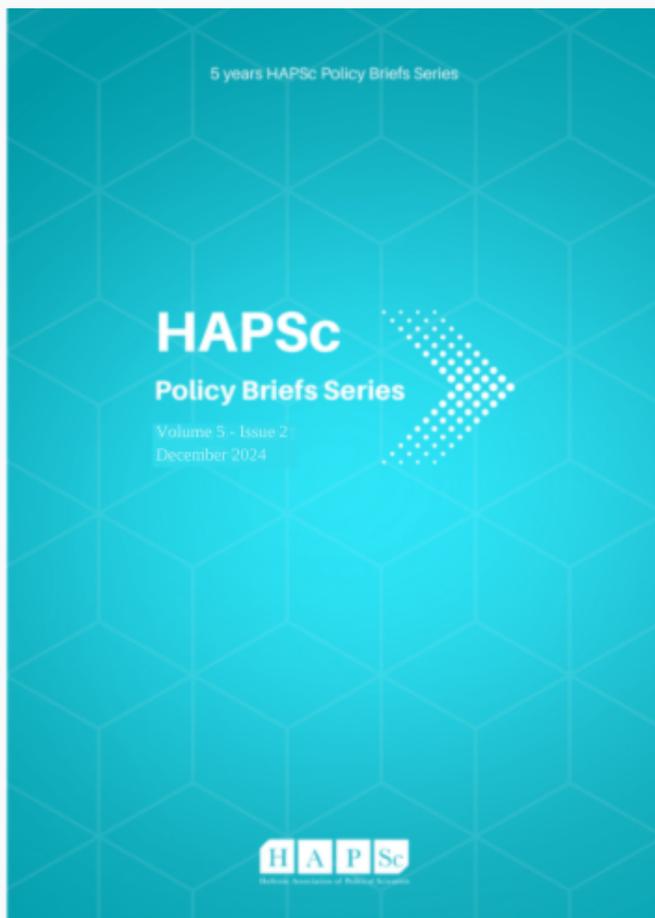


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European Policy for Economic and Social Cohesion: Community Support Frameworks & NextGenerationEU - Comparative Historical Review¹

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Abstract

The European Union (EU) has long pursued policies aimed at fostering economic and social cohesion among its member states, addressing disparities and promoting convergence. This paper provides a comparative historical review of two initiatives: the Community Support Frameworks (CSFs) and the NextGenerationEU (NGEU). While CSFs have historically anchored cohesion policy, NGEU represents a novel and ambitious response to contemporary challenges. By analyzing their frameworks, funding mechanisms, and impacts, the paper highlights their respective roles in shaping EU cohesion policy. Recommendations for integrating lessons from both initiatives to inform future cohesion strategies are presented. Economic and social cohesion is both a fundamental prerequisite and a goal for the advancement of European integration. The Common Market, the functioning of the Economic and Monetary Union (EMU), and unified monetary policy require redistributive policies aimed at reducing regional inequalities within the European Union. Consequently, the Structural Policies (SP) of the EU, which seek to support the real convergence of economic structures and levels of development, are among the most critical issues to manage. Greece's convergence toward the average EU level of prosperity has been linked to the scale, duration, and type of aid provided by the Community. The consistent increase in EU funds has been a key political and economic objective for Greece, with Development Programs contributing inflows equivalent to 4-5% of its GDP. This study aims to offer a comparative assessment of the Community Support Frameworks (CSFs: First, Second, and Third) in Greece and to objectively compare outcomes with similar applications in Ireland, Spain, and Portugal. The study begins with a historical review and the necessity of EU Structural Policies, examining their structure, institutions, and guiding principles. It then focuses on Greek CSFs, including their planning processes, implementation, monitoring, and evaluation, providing a critical appraisal of their macroeconomic and political effects while analyzing causes of their inefficiencies. Finally, it compares the results of SP in Greece with other indicative EU member states, concluding that economic and social cohesion requires the design and implementation of extensive, integrated, and coherent Community policy actions. Achieving substantive convergence relies on decisive interventions by the EU Budget, which must be strengthened to support the full implementation of EMU, potentially reaching 5-7% of the Union's GDP.

Keywords: EU Cohesion Policy, Community Support Frameworks (CSFs), NextGenerationEU (NGEU), Economic and Social Cohesion, Regional Development, EU Multiannual Financial Framework (MFF), Horizon Europe, InvestEU.

Introduction

Economic and social cohesion has been a cornerstone of European integration, enshrined in the EU's founding treaties. As the union expanded, so did disparities in regional development, necessitating robust policies to ensure balanced growth and equitable opportunities. Among the key instruments

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designed to address these challenges are the Community Support Frameworks (CSFs), operational from the 1980s (Molle, 2007), and the NextGenerationEU (NGEU), launched in 2020 as a response to the COVID-19 crisis (European Commission, 2021). CSFs, as part of the EU's structural and investment funds, focused on reducing disparities by channeling resources to less-developed regions (Bachtler & Mendez, 2020). They laid the groundwork for systematic cohesion efforts, fostering infrastructure development and regional competitiveness (Leonardi, 2005). In contrast, NGEU is a time-bound recovery instrument, addressing immediate socio-economic disruptions while emphasizing digital and green transitions. This paper examines the evolution of these two frameworks, their comparative contributions to cohesion policy, and their broader implications. Through a historical and comparative lens, it underscores the continuity and transformation in the EU's approach to achieving cohesion, offering insights for future policy design.

Historical Background

Community Support Frameworks (CSFs)

The CSFs emerged in the mid-1980s, following the establishment of the European Regional Development Fund (ERDF) in 1975. The Single European Act (1986) institutionalized cohesion policy, embedding it within broader efforts to complete the internal market. The CSFs were designed to provide multiannual programming for structural funding, ensuring predictability and alignment with member states' development strategies.

CSFs emphasized a programmatic approach, where EU funds complemented national efforts (Leonardi, 2005). Partnerships among EU institutions, national governments, and regional authorities ensured tailored interventions. Early CSFs prioritized infrastructure, employment, and industrial restructuring (Molle, 2007; Bachtler & Mendez, 2020) and introduced mechanisms to assess the effectiveness of interventions, setting the stage for evidence-based policymaking (Molle, 2007).

As impact and legacy, CSFs were instrumental in addressing regional disparities. For instance, in countries like Greece, Spain, and Portugal, they facilitated significant investments in transport, education, and health infrastructure. By fostering convergence, CSFs strengthened the economic fabric of member states, paving the way for their integration into the single market.

However, CSFs faced challenges, including bureaucratic complexity and disparities in absorptive capacity among regions. These limitations highlighted the need for streamlined processes and enhanced administrative capacity, lessons that informed subsequent cohesion policies.

NextGenerationEU and the Multiannual Financial Framework (2021-2027)

NextGenerationEU (NGEU) represents an unprecedented response to the socio-economic fallout of the COVID-19 pandemic. Launched in 2020, it is embedded within the Multiannual Financial Framework (MFF) 2021-2027. NGEU's primary objectives are recovery, resilience, and transformation, with a focus on fostering green and digital transitions.

1. At €750 billion, NGEU is one of the largest recovery instruments in EU history. It combines grants (€390 billion) and loans (€360 billion), financed through joint borrowing.
2. The Recovery and Resilience Facility (RRF) accounts for the bulk of NGEU funds, supporting member states' reforms and investments. Other programs include REACT-EU, Horizon Europe, and InvestEU.
3. NGEU introduced conditionalities, such as adherence to rule-of-law principles and alignment with EU climate targets, ensuring that funds advance broader policy goals (European Commission, 2021).

NGEU's Implementation and Early Results

NGEU's emphasis on resilience and transformation marks a departure from traditional cohesion instruments, aligning with the EU's broader strategy for recovery (European Commission, 2021). Early implementation highlights significant investments in renewable energy, digital infrastructure, and public health (European Union, 2021; Bachtler & Mendez, 2020). For example, Italy and Spain, among the largest beneficiaries, have undertaken ambitious reforms aligned with NGEU's priorities. Nonetheless, challenges persist, including administrative bottlenecks and uneven absorption rates. Ensuring that NGEU delivers long-term benefits requires sustained political commitment and efficient governance.

Comparative Analysis

- CSFs and NGEU share the overarching goal of fostering cohesion, yet their specific objectives differ. CSFs focused on addressing historical disparities and promoting convergence within the single market, while NGEU prioritizes recovery and transformation in the wake of a global crisis.
- CSFs relied on traditional EU budget contributions, with funding allocated based on regional GDP per capita. In contrast, NGEU's reliance on joint borrowing represents a paradigm shift, signaling greater financial solidarity.

- While CSFs emphasized partnership and subsidiarity, NGEU's governance includes stricter conditionalities tied to rule-of-law and climate objectives. This reflects a more centralized approach to ensuring policy alignment.

Impacts and Legacy

CSFs' long-term contributions to convergence and integration are widely acknowledged, particularly in fostering regional development and competitiveness (Molle, 2007; Leonardi, 2005; Bachtler & Mendez, 2020). By contrast, NGEU's transformative potential remains contingent on effective implementation. Its emphasis on green and digital transitions aligns with emerging global priorities, offering a blueprint for future cohesion policies.

Comparison of Results

Spain & Portugal

Spain and Portugal are often cited as exemplary cases of effective EU fund utilization. Both countries successfully leveraged Community Support Frameworks to enhance infrastructure, achieving tangible convergence with the EU average per capita income. Investments in transportation, energy, and education significantly boosted economic productivity and social cohesion (Leonardi, 2005; Molle, 2007).

Ireland

Ireland's economic transformation offers another compelling example. Its remarkable growth trajectory, often referred to as the "Celtic Tiger" phenomenon, was supported by efficient use of EU funds. Key mechanisms included labor market reforms, educational advancements, and aggressive foreign direct investment strategies. Ireland's success underscores the importance of strategic alignment between national policies and EU support mechanisms (Bachtler & Mendez, 2020).

Greece

In contrast, Greece's experience with EU funds has been mixed. While the Community Support Frameworks contributed to significant infrastructural improvements and GDP growth, inefficiencies in fund absorption and administrative challenges hindered their full potential. Issues such as bureaucratic inertia and lack of strategic planning have been recurring obstacles. Nonetheless, initiatives under NextGenerationEU present a renewed opportunity for Greece to address these challenges, particularly in areas like digital transformation and green energy (European Commission, 2021).

Conclusions and Policy Recommendations

This comparative review underscores the evolution of EU cohesion policy, from the foundational role of CSFs to the innovative approach embodied by NGEU. Both frameworks have addressed distinct challenges, reflecting the EU's adaptability and commitment to solidarity.

To enhance future cohesion efforts, the following recommendations are proposed:

- Leverage the programmatic rigor of CSFs and the transformative ambition of NGEU to design future frameworks that combine long-term convergence goals with resilience-building measures.
- Strengthen administrative mechanisms at national and regional levels to improve fund absorption and implementation efficiency.
- Consider expanding the EU budget to 5-7% of GDP, as previously suggested, to sustain long-term cohesion objectives and ensure adequate funding for ambitious initiatives.
- Prioritize projects that align with EU climate goals, digital transformation, and inclusive growth to address emerging global challenges.
- Tailor cohesion policies to address specific regional needs, ensuring that no member state or region is left behind in the integration process.

By integrating these recommendations, the EU can build on the successes of CSFs and NGEU, forging a more cohesive and resilient union. The path to economic and social cohesion lies in sustained commitment, strategic planning, and the continuous adaptation of policies to meet evolving challenges.

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