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RUDOLF HOLIK

Prague University of Economics and Business, Czech Republic

THE FUTURE OF EU COHESION POLICY AFTER 2027: STRATEGIC CHALLENGES AND OPPORTUNITIES FOR THE CZECH REPUBLIC

Abstract:

Cohesion policy is a cornerstone of the European Union's efforts to reduce regional disparities and promote balanced development. As the EU prepares for the post-2027 period, this policy is under review to ensure it responds to emerging challenges such as climate change, digital transformation, demographic shifts, and geopolitical uncertainty. For the Czech Republic, a key cohesion fund beneficiary, this reform represents both a challenge and a strategic opportunity.

This paper examines the Czech Republic's implementation of cohesion policy during the 2021–2027 programming period, identifying persistent barriers including administrative complexity, slow absorption, and limited territorial flexibility. It then analyses the Czech Republic's engagement in shaping the future policy framework, including contributions to EU-level debates, strategic alliances, and formal position papers. Particular attention is paid to recent milestones such as the 9th Cohesion Report, the High-Level Group's recommendations, and joint declarations by Member States.

Building on this context, the paper identifies five strategic options for the Czech Republic: securing adequate cohesion funding; applying place-based, integrated territorial development tools; strengthening flexibility and crisis resilience; simplifying implementation while focusing on results; and preparing for EU enlargement. These options form the basis for concrete recommendations to develop a post-2027 national cohesion strategy.

The study concludes that the Czech Republic must move beyond defending financial allocations and adopt a proactive, future-oriented stance. A well-structured strategy that aligns domestic priorities with EU reform will help the country maximize its cohesion investments and contribute meaningfully to shaping a more resilient and inclusive Europe.

Keywords:

Cohesion Policy; Regional Development; Structural Funds; Czech Republic; European Union; Multiannual Financial Framework; EU Policy Reform; Territorial Governance; Smart Specialisation; EU Budget

JEL Classification: R58, H77, H50

Introduction

Cohesion policy represents one of the core instruments of the European Union to ensure balanced economic, social and territorial development across its member states. Since its accession to the EU in 2004, the Czech Republic has been one of the key beneficiaries of European Structural and Investment Funds (ESIF), which have significantly contributed to the modernization of infrastructure, support for research and innovation, development of human capital, and overall regional competitiveness.

The current programming period 2021–2027 continues to provide substantial financial support, though with increased emphasis on thematic concentration, performance orientation, and climate goals. As of mid-2025, the Czech Republic is not only intensifying the implementation of current operational programmes but also preparing its strategic framework for the post-2027 period, responding to evolving EU priorities and internal challenges.

This paper aims to identify the key challenges and opportunities that the Czech Republic faces in the context of the upcoming EU cohesion policy reform after 2027. It builds upon recent European Commission communications, national policy developments, and expert discourse to propose strategic directions for the effective use of future cohesion resources.

1. Methodology

This paper is based on a qualitative research design and applies a content analysis approach to examine the evolving framework and strategic direction of EU cohesion policy in the context of the Czech Republic. The aim is to understand how policy discourse, institutional priorities, and strategic recommendations are reflected across multiple levels of governance, and to extract actionable insights for future national cohesion planning.

The analysis relies primarily on secondary sources, including official EU documents (e.g., the 8th and 9th Cohesion Reports, communications from the European Commission, Council Conclusions, and strategic declarations by Member States), national policy frameworks (notably from the Czech Ministry of Regional Development), and expert group reports. The selection of sources was guided by their institutional relevance, publication recency (2019–2025), and their significance in shaping the post-2027 cohesion policy debate.

A qualitative content analysis method was employed to identify key themes, strategic orientations, and potential policy shifts. The documents were coded manually with a focus on recurrent patterns related to territorial governance, performance-based funding, administrative simplification, multi-level coordination, and alignment with broader EU priorities such as green and digital transitions. This approach enabled the extraction of critical dimensions of the cohesion policy reform debate and their implications for the Czech Republic.

The findings and recommendations presented in this paper are therefore not derived from primary empirical data, but rather from an interpretative synthesis of institutional documents, policy communications, and analytical commentary. The added value lies in connecting the European-level narrative with national-level strategic needs and outlining actionable directions for Czech policymakers.

2. Overview of the Current State

Czechia is implementing the 2021–2027 cohesion policy framework through nine operational programmes co-financed by the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+), and the Cohesion Fund. Over €21 billion is allocated, focusing on innovation and digitalization, low-carbon transition, sustainable transport, social inclusion, and balanced regional development.

Despite this substantial investment, the country faces persistent challenges in absorbing funds. Administrative burdens, project delays, limited institutional capacity (especially at regional levels), and difficulties in coordinating overlapping programme objectives have all hindered implementation. By mid-2025, the absorption rate remained moderate, raising concerns about fully utilizing the allocated resources by 2027.

In response, the Ministry of Regional Development (MMR) has introduced measures to streamline administration, strengthen monitoring, and apply a more strategic approach to project selection. At the same time, regional authorities, municipalities, and non-governmental organizations have been calling for more flexible, place-sensitive policy tools that better reflect diverse local needs.

Czechia also participates in EU-wide initiatives like Interreg and the Just Transition Fund (JTF) to complement its domestic programmes. These instruments enhance cross-border cooperation and support structural transformations in regions such as Moravia-Silesia and Ústí nad Labem, which face long-term development challenges.

3. European Debate on the Post-2027 Period

As the 2021–2027 programming period nears its end, the European Union has launched a debate on the future of cohesion policy to address emerging challenges (climate, technological, demographic, geopolitical) and adapt the policy to evolving regional needs. Czechia, a major beneficiary of cohesion funding and an active participant in policy discussions, is closely engaged in shaping this debate. The outcomes will set the post-2027 legislative and financial framework, with major implications for Member States' development strategies.

3.1 Key Policy Documents and Strategic Initiatives

The European-level Several high-profile analyses and decisions since 2020 have set the stage for cohesion policy reform after 2027:

- Cohesion Reports (2022 and 2024): These Commission reports on regional disparities showed significant convergence in Central and Eastern Europe but also persistent inequalities and "development traps" in some regions – underscoring the need for new policy approaches.
- High-Level Group Report (2024): An expert panel convened by the Commission urged a more place-based, flexible, and performance-driven cohesion policy with simpler rules aligned to EU priorities. It warned that without reform, one-third of EU citizens in stagnating regions could undermine European competitiveness.
- STEP Proposal (2023): The Strategic Technologies for Europe Platform proposal to reallocate some cohesion funds toward EU technological sovereignty sparked concern among cohesion advocates, who argued that diverting funds would weaken the policy's territorial focus.
- Political Positions: EU Member States have reinforced cohesion policy's importance. In March 2025, the General Affairs Council reaffirmed cohesion as a core EU value and called for simpler rules, thematic focus with flexibility, and stronger synergies with other funds. In May 2025, a joint declaration by 11 countries led by Czechia introduced the motto "do no harm to cohesion," insisting that post-2027 EU initiatives must not undermine regional development, and demanding adequate funding while retaining current regional eligibility criteria.
- Broader Frameworks: Strategic documents and advisory bodies also shape the debate. The Territorial Agenda 2030 advocates balanced spatial development across Europe. The European Parliament's resolution on cohesion (2022) and opinions from the EU Committee of the Regions and Economic and Social Committee (2022–2023) call for policy continuity, simplification, local partnership, and avoiding recentralization of EU funds.

3.2 Context and Developments Since 2024

In early 2023, the European Commission launched a public consultation on the post-2027 cohesion framework, prompting Member States to formulate their positions. The Czech Ministry of Regional Development, in cooperation with domestic stakeholders, prepared a vision outlining Czechia's priorities. By 2024, as EU institutional changes approached, the debate intensified. Czechia leveraged this transition to advocate its interests and build alliances with like-minded countries.

3.3 9th Cohesion Report and Czech Participation in the 9th Cohesion Forum

The 9th Cohesion Report (March 2024) confirmed that cohesion policy had delivered substantial convergence in Central and Eastern Europe but also noted that some regions were caught in "middle-income traps" – stagnating after an initial catch-up – and that significant internal disparities persisted within countries.

These findings were discussed at the 9th Cohesion Forum in April 2024. At the forum, Czech Deputy Prime Minister Ivan Bartoš underscored the need for a cohesion policy that supports all regions and respects their specific circumstances. He called for reducing bureaucracy, strengthening local ownership of projects, and better linking cohesion investments with structural reforms – priorities that resonated with many participants and would later appear in official EU conclusions.

3.4 High-Level Group Report and Expert Recommendations

An independent High-Level Group on the future of cohesion policy also reported in early 2024, reaffirming cohesion's central role but pressing for reforms to boost its effectiveness. The group recommended simpler implementation, greater flexibility, and a sharper focus on results. It highlighted that nearly one-third of EU citizens live in economically stagnating or declining regions – an unsustainable situation for Europe's competitiveness and unity. Czechia welcomed these conclusions. Czech officials agreed on modernizing cohesion policy while preserving its core mission of reducing disparities. They emphasized balancing new performance incentives with continued support for lagging regions, and strengthening multi-level governance to give regions a bigger voice in how funds are used.

3.5 Joint Declaration of 11 Member States Initiated by the Czech Republic

During its 2024 Visegrád Group presidency, Czechia led a coalition of cohesion-friendly countries to advocate jointly for a strong policy. In May 2024, Czechia and 10 other Member States signed a declaration in Prague calling for a robust post-2027 cohesion policy. The declaration urged that cohesion support continue for **all** regions (retaining the current classification of less-developed, transition, and more-developed regions), that funding levels be safeguarded and made more flexible, and that a "do no harm to cohesion" principle be adopted (meaning other EU initiatives must not undermine regional balance). This coalition-building demonstrated Czechia's leadership ahead of the formal negotiations.

3.6 Official Czech Positions and Policy Proposals

In July 2024, the Czech government approved a strategic paper titled *"Foundations for the Czech Position on the Future of Cohesion Policy after 2027."* It calls for a well-funded, long-term cohesion policy under shared management and partnership. All types of regions should remain eligible for support (especially those undergoing structural economic transitions), and rules should be made much simpler and more flexible. The Czech position also emphasizes linking cohesion funding with structural reforms, improving synergies with other EU programs, and expanding the use of financial instruments (loans and guarantees) alongside grants to better leverage EU funds.

3.7 Engagement in the Council and Negotiation Outcomes

In late 2024, Czech officials actively promoted these positions in EU negotiations. At ministerial meetings, they stressed the need for locally tailored solutions and sustained support for structurally affected regions. Many of these priorities were echoed in the early 2025 Council Conclusions on cohesion policy, which reaffirmed cohesion as an EU priority, endorsed shared management and partnership with local actors, urged simpler unified rules and better coordination with other funds, and supported a results-oriented approach without added complexity. Czech diplomacy and coalition-building proved effective: the country became recognized as an influential voice shaping the post-2027 cohesion agenda.

4. Strategic Options for the Czech Republic

In light of the European discourse above, Czechia must choose how to position itself to maximize the benefits of cohesion policy after 2027. The following sections outline key strategic options for the country, each based on the previous analysis and evaluated in terms of potential benefits and risks.

4.1. Defense of a Strong and Well-Funded Cohesion Policy

Czechia’s top priority is to ensure cohesion policy remains a well-funded cornerstone of the EU budget. The government argues that a robust cohesion policy is in the EU’s own interest: balanced development across all regions strengthens the single market and bolsters social and political stability Union-wide.

At the same time, Czechia recognizes that its EU cohesion allocations will likely decline over time as the country grows more prosperous and new, less-developed members join the EU. To prepare for this, it plans to make greater use of alternative financing tools alongside grants. This means expanding repayable support like loans and guarantees to fund projects in regions that are now closer to the EU average in development. The government will also work with like-minded states to advocate increasing the overall cohesion budget so that the inclusion of new member states does not come at the expense of current beneficiaries. Finally, Czech officials are highlighting the tangible benefits cohesion investments have brought to Czech regions (from modernized infrastructure to job creation and innovation hubs) to build political support – both at home and EU-wide – for keeping cohesion policy strong after 2027.

4.2. Place-Based Approach and Integrated Development

Cohesion policy must adapt to specific regional conditions. A uniform top-down approach cannot address issues like the middle-income trap affecting some Czech regions. The Czech government therefore advocates far greater flexibility so that funding priorities can be tailored to local needs rather than fixed by uniform EU quotas.

Czechia also champions integrated territorial tools that encourage holistic regional development. Instruments such as Integrated Territorial Investments (ITI) and Community-Led Local Development (CLLD) enable municipalities and regions to design and implement joint development strategies across functional areas. Czech regions have successfully used these tools to coordinate local actors and target investments where they are most needed. Going forward, Czechia will seek to preserve and expand ITI and CLLD as flexible, partnership-based instruments that empower local stakeholders. Upholding the partnership principle – involving regional and local authorities, businesses, and civil society in decisions – is seen as vital to ensure projects reflect real needs and have broad support.

4.3. Flexibility and Crisis Preparedness

Recent events have shown that cohesion policy needs built-in flexibility to respond to unexpected shocks. During the COVID-19 pandemic, the EU temporarily relaxed cohesion fund rules so money could be quickly redirected to urgent needs, showing that a long-term development policy can act nimbly in a crisis.

Building on this experience, Czechia proposes to formalize such flexibility in the post-2027 period. One idea is to establish a contingency reserve or protocol within cohesion policy that would allow countries to swiftly reprogram a portion of funds in an emergency without requiring protracted EU-level approval. This mechanism would make the policy more responsive and reduce the need for ad-hoc measures.

At the same time, Czechia emphasizes that core development goals must not be compromised. Flexibility should be a safety valve, not the norm. The bulk of cohesion resources should continue to finance long-term priorities like innovation capacity, infrastructure, and human capital development. Any crisis-related diversions should be limited and temporary, ensuring that short-term responses do not derail strategic convergence objectives. In essence, cohesion policy can be both stable *and* flexible: it remains a predictable, long-term investment framework, but with built-in agility to help regions weather a storm when absolutely necessary.

4.4. Simplification and Results-Oriented Approach

Czechia strongly supports efforts to simplify cohesion policy and make it more outcome-focused. Excessive bureaucracy and complex rules have been persistent problems in past periods, often leading to slow project start-up and low absorption rates. The country has called for a radical streamlining of rules after 2027 – ideally moving toward a single, unified rulebook governing all cohesion funds to reduce red tape and speed up investments. (In early 2025, EU ministers similarly urged the European Commission to streamline and harmonize fund rules.)

Along with simpler rules, there is a push to better link funding to actual results on the ground. Czechia agrees that the post-2027 framework should put greater emphasis on performance – for instance, setting clear targets for outcomes (such as jobs created or emissions reduced) and rewarding progress toward those targets. However, they caution that this must not create overly rigid conditions or an overload of indicators – lessons from recent EU programs show that too many milestones can bog down implementation. A balanced approach is needed: focus on outcomes, but keep monitoring frameworks lean and realistic.

Czechia also insists that other EU funding streams must complement (not undermine) cohesion efforts. Better alignment between cohesion programs and initiatives like the Recovery Fund or InvestEU is needed to prevent duplication and maximize impact. New EU programs should, where feasible, piggyback on cohesion policy's existing management systems instead of creating parallel structures.

Finally, true simplification requires capable administration. Czechia is investing in training and modernizing institutions at all levels so that simplified rules translate into efficient project delivery on the ground. By marrying regulatory streamlining with capacity-building, Czechia aims to make cohesion policy more user-friendly and impactful.

4.5. Preparing for Enlargement and Long-Term Changes

The Czech Republic recognizes that a future EU enlargement would have to stretch cohesion funds across many more, less-developed regions. To avoid thinning out resources, Czechia argues the overall cohesion budget must expand if new members join. It also favors keeping fair, needs-based allocation criteria to guide allocations, so poorer new regions get support without sudden losses for current recipients.

As its own regions grow more prosperous, Czechia is preparing to shoulder a larger share of their development funding through national programs.

Czechia also proposes integrating candidate countries into cohesion-related activities before they join. For example, extending cross-border programs (Interreg) to candidates or providing pre-accession regional development funds would build up their capacity and smooth their transition into full membership. These measures aim to ensure that EU enlargement expands the scope of cohesion and shared prosperity, rather than undermining it.

5. Recommendations for the Strategic Framework of Czech Cohesion Policy

Based on the above analysis, key recommendations for the post-2027 Czech cohesion policy include:

- **Formulate a Coherent National Vision:** Develop an overarching strategy that clearly defines Czechia's cohesion policy objectives beyond 2027. This vision should be evidence-based and regionally differentiated, aligning with EU goals yet reflecting the diverse needs of Czech regions.

- **Prioritize Resilience and Key Transitions:** Direct cohesion investments toward bolstering economic resilience and managing critical transitions. Emphasize support for climate adaptation, innovation, and demographic challenges — especially in regions facing stagnation or population loss.

- **Embed Partnership and Multi-level Governance:** Engage stakeholders at all levels in cohesion policy planning and implementation. Uphold the partnership principle by involving regional and local authorities, businesses, academia, and civil society in decision-making. Expand integrated territorial instruments (ITI, CLLD) to foster cross-municipal collaboration and local ownership of development initiatives.

- **Simplify Administration and Build Capacity:** Simplify cohesion policy management by harmonizing rules and cutting unnecessary red tape. Simultaneously strengthen administrative capacity through training and support so that authorities and beneficiaries can absorb funds and implement projects more efficiently.
- **Promote a Results-Oriented Approach:** Focus on the outcomes of cohesion spending. Set clear, measurable targets and link funding to performance against those targets. Introduce incentives for high-performing projects and use evaluation findings to adjust strategies. This approach should improve accountability and impact without adding undue bureaucracy.
- **Ensure Balanced Territorial Impact:** Continuously monitor spatial impacts and target resources to the highest-need areas, ensuring no region is neglected.
- **Leverage Synergies with Other Instruments:** Coordinate cohesion-funded activities with other EU and national programs to maximize complementarity. Align projects with domestic sectoral strategies and ensure cohesion efforts work in tandem with other EU programs to avoid overlaps and maximize impact.
- **Secure Sustainable Funding and Innovate Finance:** Anticipate tighter EU funding by innovating financing models: expand financial instruments (loans, guarantees) alongside grants and prepare to raise national co-financing in more developed regions. Collaborate with other Member States to advocate for a strong post-2027 EU cohesion budget that accounts for enlargement and safeguards support for current regions.
- **Prepare for EU Enlargement Impacts:** Extend cross-border and transnational programs to EU candidate countries to build their capacity before accession. Work with the Commission and other Member States to integrate new members into cohesion policy without diluting its effectiveness.

By pursuing these recommendations, Czechia will be well-positioned to maximize the benefits of cohesion policy, sustain balanced regional development, and successfully navigate the post-2027 period.

Conclusion

As the European Union prepares for the post-2027 programming period, cohesion policy is facing renewed scrutiny and transformation. Recent EU-level deliberations—led by the European Commission, Council of the EU, and expert bodies—have emphasized the need for a more flexible, territorially sensitive, and performance-oriented framework. Yet cohesion remains a cornerstone of European integration, essential for reducing regional disparities and strengthening the EU's economic and social fabric.

The Czech Republic has emerged as an assertive and constructive voice in this debate. Through proactive engagement in Council negotiations, high-level declarations, and domestic strategy-setting, it has succeeded in promoting key priorities: maintaining adequate funding, preserving the partnership principle, simplifying delivery mechanisms, and ensuring support for all types of regions. Czech diplomacy has also contributed to shaping broader EU outcomes, including the emphasis on administrative simplification, regional ownership, and synergies with other investment tools.

Looking ahead, Czechia's success will depend on its ability to adapt strategically. Declining fund allocations, the prospect of EU enlargement, and increasing competition for resources will require not just stronger national co-financing, but also smarter investment planning. Key directions include deepening place-based approaches, improving administrative capacity at all levels, expanding integrated territorial tools, and leveraging financial instruments alongside grants. Flexibility and crisis-readiness must be built into future programme architecture, while maintaining a focus on long-term convergence goals.

This paper proposes a cohesive framework that aligns EU-level developments with Czech national needs. It combines vision with pragmatism: a call for strategic coordination, resilient institutions, and inclusive partnerships. By doing so, Czechia can not only maximize the impact of future cohesion investments but also contribute to shaping a more effective and territorially balanced European Union.

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