

**ANNEX 19****NATIONAL AND/OR SECTORAL POLICIES AND CIRCUMSTANCES IN THE
BASELINE SCENARIO FOR AFFORESTATION AND REFORESTATION PROJECT
ACTIVITIES**

1. A baseline scenario shall be established taking into account relevant national and/or sectoral policies and circumstances, such as historical land use practices and the economic situation in the project sector.
2. As a general principle, national and/or sectoral policies and circumstances are to be taken into account on the establishment of a baseline scenario, without creating perverse incentives that may impact host Parties' contributions to the ultimate objective of the Convention.
3. National and/or sectoral land-use policies or regulations, which give comparative advantages to afforestation/reforestation activities and that have been implemented since the adoption by the COP of the CDM M&P (**decision 17/CP.7, 11 November 2001**), need not be taken into account in developing a baseline scenario (i.e. the baseline scenario could refer to a hypothetical situation without the national and/or sectoral policies or regulations being in place).