



REPUBLIC OF ESTONIA  
MINISTRY OF FINANCE



Ministry of Finance of the Republic of Latvia



MINISTRY OF FINANCE  
of the Republic of Lithuania

# Joint Statement of

## ESTONIA, LATVIA AND LITHUANIA ON THE FUTURE OF COHESION POLICY

28 November 2023

Cohesion Policy is a fundamental pillar of the European Union (EU) fostering the sense of solidarity. It is the EU's main source of investment in economic, social and territorial development across the Union. **The Baltic Region is a prime example of the impact that Cohesion Policy can have, as economic development has been rapid in this region since the EU accession and has been significantly boosted by successful implementation of investments and reforms supported by Cohesion Policy.**

Despite considerable convergence with the rest of Europe, the Baltic Region continues facing major challenges to catch up with the EU's growth centres. In this context, policy responses as regards to depopulation, ageing, labour shortages, and lagging innovation levels will play a key role in overcoming the threat of development traps and should be seriously considered in the design of future Cohesion Policy.

Furthermore, it has become more evident than ever that **geographical position matters**. The fallout of Russia's war of aggression in Ukraine has had a disproportionate effect on nations situated at the borders of Russia and Belarus by disrupting trade, movement of people, and creating **bigger barriers to private-sector investment** as well as by accelerating inflation levels to 20%, which in itself reduces purchasing power and undermines the progress made in the convergence of the Baltic States. Against the background of the war at the doorstep of the EU and increased uncertainty, the Member States and **regions on Eastern external border will need special attention within the framework of Cohesion Policy** and better connectivity and cooperation with the rest of the EU which will be an important focal point in the future.

We support the use of **Cohesion Policy funds for investments and structural reforms** necessary to promote productivity and growth in the Member States, and close links between this policy and the European Semester. At the same time, Cohesion Policy should be agile and enable to continue work towards long term goals promoting the convergence and prosperity of Europe and its regions even in the midst of crises, considering new circumstances and needs. Thematic concentration rules should

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leave an appropriate margin to consider the particular needs of every region but also to adapt, if necessary, to a rapidly changing environment. **Good quality governance and administrative capacity** is one of the key prerequisites for effective implementation of reforms and investments and should be better recognized in the future.

We consider that **Cohesion Policy would benefit from a stronger orientation towards results and performance** especially if this were to be accompanied by a meaningful reduction in administrative burden. In this light, it is beneficial to further explore the relevant practices of payments against results. Nevertheless, we acknowledge that in periods of rapid change or in quickly evolving areas it may be difficult to implement such practices and emphasise that **Cohesion Policy should continue to allow for innovation and experimentation**. To maximize the effects of Cohesion Policy, the use of financial instruments should be continued, where appropriate.

Given the many challenges faced by the EU, including the Baltic States, it is **important that EU funding reaches the real economy in a timely way**. Every effort should be made to commence the implementation of the 2028+ funding period from the very beginning of 2028. To achieve this, we have to continue looking for opportunities **to simplify rules in order to speed up delivery and reduce administrative burden**. In addition, multiplication of similar EU instruments and overlaps between EU policies should be avoided, as this leads to fragmentation of efforts towards EU objectives as well as unnecessary complexity for beneficiaries.

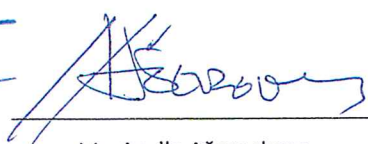
We should capitalise on the main strength of Cohesion Policy enabling to tackle the many challenges faced by the Member States and regions in a comprehensive and coordinated manner, **in partnership with relevant stakeholders and within the framework of shared management**. Finally, the effects of EU enlargement should also be taken into consideration when designing the Cohesion Policy post 2027 framework.

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