

GDP decline of 9 %, while income and employment sank, with about 400,000 people losing their jobs during that year.

Prior to the twin shocks of 2020, 25.2 % of the population already lived in extreme poverty and almost half (4.4 million people) lived in poverty. However, poverty and inequality levels are likely to remain higher than pre-crisis levels. Human development outcomes are among the lowest in the Latin America and Caribbean (LAC) region. On the positive side, Honduras has multiple strengths: a potential for faster growth and higher shared prosperity, due to its strategic location, a growing industrial base, ongoing efforts to diversify its exports, and a young and growing population. Honduras' economy rebounded to a 12.5 % growth in 2021 and is expected to grow a 3.1 % in 2023.

## 2.2 Problem Analysis

### Short Problem analysis:

- Honduras has lost 9% of its forests in 30 years. The forest cover decreased from 7 million hectares in 1990 to 6.4 million ha in 2020 (FAOFRA, 2020). Annually, 21,000 hectares are deforested, at the annual rate of 0,3%.
- The forest cover is rapidly reducing, with the associated loss of forest products and ecosystem services, due to multiple drivers of deforestation (illegal logging, agriculture, cattle ranging, forest fires and pest infections).
- Since 2013, 500,000 ha of pine forests, almost a quarter of the pine area (10% of the national forest area) in the country have been lost (devastated, very degraded) due to pine bark beetle outbreaks (Pine Tress). The beetle outbreaks were attributed to a protracted drought caused by El Niño and aggravated by a lack of maintenance of the forests.
- Forest fires are mostly man-driven, as technic to burn biomass and convert forest into grazing or cultivation land. Between 24,000 and 90,000 ha per year were affected (2010-2020 data), i.e. between 0.4% and 1.7% of forest cover; most are man-made to convert forest to grazing or agricultural land.
- This is compounded by weak capacities to enforce environmental legislation, the presence of organised crime (connected to drug trafficking), incremented violence against human rights and environmental defenders and indigenous peoples. Illegal logging of precious hardwoods, especially mahogany is closely related to drug trafficking, and may amount to 50-60% of wood harvest. Much of it takes place in the north-eastern natural reserves where drug trafficking has also found a home. Drug trafficking groups are known to double in timber trafficking (Insight Crime, 2019).
- Moreover, women, indigenous peoples and Afro-descendants are often impacted disproportionately by the effects of vulnerabilities and are prevented from participating equally in related governance processes and in decision making. At regional level, the trends are also similar.
- There is broad recognition among stakeholders in Honduras that land tenure is one of the key challenges to address in improving forest governance. At present, several government bodies have responsibilities for land tenure, hindering effective and coherent land tenure policy and implementation. Land conflicts are a major source of human rights abuses in Honduras. The VPA