



UNFCCC Secretariat
Haus Carstanjen
Martin-Luther-King-Strasse 8
P.O. Box 260124,
53153 Bonn - Germany
E-mail: <secretariat@unfccc.int>

Milan, 18th February 2011

Dear UNFCCC Secretariat,

by reacting to your request¹, we structured one unique text – particularly short – for all three requests of information and remarks, made three separate copies, each underlining with a graphical box what is particularly and directly related to the request. In this way, while answering the practical issue of separate texts we providing integrity to the argument.

Thank you for your attention to this matter and please accept our best wishes for good work.
Yours sincerely,



Dr. Mita Lapi

(UNFCCC Contact Point)

¹ E-mail submissions should be sent to secretariat@unfccc.int; receipt will be acknowledged. Submissions formatted in MS Word 2000 are preferable. As submissions are compiled on an issue-by-issue basis, Parties are requested to identify each submission by its subject and mandate and, if possible, send each submission as a separate document.

<p>6. <u>Outcome of the work of the Ad Hoc Working Group on long-term Cooperative Action under the Convention (AWG-LCA)</u></p>	<p>Submissions from Parties and accredited observer organizations on matters relating to the establishment of one or more market-based mechanisms to enhance the cost-effectiveness of, and to promote, mitigation actions, as referred to in document FCCC/AWGLCA/2010/L.7, paragraph 81. (See FCCC/AWGLCA/2010/L.7, paragraphs 80.82)</p>
<p>7. <u>Outcome of the work of the Ad Hoc Working Group on long-term Cooperative Action under the Convention (AWG-LCA)</u></p>	<p>Submissions from Parties and accredited observer organizations on matters relating to the establishment of one or more non-market-based mechanisms to enhance the cost-effectiveness of, and to promote, mitigation actions, as referred to in document FCCC/AWGLCA/2010/L.7, paragraph 85. (See FCCC/AWGLCA/2010/L.7, paragraphs 84.86)</p>
<p>8. <u>Outcome of the work of the Ad Hoc Working Group on long-term Cooperative Action under the Convention (AWG-LCA)</u></p>	<p>Information from Parties and accredited observer organizations on the evaluation of various approaches in enhancing the cost-effectiveness of, and promoting, mitigation actions, including activities implemented jointly under Article 4, paragraph 2 (a), of the Convention and any other relevant activities, for synthesis by the secretariat. (See FCCC/AWGLCA/2010/L.7, paragraph 87)</p>



Aware that the world urgently need to provide stronger incentives to support low-emission development strategies and actions in developed and developing countries, the *Lombardy Foundation for the Environment (Fondazione Lombardia per l'Ambiente)* is here to respond to the call of the AWG-LCA Outcome (1/CP.16) for comments on evaluation and proposals about market and non-market mechanisms to mitigate climate change (on the basis of art. 82, 86, 87 and relating to art. 7, 10, 37, 38, 45, 51, 55, 65).

Before introducing our arguments, based on our experience, observations and assessments, please let us briefly introduce ourselves to the wider audience of UNFCCC Parties and Observers.

As an accredited NGO since 2000 and as an active observer since COP9 in Milan, the *Lombardy Foundation* is a leading no-profit organization in environmental research, education and dissemination activities, on a regional and national level, aimed to the monitoring, assessment and protection of the environment and human health from pollution and anthropogenic risks, with particular focus to climate change, air quality and environmental economics, based on principles of sustainable development, integrated risk analysis, protection of biodiversity and ecosystems and environmental law.

A specific task of the *Lombardy Foundation* is the development of a science-for-policy approach, through the creation and improvement of decision support systems and management practices aimed to a better *governance* and policy-making at legislative, administrative and management level.

In particular, the *Lombardy Foundation* is supporting the implementation of “Sustainable Lombardy Plan” of the sub-national regional administration and carbon neutrality plans at local level.

With its 325 billion € GDP and 83.950 kt/y CO_{2eq} emissions, this Italian sub-national area is characterized by an advanced manufacturing eco-system of large, mediums-sized and small enterprises, drawing on the most advanced and innovative technology and research.

The actions in the “Sustainable Lombardy Plan” (a strategic policy result of the 2005-2008 “Kyoto-Lombardy Project” carried out by the *Lombardy Foundation*) can be considered as an early example of NAMAs taken voluntarily by a sub-national government, also in the implementation of the Kyoto Protocol and as a rapid near-term climate mitigation strategy.

A². Our evaluation of the strategy, which includes both market and non-market instruments, is the following: it is crucial to have an integrated approach that embraces all aspects of the regional governance, in order to lead to a shift in lifestyles, mobility, production, communication, settlements, by mixing both vertical (sectoral) targets and measures with cross-sectoral policies, including territorial cooperation and partnership agreements with several stakeholders.

This overarching approach should include consumption, production, waste, sourcing of raw materials, lifestyles and values. Moral arguments are as important as economical ones. Climate policies should not be just defensive financial accounting but should nurture the green economy, green jobs, appropriate skills in the workforce and should prevent climate change impacts.



Regulations and processes should be simple. Positive incentives work better than negative (e.g. tax) instruments. Isolated price signals, without an institutional framework that is conducive to green growth, might be ineffective in transforming the economy. A green regional system of innovation is being created with emphasis on both the development and the diffusion of new technologies, thanks to close cooperation between research institutions, for-profits and no-profits actors.

More specifically, we evaluate that the international community should learn from the experience of the EU Structural Funds and the EU Research Framework Programme as relevant example of cross-country financial tools for achieving ambitious goals. In this vein, we signal you the Lombardy Regional Administration's position on the post-2013 future of cohesion policy at

http://ec.europa.eu/regional_policy/consultation/5scr/pdf/answers/local_authorities/lombardia_region_contribution_2011_01_26_en.pdf.

B³. Based on this evaluation, our approach to non-market instruments considers the following arguments. Education of children and adult alike is crucial for social and technological innovations, embedded in a wider enabling environment. For instance, Lombardy has reached excellent rates of waste segregation through the effective leverage of local leaders, outreach in schools and communities, proper regulation and planning.

More in general, eco-innovation should be managed throughout the development and diffusion cycle, favouring the adaptation of the technology to the socio-economic circumstances.

A direct measure that we would suggest is for the Green Climate Fund and/or other financial flows to include funding the access of developing countries to the projects of EU and other Annex I countries in climate-related research and demonstration activities.

C⁴. In terms of market instruments, CDM have demonstrated good examples but their replication on a wider scale is not always easy in many crucial sectors, like renewable energies (where feed-in tariff have achieved much wider results) and transport (whereas there is no substitute for overarching mobility planning using a variety of means).

In this vein, we salute the NAMAs submitted by developing countries as contained at <http://unfccc.int/home/items/5265.php>. They include a sectoral and cross-sectoral wealth of details that is a great facilitator for action, technology and finance. If they could be developed further in terms of the economic mechanism that can bring them to implementation, the challenge of mitigation would be given a significant step forward.

We also welcome the REDD+ initiatives and their innovative and multifunctional capacity.

In synthesis, we think that local actors, scientific organizations and civil society will play a growing role in mitigation (as well as in adaptation) of climate change and we thank the UNFCCC process to have given us now the opportunity to participate, while remaining open to further steps during and around the negotiations.