United Nations Framework Convention on Climate Change (UNFCCC) describes it as, “the actual and/or potential manifestation of impacts associated with climate change in developing countries that negatively affect human and natural systems”ⁱ. However, others have proposed more specific definitions that include the idea of ‘limits to adaptation’. In these definitions, loss and damage refers to the adverse consequences of climate change that go beyond what people can adapt to. These limits can be ‘soft’ or ‘hard’ⁱⁱ:

Hard adaptation limits are largely associated with physical limitations of a species, ecosystem, location, or piece of infrastructure that represent the point where no action is possible to avoid impacts.

Soft adaptation limits tend to be those where social, economic, technical, and political factors make certain adaptation options unavailable — some options may exist, but a community may not have the resources to access or utilise them.

Losses and damages are unequally distributed. Developing countries, as well as vulnerable, low-income groups, tend to be those most affected by loss and damage with intersections of age, gender, socioeconomic class, disability, migratory status, religion, sexual orientation, ethnicity, and race all shaping differential impacts and losses.

Loss and damage can be both economic and non-economic. Economic loss and damage refer to the loss or damage of resources, goods and services that are commonly traded in markets and thus can be quantified and valued. Examples of economic loss and damage may include damage to crops, homes, or infrastructure. Non-economic loss and damage refers to losses and damages that are not traded in markets and are therefore difficult to quantify and valueⁱⁱⁱ. Non-economic loss and damage may include loss of and damage to biodiversity and ecosystems as well as (and often intertwined with biodiversity) loss of cultural heritage and of indigenous and local knowledge.

Overconsumption and Biodiversity

In recent years, the global discourse on environmental conservation has highlighted the critical issue of overconsumption in the Global North and its detrimental impacts on biodiversity worldwide. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) Global Assessment published in 2019 highlighted over-exploitation and land use change as two key drivers of biodiversity loss^{iv}, both of which are in turn driven by consumption. The production of meat, coffee, cocoa, palm oil, coconut, timber, and rubber has been linked to vast land use and land transformation^v. While many of these are grown in countries across the global South, they are most commonly bound for countries in Europe, North America, and East Asia.

International trade coupled with rising demand can play a central role in biodiversity loss. Studies have shown that local threats to species are driven by economic activity and consumer demand across the world. At a more aggregated level, Europe, North America, and Japan import far more biodiversity loss than they export. Approximately half of the exported losses from environmental pressures in Africa are the result of European consumption. UK consumption of certain commodities in 2018 was linked to approximately 35,977 hectares of tropical deforestation^{vii}. The overexploitation of aquatic ecosystems by EU fleets in West Africa, driven by consumer demand, has led to significant biodiversity loss. This means that much of the biodiversity loss in the Global South is driven by production for export rather than local consumption needs. This loss significantly impacts local communities across the Global South, undermining livelihoods, food security, and cultural heritage. To illustrate this, 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^{viii}.

Discussion around environmental and climate justice that has come to the forefront this past decade underscores the necessity for equitable solutions that address the root causes of biodiversity loss, acknowledge the disproportionate impact of overconsumption on biodiversity and local communities, and

ensure that those most affected by this environmental degradation are compensated and supported, particularly when facing losses and damages that are beyond rehabilitation.

Exploring a way forward for loss and damage and biodiversity

On the first day of UNFCCC COP28, delegates approved recommendations for operating the loss and damage fund and made initial financial pledges. Loss of biodiversity and ecosystem services is one form of loss and damage from climate change. However, as noted above, biodiversity loss is currently mainly driven by land conversion and over-exploitation which is often driven 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. Unlike climate change, where poorer, low-emitting countries often suffer involuntarily from its impacts, the economic activities driving biodiversity loss typically involve voluntary trade and development agreements that ostensibly benefit local economies. Yet, this perspective fails to account for the deep-rooted historical and neocolonial injustices that skew these agreements in favour of more powerful nations and their commercial interests, leaving countries in the South, especially their poorest populations, at a systemic disadvantage.

Currently, no mechanism acknowledges and addresses this injustice, with the UNFCCC loss and damage fund only accounting for climate-linked biodiversity loss. The Global Biodiversity Framework Fund was agreed upon at the UN Biodiversity Summit in 2022 to finance actions to halt and reverse biodiversity loss — but it does not include provisions to compensate for the impacts of biodiversity loss. It is critical that the UNFCCC loss and damage fund adequately addresses the loss and damage to biodiversity and ecosystem services caused by climate change. But, in addition, a new mechanism should be considered to address the loss that occurs from non-climate drivers fuelled by unsustainable consumption, acknowledging the unequal power dynamics and historical exploitation that exacerbate such losses.

For more detail about this initial thinking, see IIED's backgrounder "[Applying the concept of 'loss and damage' to biodiversity loss](#)"

Dialogue Objective and Aim

This dialogue was hosted by IIED and was intended to bring together various stakeholders and thought leaders who have an interest in loss and damage and/or trade and consumption patterns and/or environmental justice to discuss the concept of loss and damage in the context of biodiversity loss linked to overconsumption. We were interested in brainstorming potential options for compensating and supporting local communities who are directly impacted by these losses and damages.

Informed by recent international agreements and frameworks, and acknowledging the complex interplay between loss and damage, biodiversity loss, and international trade, the following questions were posed to participants.

1. *Does the principle of addressing loss and damage of biodiversity - beyond that inflicted by climate change – make sense? I.e. is there a case to be made?*
2. *Have there been any efforts to effectively quantify the impact of overconsumption in the Global North on biodiversity in the Global South, and what are the challenges in doing so?*
3. *In what ways can trade agreements, value chains, and international policies be reformed to reduce the demand that drives overexploitation of natural resources in the Global South? What's already working?*
4. *Could a financial mechanism be developed to ensure fair and adequate compensation for local communities suffering the economic consequences of biodiversity loss, considering the current gaps in international funding arrangements? If so, what would it look like – specifically, who would pay, who would be paid, and how much? And what non-monetary measures can support communities to absorb or recover from loss and damage of biodiversity?*
5. *What can we learn from debates and processes around loss and damage associated with climate change?*
6. *At what policy forums could this issue be taken forward? Is there a role at COP16?*

Dialogue Participants

The dialogue was attended by 33 participants in total. A wide variety of stakeholders from across the nature, economics, loss and damage, policy, practitioner, and finance landscapes were invited to attend the dialogue to share their perspectives, opinions, expertise, experience, and ideas on this topic. Below is a list of all dialogue participants.

Name	Affiliation
Michai Robertson	Overseas Development Institute (ODI)
Ebony Holland	International Institute for Environment and Development (IIED)
Jonathan Green	Stockholm Environment Institute (SEI)
Christopher West	Stockholm Environment Institute (SEI)
Emily Boyd	Lund University Centre for Sustainability Studies
Marianne de Beer	International Union for Conservation of Nature (IUCN)
Jelle Behagel	Wageningen University Forest and Nature Conservation Policy Group
Colin McQuistan	Practical Action
Giulia Carbone	World Business Council For Sustainable Development (WBCSD)
Zhongxiao Sun	China Agricultural University
Shivin Kohli	World Economic Forum (WEF)
Hamady Diop	Freelance Fisheries Economist with DnS Consulting
Braddock Spear	Sustainable Fisheries Partnership
America Paz Duran	Universidad Austral de Chile Institute of Ecology and Biodiversity
Ife Okafor-Yarwood	University of St. Andrews School of Geography and Sustainable Development
Alexandra Heal	Financial Times
Beatrice Gorez	Coalition for Fair Fisheries Arrangements (CFFA)
Jean Henry Tsogo Awona	Green Development Advocates
Stephane Tchakounte	Green Development Advocates
Cordula Epple	The UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC)
Laura Kelly	International Institute for Environment and Development (IIED)
Lorenzo Cotula	International Institute for Environment and Development (IIED)
Nicola Sorsby	International Institute for Environment and Development (IIED)
Paule Steele	International Institute for Environment and Development (IIED)
Eric Bisil	International Institute for Environment and Development (IIED)
Thierry Berger	International Institute for Environment and Development (IIED)
Nathania Jacobs	International Institute for Environment and Development (IIED)
Samiya Selim	University of Liberal Arts Bangladesh Centre for Sustainable Development
Maxim Vergeichik	The United Nations Development Programme (UNDP)
Heleen Van den Hombergh	International Institute for Conservation of Nature (IUCN)
Minnie Degawan	Kankanaey-Igorot

Dialogue Summary and Key Findings

Principal Insights for Question 1

Does the principle of addressing loss and damage of biodiversity - beyond that inflicted by climate change – make sense? I.e. is there a case to be made?

Overall, participants felt that the principles of addressing loss and damage of biodiversity beyond climate change made sense and there was a case to be made and taken forward. One participant noted that the impacts of biodiversity loss on Indigenous People and local communities (IPs&LCs) are clear to see – and have been for decades - but that discussions around how to address this are few and far between. The drivers of biodiversity loss extend far beyond climate change and the links with over and unequal consumption – and the industrial development associated with that – are clear. It was suggested that if we are aiming for a more equitable world, we need to confront this. It was also proposed that we need more acknowledgement that rich nations have offshored a lot of their impacts (creating a disconnect between where consumption and production are happening) and that this is critical as a starting point for discussion around loss and damage for biodiversity. Participants agreed that from a conceptual and a moral standpoint, there is little difference between loss and damage for climate and loss and damage for biodiversity, with issues of justice underpinning both. Of course, looking at the loss and damage of biodiversity as linked to over and unsustainable consumption does not come without its challenges and complexities. Some of the challenges and complexities that participants mentioned were:

- **Allocating moral and financial responsibility.** It was acknowledged that injustice certainly underpins much of the biodiversity and ecosystem loss and damage that we see today and that it is important to understand how historical injustices have played their part in the past and continue to play their part today. However, it can be challenging to identify who has a moral obligation to whom for biodiversity loss, compared with climate change. For example, although it is true that power differentials mean that countries may not be in a good position to negotiate equitable trade agreements, there are still avenues available to them to minimise associated biodiversity loss and damage (e.g. national legislation, standards, issuing of permits) – perhaps more so than there is with climate change. In addition to this, value chains are complex, and allocating responsibility between producers and consumers is not straightforward. Producers exert the impacts and control production methods, but consumer choice and demand drive production, so responsibility may lie with both camps and may hence have to be shared between them. There are also other actors such as the financial institutions that bankroll investments that would otherwise not be viable, the big seed companies that are often behind agricultural expansion, and so on. Thus, while the concept of “consumer pays” makes sense, the question of who a consumer and who a producer is, is not straightforward. Furthermore, where perhaps historically drivers of deforestation in the Global South were driven by the Global North, there is now much more South-South trade and consumption. Domestic consumption and regional trade can be primary drivers of biodiversity loss in just the same way that international trade is.
- **History, baselines, and measurements.** Another issue raised was that not only should historic power injustices be taken into account, but also historic impacts. The concept of “bending the curve of biodiversity loss” implies the need to restore biodiversity to a historic level – not to take today as the baseline. But again, fixing the damage that has been done in the past is difficult. There are some examples where industries have addressed their legacy impacts, but these are few and far between. Furthermore, while these initiatives may restore the lost biodiversity, they do not necessarily consider the impact of those losses on people. It was also highlighted that while the metrics for measuring climate change (tons of carbon) are easier than for biodiversity loss, the impacts of climate change occur far from the point of emission whereas the impacts of biodiversity loss are local meaning there is an opportunity for more direct calculations, as well as direct lines of responsibility.

- **Fungibility.** Participants also raised the issue of fungibility—one participant suggested that climate change impacts are much more fungible than biodiversity. This would raise problems associated with how we determine appropriate compensation for biodiversity loss since there is no compensation for intrinsic biodiversity values.

Principal Insights for Question 2

Have there been any efforts to effectively quantify the impact of over-consumption in the Global North on biodiversity in the Global South, and what are the challenges in doing so?

Overall, the discussion revealed that while there have been attempts to quantify the impact of over-consumption in the Global North on biodiversity in the Global South, these efforts face substantial challenges. The difficulty lies in defining 'over-consumption', measuring the diverse forms of environmental impact, and addressing the complex global supply chains that obscure direct and indirect effects on biodiversity. Despite these obstacles, partial analyses and specific methodologies offer avenues for understanding and mitigating some impacts, underlining the importance of nuanced, targeted approaches over seeking a singular global impact metric. These efforts highlight the critical need for continued exploration and adaptation of strategies to effectively address the nuanced and interlinked challenges of overconsumption and biodiversity loss. To push ahead in any case, adequate and up-to-date data is always critical—may that be qualitative or quantitative data. Accordingly, emphasis should be placed on gathering adequate data, while also acknowledging that inaction should not be justified by insufficient data, and that decisive measures can be implemented even with imperfect information.

- **Defining and understanding “over-consumption”.** Participants explored the difficulties in defining 'over-consumption', 'unsustainable consumption' and their broader environmental consequences, suggesting a need to look beyond just biodiversity loss to encompass a wider spectrum of environmental degradation. For example, one participant highlighted that “over-consumption” was particularly hard to define in the context of fisheries in that some fisheries value chains lead to biodiversity loss regardless of the levels of consumption. For example, small pelagic species caught off the coast of West Africa by fishing fleets are often not consumed directly but are processed into fishmeal, which then is shipped to Norway as food stock for salmon farms and only then ends up on European Union (EU) consumer plates. Reducing the impacts of biodiversity loss in this case means reducing the consumption of farmed salmon in the EU, not the local consumption of fish in West Africa.
- **Understanding “impact”.** It was highlighted that there are simply too many forms of “impact” that could be measured for there to be one global number on biodiversity loss. The Future of Nature and Business report in 2020 came close with an impact mapping on threatened species, but methodologically it is very challenging. Overall, however, aligned with the challenges in climate change and attribution, the pursuit of a global or macro-numbers on impact should not come in the way of real action that can be pursued.
- **Existing tools, methodologies, and resources.** Some useful tools and resources do exist. Life Cycle Assessment is one methodology that has been used to evaluate the impacts of trade, land use and other factors on biodiversity (see for example, this [publication](#) on a biodiversity impact assessment considering land use intensities and fragmentation as well as this [publication](#) considering global human consumption and its threats to key biodiversity areas). There are also resources available to understand specific impacts – for example, [Trase](#), which looks at deforestation risk from commodity supply chains. Natural capital accounting can also help. One participant mentioned that their organisation has begun a partial analysis of the impact of shrimp production (particularly in Asia and Southeast Asia) by looking at mangrove cover and land use changes over time. The useful factor here is that international conventions on shrimp farming go as far back as the 1970's resulting in lots of information on the associated damage. This means that the current supply chain can fix its approach based on this quantification of historical damage.

Principal Insights for Question 3

In what ways can trade agreements, value chains, and international policies be reformed to reduce the demand that drives the over-exploitation of natural resources in the Global South? What's already working?

Participants highlighted that reforming trade agreements, value chains, and international policies to reduce the over-exploitation of natural resources requires a multifaceted approach. While promising initiatives and regulatory steps are being taken, such as the EU Regulation on Deforestation-Free Products, challenges remain, particularly in terms of inclusivity and effectiveness. It was suggested that future reforms should prioritise collaborative development with producer countries, incorporate more comprehensive and inclusive sustainability assessments, and ensure that policies are not only focused on conservation but also address the actual losses and damages occurring. Moreover, it was noted that the engagement and empowerment of Indigenous Peoples and Local Communities (IPs&LCs) would be critical to developing sustainable and equitable solutions. These strategies together could form a more cohesive and effective approach to mitigating the environmental impacts of global trade.

- **Incorporating sustainability in trade agreements.** It was highlighted that EU trade agreements already include sustainability impact assessments as a guardrail against environmental outsourcing. However, they have mainly been undertaken by external consultants and key stakeholders while communities in-country are often not consulted, indicating a need for more inclusive and comprehensive evaluations. One participant noted that the coverage of deforestation in the UK's recent trade risk assessments was very poor ("a cut and paste job").
- **Limitations of trade agreements as transformative tools.** The EU-Mercosur trade agreement example illustrated that such agreements might have limited effectiveness in altering trade patterns that contribute to environmental degradation, suggesting the need for more targeted measures. More specifically, the EU-Mercosur agreement is likely to have very little impact on soy trade (which is already tariff-free or low tariff) and it is not likely that the EU will increase beef imports to a large degree, so the trade agreement will probably have limited impact on the two key drivers of land conversion.
- **The importance of cooperative international policy development.** The EU Regulation on Deforestation-Free Products represents a proactive step towards mitigating trade-driven deforestation but has faced criticism for not being developed in collaboration with producer countries. This has resulted in protests from some communities (for example in Cameroon) who bear the brunt of cost in terms of changes to their production. Some countries such as Indonesia and Malaysia have taken the issue to WTO. Participants noted that there was a missed opportunity to redirect government-to-government (G2G) and business-to-government-to-business (B2G2B) finance towards sustainable production of tropical forest commodities, although [an EU facility has recently been announced to provide support](#). There are also commodity-specific facilities such as the [responsible commodities facility for soy](#).
- **The United Kingdom's Forest Import Regulations.** It was suggested that the UK approach puts the onus on companies to conduct due diligence and ensure forest imports do not come from illegal sources. However, the responsibility to define what is considered legal falls on the exporting country. Additionally, it was noted that the UK's regulations do not cover every type of commodity. Participants highlighted that this shows that simply putting a regulation in place is not necessarily effective and that a voluntary approach may be better. However, there is still an important role for regulation to ensure impacts are measured, reported on, valued, and therefore, managed. One participant noted that what is required is, in fact, multiple policies complemented by voluntary action.
- **Opportunities in Official Development Assistance (ODA).** Despite the challenges, participants discussed the potential of the European Union's Deforestation Regulation (EUDR) and other initiatives to address trade-related biodiversity impacts, exploring the role of ODA funding in reducing tariffs for sustainable commodities.
- **The importance of knowing where 'limits for use' lie.** Concerning policies, one participant noted that the current international arena in which the EU operates and engages with biodiversity loss such as the deforestation facility is from a standpoint of conservation—mitigating deforestation and promoting sustainable land use. Loss and damage, however, is about

governing the actual losses and damages that occur and understanding where limits to adaptation for ecosystems lie to set clear limits for use, as well as thresholds beyond which sustainable use is not possible. Establishing these limits can help in making informed decisions about what activities are permissible within these boundaries to ensure the long-term viability of ecosystems while governing the actual losses and damages that occur despite these mitigation strategies can help look at the actual drivers of biodiversity loss.

- **Meaningfully engaging Indigenous Peoples and Local Communities.** Some participants pointed out the limited historical and current participation and involvement of IPs&LCs actually facing the impacts of these losses and damage. One participant noted the importance of remembering that global South governments entered into these trade agreements in the colonial or immediately post-colonial era and that local communities were not consulted when this occurred. Today, many local communities do not have equitable or easy access to the information or technology necessary to understand (and thus meaningfully engage) with what is being discussed in these trade agreements, policy adjustments, or bilateral and multilateral discussions. Thus, some more fundamental first steps to consider are rights recognition from global South governments to, for example, indigenous peoples as well as access to information on policies, agreements, and their adjustments.

Principal Insights for Question 4

Could a financial mechanism be developed to ensure fair and adequate compensation for local communities suffering the economic consequences of biodiversity loss, considering the current gaps in international funding arrangements? If so, what would it look like – specifically, who would pay, who would be paid, and how much? And what non-monetary measures can support communities to absorb or recover from loss and damage of biodiversity?

There was agreement that developing a financial mechanism for compensating local communities for the economic consequences of biodiversity loss would involve a complex interplay of legal, ethical, and practical considerations. Key to this discussion would be the identification of who should contribute to and who should benefit from such a mechanism, with governments, corporations, and individual consumers all playing potential roles. However, it was suggested that any financial compensation should be part of a broader strategy that includes corrective actions to address the underlying causes of biodiversity loss and engages local communities in defining what compensation means to them. This could encompass a range of support, from direct monetary payments to initiatives aimed at restoring ecosystems, diversifying livelihoods, or enhancing community rights and capacities. It was also highlighted that there should also be, as in the climate change discourse, ample attention paid to non-economic losses and damages faced by communities. The challenges of existing funding mechanisms highlights the need for innovative approaches that prioritise fairness, inclusivity, and effectiveness, with a particular focus on ensuring that any new mechanisms do not perpetuate inequities or overlook the voices and needs of those most affected by biodiversity loss.

- **Identifying payers and payees.** The determination of who should finance a financial mechanism and who should receive funding from this mechanism is crucial. There are various potential sources and beneficiaries, yet the discussion can also be fraught with challenges in ensuring fairness and effectiveness regardless of the payers and payees identified.
- **Legal, ethical, definitional, and corrective dimensions of compensation.** As one participant noted and was already highlighted above, governments in the global South have willingly entered into trade agreements¹—meaning that from a legal perspective, it is much easier to make the case that local communities and local governments are identified as rightful beneficiaries of any compensation mechanism. Other participants noted that the concept of compensation presents a challenge. For communities, a company's operations in their area may lead to biodiversity loss. If a fund merely compensates for this destruction without promoting or rewarding conservation, it

¹ Of course, the term “willingly” here does not consider the unequal power relations, neocolonial economic dependence, structural adjustment programmes, and cycles of debt which are just some of the factors that play a major role in determining the parameters and fairness of past and present trade agreements.

could imply that biodiversity damage is acceptable if compensated for. Therefore, it's crucial to pair loss and damage payments with corrective actions. This approach ensures that compensatory measures do not merely allow harmful activities to persist under the guise of 'business as usual'. In line with this, participants acknowledged that a funding mechanism should not limit its support to merely providing monetary compensation to local communities. It is essential to engage with communities through participatory processes to understand their own definitions of "compensation," which may include non-monetary measures such as ecosystem restoration, livelihood diversification, relocation, rehabilitation, symbolic gestures, and measures to enhance rights, skills, and access to information. The funds from such a mechanism could be allocated to support these varied forms of compensation, facilitating implementation through local non-governmental organisations (NGOs), community-based organisations (CBOs), or local government agencies.

- Existing and potential funding sources.** Participants noted the existence of the Global Biodiversity Framework Fund established under the Convention on Biological Diversity (CBD). Yet, they observed that this fund was not created with a strong emphasis on fairness, as governments have varied priorities for its use, which do not necessarily include addressing loss and damage. There was an opinion that corporate contributions might offer more promise than governmental sources. Nonetheless, sovereign wealth funds, in contrast to private equity, could exert considerable pressure on biodiversity-damaging companies (For instance, the observation of the [Norwegian government fund's scrutiny over Marfrig for potential environmental damage](#) illustrates this potential). Additionally, the idea of a voluntary fund was proposed, where individuals suffering from loss and damage could seek assistance. This fund would rely on consumers willing to pay a higher price (i.e. a premium) for goods to recognise that even 'sustainably sourced' products have some impact on the environment. (In line with this, see, for example, see [WWF's 1% solution](#)). Although such a fund might only aid a small portion of affected individuals, it could raise awareness effectively, especially in sectors like fisheries, where the sustainability of sourcing is widely questioned. However, this approach is fraught with issues around socioeconomic fairness, as it would disproportionately affect consumers with lower economic means who might not be able to absorb the cost of a premium. The consensus was that any future financial mechanisms should draw lessons from past attempts and ensure the early and meaningful involvement of indigenous peoples and local communities. Any future funding mechanism should also take lessons from existing mechanisms and ongoing issues with accessibility.
- Building capacity alongside compensation.** One participant flagged that in some cases, local people are already receiving payments as a result of damaging activities. For example, many communities impacted by mining in the Philippines receive royalties. But this has led to its own problems as the monetary benefits and payments are given without the necessary enabling environment for communities to plan out its use.

Principal Insights for Question 5

What can we learn from debates and processes around loss and damage associated with climate change?

Overall, the discussions and processes around loss and damage associated with climate change offer valuable lessons for broader environmental governance. The need for greater coherence between climate and biodiversity efforts underscores the interconnectedness of these challenges and the potential for synergistic solutions. The evolution of the recognition of loss and damage from climate change under the UNFCCC illustrates the complexities of establishing effective compensation mechanisms, but also the progress that can be achieved through persistent advocacy and negotiation. Learning from the insurance industry and exploring producer responsibility models could provide innovative approaches to managing and financing environmental risks. Finally, the exploration of additional funding mechanisms within the CBD context indicates the ongoing search for comprehensive solutions to the multifaceted challenges of loss and damage, pointing towards a future where financial and regulatory frameworks are more closely aligned with the realities of environmental degradation and its impacts on communities.

- **Integration of climate and biodiversity efforts.** The hard lines often drawn between nature and climate in global discussions and forums are often arbitrary. Participants emphasised the need for coherence between decisions taken under UNFCCC and CBD. For example, harmful subsidies are a clear example of where both biodiversity and climate are negatively affected and where the climate and biodiversity movements should coordinate to push for their elimination.
- **Learning from mistakes and replicating what works.** It was highlighted that the issue of loss and damage in the context of climate change took a long time to get recognised under the UNFCCC. Formal acknowledgement of loss and damage came only in 2013, with the establishment of a dedicated fund not occurring until COP27 in 2022. However, the operational details of this fund and its financial commitments remain unclear and are seen as insufficient for the scale of need. Despite these challenges, the existing loss and damage framework presents an opportunity to refine our understanding of loss and damage of biodiversity, allowing for the correction of past mistakes and the replication of successful strategies. This fund is intended to tackle biodiversity loss caused by climate change (though its practical application and impact are yet to be determined) meaning that it could act as a test case for developing funding distribution methods and identifying community needs.
- **Insights from the insurance industry.** The insurance industry offers valuable insights into creating voluntary or regional loss and damage funds, where premiums are paid by stakeholders in an ecosystem and disbursed following damaging events. Such models incentivize better ecosystem management by adjusting premiums based on risk. The insurance company Swiss Re is involved in several initiatives to insure against damage to nature such as coral reefs. They note that while there are several ways insurance products can help to restore and/or maintain the natural environment, their implementation can be summarised in a limited number of [key steps](#), one of which is to clarify who is the “accountable party” and hence who should pay the premium
- **Producer responsibility for pollution.** Inspiration may also come from discussions held at UNEA on the plastics pollution treaty. Within that, the concept of extended producer liability/responsibility in the context of producing plastics is being discussed – specifically, how to make sure the plastic producer is responsible for downstream solutions in relation to pollution. We have a consumer pays/polluter pays discussion, but we also need to think about ‘producer-pays’ options.
- **Exploring additional funding mechanisms under the Convention on Biological Diversity.** Under the CBD the resource mobilisation committee was tasked with developing an additional fund beyond the GBF Fund for all the things that don’t meet the criteria of the GBF Fund. It could be useful to explore the potential for this to tackle loss and damage.

Principal Insights for Question 6

At what policy forums could this issue be taken forward? Is there a role at 2024 United Nations Biodiversity Conference (COP16)?

Overall, the issue of biodiversity loss and the development of compensation mechanisms requires a multifaceted approach across various policy forums. The CBD serves as a foundational platform for these discussions, especially in exploring liability and redress for transboundary biodiversity impacts. However, the challenge of establishing meaningful indicators for consumption impacts and the CBD’s terrestrial focus underscores the need for broader engagement with other policy frameworks, including those focused on marine biodiversity. The upcoming CoP16 presents a significant opportunity to bring these discussions to the forefront of international environmental policy, integrating them with financial strategies to support biodiversity conservation. This holistic approach is essential for addressing the complex dimensions of biodiversity loss and developing effective, equitable compensation mechanisms.

- **The Convention on Biological Diversity as a forum for loss and damage discussions.** Participants suggested that the CBD seems to be a natural home for further discussions. Article 14.2 tasks the COP with examining an international liability and redress regime, including transboundary aspects of biodiversity loss, and issues of compensation. Between 1992 and 2008 various workshops with legal experts took place but there wasn’t a discussion on how to deal with the transboundary element.

- **Consumption as a missing indicator in the Global Biodiversity Framework (GBF).** There is currently no agreed headline indicator in the GBF for 'consumption impacts'. The current monitoring framework includes a mix of the Food Waste Index, the Material Footprint, the Ecological Footprint and the 'Global Environmental Impacts of Consumption' (GEIC) indicator but these are 'component' indicators meaning completely optional. The most likely to be included as a future headline indicator is the material footprint, as it's fairly easy to compile using economy-wide material flow accounts. But it's inadequate as a measure of biodiversity impact. Any discussion of compensation mechanisms linked to the CBD will likely require some way of monitoring responsibilities and impacts which - as discussed already is challenging particularly if there is one single headline indicator. Investments in needed in additional, aligned monitoring systems that reflect the complexity of the multiple impacts of consumption and the associated responsibilities. This implies the need for a better understanding of the impacts of consumption and associated responsibilities.
- **Policy forums beyond the Convention on Biological Diversity.** One participant highlighted that a limitation of the CBD is that it tends to be land-centric and that we also need to think about policy forums that address marine biodiversity – for example, the Oceans Treaty or the Marine Biodiversity of Areas Beyond National Jurisdiction (BBNJ) agreement.
- **Linking up to the debt for nature swaps discussion.** Looking ahead to CoP16, one participant flagged Debt for Nature swaps and the increasing interest in these, and the potential to link of the loss and damage debate to this. It was noted that finance will be one of the central debates at COP16, and this provides an opportunity to raise the issue of loss and damage alongside other finance issues.

Proposed Next Steps

Participants agreed that it was important to start to raise awareness about the issue of consumption-linked loss and damage amongst a wide range of stakeholders and in particular to bring the concept of loss and damage - and the link with over-consumption to the CBD. CoP16 to be held in October 2024 provides an opportunity to start to build this awareness.

Given the complexity of the issue, further efforts are required to explore and communicate the impacts of consumption on biodiversity and the linked effects on local peoples' livelihoods as well as to understand the interconnections between consumption, biodiversity loss, trade policy and injustice - both current and historic. IIED plans to develop an analytical framework to describe these connections and apply this to a number of case studies in order to enhance understanding.

Additional Resources

- Trade impacts: A review of the interactions between biodiversity, agriculture, climate change, and international trade research and policy priorities: One Earth (cell.com)
- Biodiversity and ecosystem loss: <https://odi.org/en/publications/what-do-we-have-to-lose-understanding-and-responding-to-climate-induced-loss-of-biodiversity-and-ecosystem-services/>
- EUDR perceptions in Indonesia: https://www.tropicalforestalliance.org/assets/Uploads/EUDR_Indonesia_July-2023.pdf
- Farmed shrimps and mangroves: <https://drive.google.com/file/d/1ULIGBe1aMuvfuo2wwO098EBgFD8asWY/view>
- BIOFIN guide to repurposing subsidies: <https://www.biofin.org/news-and-media/launch-nature-subsidies-step-step-guide-repurpose-subsidies-harmful-biodiversity-and>
- Debt for nature swaps: <https://www.iied.org/tackling-debt-climate-nature-crises-together>
- Forest, Agriculture and Commodity Trade Dialogue: <https://www.factdialogue.org/>
- Trade Hub: Home - Sustainable trade systems that benefit people and nature (tradehub.earth)

ⁱ UNFCCC. A Literature Review on the Topics in the Context of Thematic Area 2 of the Work Programme on Loss and Damage: A Range of Approaches to Address Loss and Damage Associated with the Adverse Effects of Climate Change (UNFCCC, (2012).

ⁱⁱ IPCC. In Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (H.-O. Pörtner et al.) 3–33 (IPCC, 2022).

ⁱⁱⁱ UNFCCC. Non-economic Losses in the Context of the Work Programme on Loss and Damage (UNFCCC, 2013).

^{iv} IPBES. Global Assessment Report on Biodiversity and Ecosystem Services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES secretariat, 2019).

^v 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>

^{vi} Lenzen, M. et al (2012) International trade drives biodiversity threats in developing nations. *Nature*, 486, 109-112. <https://doi.org/10.1038/nature11145>

^{vii} GOV.UK, 17 Global Impacts of UK Consumption. <https://bit.ly/3Tf7KR2>

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

This report synthesises the principal insights and key findings that emerged from an online dialogue on the role that unsustainable consumption plays in the loss and damage of nature. It brought together a variety of stakeholders from across the nature, economics, loss and damage, policy, practitioner, and finance landscapes to share their perspectives, opinions, and ideas on the topic.



Event Materials

Biodiversity

Keywords:
International trade, sustainable consumption, supply chains, local communities



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