



REPUBLIC OF ESTONIA
MINISTRY OF FINANCE

Raffaele Fitto
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Your ref. 28.05.2026 No 10.1-13/459-1

Our ref. 08.07.2026 No 11-H.1/2326-2

**Response to the letter of Executive
Vice-President Fitto regarding the
Just Transition Fund and Cohesion
Policy**

Dear Raffaele Fitto

Thank you for your letter regarding the implementation of the Just Transition Fund (JTF) in Estonia and the role of Cohesion Policy in addressing the current energy crisis and its implications for economic, social and territorial cohesion.

Estonia highly values the constructive cooperation with the European Commission in implementing Cohesion Policy Programme and advancing the objectives of a fair and resilient transition. We share the view that current geopolitical developments have further increased the importance of energy security, industrial resilience, regional competitiveness and affordable energy prices across the European Union.

I am pleased to confirm that the implementation of Just Transition Fund in Estonia is progressing well. The full allocation (100%) of the Fund has already been committed to projects, while approximately 33% of the allocation has been paid out. Supported projects are expected to create around 1000 jobs in Ida-Virumaa and contribute significantly to the region's economic diversification and long-term resilience.

The implementation of Estonia's Cohesion Policy Programme is also progressing well. To date, 86% of the available funding has been committed, while payments have reached 31%, reflecting the steady and effective implementation of the Programme. Estonia carried out a substantial Programme amendment last year in the context of the Mid-Term Review, including the introduction of defence-related objectives. Looking ahead, Estonia is likely to initiate the next Programme amendments towards the end of 2026, primarily under Policy Objective 4, with a view to updating ESF+ measures and ensuring that they remain relevant to evolving labour market and social needs.

To achieve a high level of commitments and payments, Estonia has established clear national implementation targets and monitors progress against these targets on a regular basis, including at the Government level. This approach enables us to take timely decisions on any necessary

reprogramming, particularly towards the end of the programming period, thereby ensuring the full and effective use of all available resources.

At the same time, Estonia welcomes the European Commission's incentives and readiness to consider additional flexibilities regarding the implementation of the JTF and Cohesion Policy Programme, particularly in relation to emerging priorities and evolving geopolitical and economic circumstances. While Estonia currently does not foresee an immediate need for such flexibilities in our case due to the strong implementation progress already achieved and high proportion of financing not linked to cost schemes in our Programme, we appreciate the Commission's openness and will to explore for further opportunities to address pressing challenges, including in energy and fertiliser sector as recent geopolitical developments have highlighted the strategic importance of fertiliser availability and affordability, particularly for ensuring food security in northern climatic conditions.

Regarding energy affordability and resilience, Estonia has implemented both temporary and structural measures to alleviate the impact of rising energy prices on citizens and businesses. As a temporary measure, Estonia decided in spring 2026 to cancel the planned increase of excise duties on several energy carriers, including electricity, natural gas and transport fuels. In parallel, Estonia continues to support long-term measures aimed at reducing energy demand, increasing clean energy supply and strengthening energy independence through investments financed from Cohesion Policy funds, the Recovery and Resilience Facility (RRF), EU ETS revenues, the Modernisation Fund and national schemes. These activities are well in line with measures outlined in the Commission's AccelerateEU - Energy Union Communication and include support for energy efficiency in residential and public buildings, resource efficiency in enterprises, sustainable public transport, renewable energy production capacity, electricity grid strengthening and climate resilience, alternative fuels infrastructure and hydrogen-related projects.

We appreciate the Commission's continued engagement and readiness for close cooperation. Estonia remains committed to ensuring the effective and timely implementation of Cohesion Policy programme and JTF and to contributing constructively to common European objectives related to resilience, competitiveness and the clean transition

Yours sincerely,



Jürgen Ligi
Minister of Finance
Estonia

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