

Speech by Ambassador Angelina Eichhorst  
Head of the Delegation of the European Union

**Signature of the "Support to Municipal Finance Reform" (MuFin)  
Financing Agreement**

Ministry of Interior and Municipalities – Thursday 12 July 2012

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***CHECK AGAINST DELIVERY***

H.E. Minister Marwan Charbel,  
Mr. Nabil el Jisr, President of the Council for Development and Reconstruction,  
Excellencies,  
Distinguished Guests, Ladies and Gentlemen,

On a territory of roughly 10 000 square kilometres, Lebanon hosts over 950 municipalities for a registered population of around 4 million people.

Many Lebanese municipalities (over 70% of them) are therefore considered to be small and face significant challenges in terms of attracting investment and reaching the necessary sustainable development capacities.

Moreover, the level of public funds available to the municipalities is too low, which presents a serious obstacle to deliver quality services, generate growth, attract investments and meet the needs of the population.

His Excellency the Minister of Interior and Municipalities has shown his commitment to strengthen local administrations, which are empowered by democratic legitimacy, and to give them genuine powers as well as the means to make decisions locally and to promote self governance. This commitment is all the more relevant given that administrative decentralisation is enshrined in the Taef Agreement, and the current government has affirmed in its Ministerial Statement its willingness to work towards the economic and social development of the regions.

The European Union strongly supports this orientation in line with its European Neighbourhood Policy. We believe that strengthening economic, social and territorial cohesion by reducing regional development disparities is a key to the promotion of balanced and sustainable development.

Over the last 10 years, the European Union has invested over 50 million Euros in Lebanon to build the capacity of local authorities, improve local governance and foster development through local projects – resulting in more than 60 projects with municipalities or Unions of Municipalities.

With this new programme of 20 million Euros, the European Union seeks to revive the link between the municipalities and their central administration by addressing the issue of

municipal finance. We strongly believe that addressing the need for reforms at central level while at the same time working at local level through targeted grants will contribute to solving some of the structural challenge.

We count on the support of the Ministry of Interior and Municipalities for the benefit of the local population. I particularly thank the Minister for his personal involvement in this programme and look forward to successful results beneficial for the whole country.

Thank you.