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**FINANCIAL AND LEGAL ASPECTS OF STATE POLICY IN THE
CONTEXT OF THE COVID-19 PANDEMIC**

AUTHOR'S ABSTRACT

Of a dissertation for awarding the educational and scientific degree “DOCTOR” (in Economics) in the doctoral programme “Finance, Money Circulation, Credit, and Insurance” (Finance)

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The dissertation consists of 208 pages, including the title page, table of contents, introduction, main text, bibliography, and appendices. Structurally, the research includes an introduction, an exposition divided into three chapters, and a conclusion. To support the analysis, 14 figures and 32 tables have been included.

The dissertation has been reviewed and approved for defence in accordance with the Law on the Development of the Academic Staff by the Department of “Finance and Credit” at D. A. Tsenov Academy of Economics during a meeting held on 18.03.2025.

The public session of the scientific jury for the defence of the dissertation will take place on 10.06.2025 at 14,00 in the “Rectorate” Conference Hall of D. A. Tsenov Academy of Economics – Svishtov.

The materials related to the defence are available for review at the “Doctoral Studies and Academic Development” department of D. A. Tsenov Academy of Economics – Svishtov.

I. GENERAL CHARACTERISTICS OF THE DISSERTATION

1. Relevance of the research topic

The relevance of the topic is determined by the significant impact of the COVID-19 pandemic on societies, economies, and the legal systems worldwide. The main arguments supporting the relevance of the topic include the extraordinary nature of the pandemic, the financial impact, the legal challenges, the socio-economic recovery, and the lessons to be learned in the future. The topic is crucial for the formulation of better strategies for managing similar global events in the future.

The formulation of the topic aligns with the comprehensive and multi-faceted research field that encompasses the subject and object of the dissertation, requiring a carefully selected methodology and tools for field studies and analysis. The topic is interdisciplinary in its nature, necessitating in-depth knowledge at the intersection of law, politics, and finance, as well as their interaction during a pandemic.

2. Object and subject of the research

The object of the research is the state policy in the context of the COVID-19 pandemic. This includes all measures, strategies, legal acts, and financial mechanisms used by the state to address the economic and social consequences of the pandemic. **The subject** of the research focuses on specific financial and legal mechanisms, as well as the instruments implemented by the state during the COVID-19 pandemic, and their interrelation in serving the interests of citizens and society.

3. Research thesis, aim, and objectives of the dissertation

The dissertation defends **the thesis** that the state policy in times of a pandemic faces numerous challenges, necessitating timely, rational, and effective financial and legal decisions to protect the public interest, the health, and the lives of the people.

To prove this thesis, the dissertation presents an analysis of the consequences of the implemented financial and legal decisions, highlighting the significance of the state policy and the powers of the executive branch. Emphasis is placed on the long-term effects of budget reallocations, redirections, and freezes, as well as their impact on the economy, particularly on individuals and legal entities.

The research interest is driven by the interdisciplinary nature of the topic. The study focuses on the state policy, utilizing its full institutional framework and active resources for designing and implementing measures to mitigate the economic consequences. As a result, a detailed analysis of best practices is conducted, examining effective models for overcoming and their application as sustainable and efficient solutions.

Given the outlined object, subject, and author's thesis, the main **aim of the dissertation** is presented: to analyse the financial and legal aspects of the state policy during the COVID-19 pandemic and assess the effectiveness of the applied mechanisms to ensure informed decision-making in future pandemic situations.

In order to achieve the aim of the dissertation, the following **objectives** are set:

1. To analyse the legal aspects of the state policy in the context of the COVID-19 pandemic.
2. To examine the financial policy of the state during the COVID-19 pandemic.
3. To assess the challenges faced by the state policy during the COVID-19 pandemic, evaluate its effectiveness, and propose optimization solutions for overcoming the pandemic.

4. Research methodology

In methodological terms, the development refers to several key scientific **research methods, which are:** the method of induction and deduction, the structural-functional method, the institutional method, the descriptive method, the statistical method, the logical method, and the survey method. For better clarity in the research, tables and graphical representations are included.

5. Limitations of the study

The scientific research primarily covers the period from 2020 to 2023. The choice of the study period is dictated by the declared epidemic situation due to the spread of COVID-19 and the accompanying economic instability in society.

6. Approval of the dissertation

The dissertation has been discussed at a meeting of the Department of “Finance and Credit” at D. A. Tsenov Academy of Economics in Svishtov. One article and three scientific papers on the dissertation topic have been published in specialized scientific journals.

II. STRUCTURAL CONTENT OF THE DISSERTATION

The dissertation has been developed in accordance with the requirements of the Regulation for the Application of the Law on the Development of the Academic Staff in the Republic of Bulgaria. It consists of an introduction, an exposition in three chapters, a conclusion, a bibliography, and appendices. The research consists of 208 standard pages, of which 206 pages are the main text and 2 pages are appendices. The main text of the research includes 32 tables and 14 figures. At the end of the work, there is 1 appendix. The bibliographic reference contains 80 sources, 75 in Bulgarian and 5 in a foreign language.

The dissertation is structured in the following specific plan:

CONTENT:

INTRODUCTION

Chapter One. *Legal aspects of the state policy in the context of the COVID-19 pandemic*

1. Profile of the COVID-19 pandemic
2. Scope of the state policy
3. Role of the central and local government authorities

Chapter Two. *Financial policy of the state in the context of the COVID-19 pandemic*

1. Financial aspects of European Union policies in the context of the pandemic

2. Analysis of the financial decisions of the central authority in the Republic of Bulgaria

3. Analysis of the financial decisions of the local authority in the Republic of Bulgaria

Chapter Three. *Challenges to the state policy in the context of the COVID-19 pandemic and afterward*

1. Analysis of the impact of the implemented anti-epidemic measures on the economy and the society

2. Analysis of the costs related to the measures against COVID-19 during the period 2020–2022

3. Empirical study of the effectiveness of the state policy during the COVID-19 pandemic (Survey research)

4. Solutions for the overcoming of the consequences of COVID-19

CONCLUSION

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APPENDIX

III. SUMMARY OF THE DISSERTATION

Introduction

The introduction of the dissertation outlines the relevance of the topic, the object and the subject of the research, formulates the research thesis, and sets the main goal and objectives. The limitations of the study are also specified.

First. Legal aspects of the state policy in the context of the COVID-19 pandemic

Profile of the COVID-19 pandemic

The profile of the COVID-19 pandemic is presented, starting with the first reported cases in late 2019 in China. The rapidly increasing rate of infections

forced the Chinese government to implement extremely strict measures. Despite these efforts the coronavirus spread worldwide, with new variants emerging due to virus mutations, such as Delta, Omicron, and SARS-CoV-2.

The severity of the virus led the World Health Organization (WHO) to declare a Public Health Emergency of International Concern on January 20, 2020, related to the spread of the coronavirus infection, later named COVID-19. Following a proposal by the Council of the Ministers of the Republic of Bulgaria, the National Assembly declared a state of emergency in the country on March 13, 2020, due to the pandemic, after a thorough assessment of the situation and the large-scale spread of the virus (<https://www.parliament.bg/bg/desision/ID/157374>). The implementation of global measures became necessary. Every national healthcare system faced significant challenges, requiring the establishment of specialized COVID-19 hospital wards. Restrictions on social interactions were introduced to curb the spread of the infection.

The dissertation provides a detailed description of the different stages the healthcare system went through during the pandemic. Each stage included specific measures implemented based on the level of strain on healthcare resources. These stages and measures were pre-planned to ensure an adequate response to varying levels of pandemic spread and its impact on the healthcare system. The primary objective was to prevent hospital overload and ensure timely and effective medical assistance to the population.

The analysis of the COVID-19 pandemic profile offers a comprehensive understanding of the virus's nature, its spreading, the impact on the healthcare system, the social and economic consequences, and the measures taken for management and control. This analysis serves as a foundation for developing strategies and policies to address the current pandemic and prepare for future similar situations.

The conclusion is drawn that the successful pandemic management requires a complex and integrated approach, encompassing health, social, and economic

aspects. The key elements include early disease detection, effective vaccination, strengthening of the healthcare system, social support, and economic assistance. The global coordination and the well-planned preparedness are crucial for addressing future pandemics and minimizing their negative consequences.

Scope of the state policy

This section explores the scope of the state policy during the COVID-19 pandemic as a comprehensive set of actions, guidelines, and measures adopted by the government and the state institutions to manage various aspects of public life. It encompasses multiple sectors, including the economy, the education, the healthcare, the social policy, the defence, the environmental protection, and others. The aim of the state policy is to ensure security, well-being, and societal development while protecting the interests of the citizens.

The state policy is implemented through the interaction between central government bodies, the municipalities, and the territorial administrative structures. The control is entrusted to institutions such as the Ministry of Health (MoH), the National Operational Headquarters (NOH), the Public Health Control Agency, the Regional Health Inspections (RHI), the Ministry of Interior (MoI), the Ministry of Education and Science (MES), among others.

The Law on Measures and Actions During the State of Emergency, declared by a decision of the National Assembly on March 13, 2020 (published in *State Gazette* No. 28, March 24, 2020), introduced numerous legislative amendments across various legal acts, including: Health Act; Penal Code; Administrative Violations and Sanctions Act; European Structural and Investment Funds Management Act; Social Security Code; Act on People with Disabilities; Bulgarian Identity Documents Act; Foreigners in the Republic of Bulgaria Act; Public Procurement Act; Religious Denominations Act; Social Assistance Act; Medical Institutions Act; Health Act; Preschool and School Education Act; Academic Staff Development Act; Corporate Income Tax Act; Personal Income Tax Act; Financial Management and Control in the Public Sector Act; Accounting Act; Political

Parties Act; Weapons, Ammunition, Explosives, and Pyrotechnic Articles Act; Anti-Corruption and Forfeiture of Illegally Acquired Assets Act; Family Benefits for Children Act.

These legal acts underwent modifications to align with the anti-epidemic measures introduced during the COVID-19 pandemic. The detailed analysis of the Law on Measures and Actions During the State of Emergency (LMASE) highlights that the implementation of the measures affecting the entire society involved all ministries, agencies, and executive government institutions, along with their personnel.

Each legislative act played a crucial role in the state's overall response to the pandemic, ensuring coordinated efforts among institutions, introducing targeted measures to limit the spread of COVID-19, and mitigating the social and economic consequences. The research demonstrates that the integrated and the coordinated approach is essential for effectively managing global health crises. The need for policy flexibility and adaptability in response to changing conditions underscores the importance of continuously assessing measures to address future challenges. The scope of the state policy during the COVID-19 pandemic covers a broad range of measures focusing on healthcare, the economy, the social support, the education, and more.

Based on the analysis of the existing academic literature, the author conducts an in-depth study that not only identifies key concepts in the field but also expands upon existing definitions. As a result, an original definition of the term **“State Policy in the Context of a Pandemic”** is formulated, addressing the identified limitations and proposing an enhanced analytical approach to the issue:

“The state policy in a pandemic situation consists of a set of strategic decisions, measures, and actions taken by the government and public institutions to manage the spread and consequences of infectious diseases such as COVID-19. These policies cover a wide range of areas, including healthcare, the economy, social services, education, and communications.”

Role of the central and the local government authorities

The third section of the first chapter in this dissertation focuses on the role of central and local government authorities. During the COVID-19 pandemic, these authorities performed diverse functions, with each structure assigned specific responsibilities and tasks distributed across planning, coordination, implementation, and monitoring of the necessary measures necessary to control the situation in accordance with the National Operational Plan for Pandemic Response (NOPPR).

Since the epidemic affected all aspects of state and public life, the National Pandemic Committee included experts representing all ministries. Their tasks encompassed various aspects of social and economic life, including:

- conducting and strengthening the epidemiological and laboratory surveillance of infectious diseases;
- assessing and forecasting the development of the epidemic situation to prepare healthcare institutions and medical professionals for necessary actions in case of change;
- organizing the medical support for the population, ensuring treatment availability, and implementing anti-epidemic measures;
- providing pandemic vaccines and anti-infective pharmaceutical products for priority population groups;
- establishing a reserve of antiviral drugs and pharmaceuticals, as well as ensuring the availability of personal protective equipment, medical devices, and consumables;
- conducting systematic epidemiological research to provide scientifically validated information for the medical community and the general public;
- supporting the Ministry of Health in implementing the necessary measures;
- developing a plan to minimize infection risks;
- ensuring the stability of the banking and the financial system for the payment of salaries, pensions, etc., in cases of significant workforce absences, under the jurisdiction of the Ministry of Finance;

- preparing a plan which military units to be mobilised if necessary;
- developing a plan for the education system in case of a worsening pandemic;
- guaranteeing the energy supply and ensuring the minimum necessary energy deliveries;
- securing sufficient quantities of personal protective equipment, disinfectants, and equipment not only for the population but also for personnel in enterprises with continuous operations.

A range of activities was planned for both central and local authorities, including anti-epidemic measures, the organization of outpatient and hospital care, pharmaceutical policy, media strategy and communication policy, ensuring the continuity of key ministries during an epidemic wave, and implementing consistent long-term measures.

Anti-epidemic measures

The implementation of anti-epidemic measures requires, first and foremost, the establishment of an organizational structure to enforce them and ensure appropriate control across the entire country. To achieve this, it is necessary to continuously assess the epidemic situation in order to conduct analysis and draw conclusions that will help for the planning of necessary actions. The introduction of a mathematical model for predictive analysis and risk assessment of hospital capacity is required. Reaching a critical load would lead to severe consequences for the healthcare system.

Organization of outpatient and hospital care

This is the second type of activity outlined in the National Operational Plan for pandemic management. The provision of outpatient care begins when there is a suspicion of coronavirus infection. At the local level, this is carried out by the general practitioners, specialized practitioners, medical centres, diagnostic and consultation centres, the designated COVID zones in the healthcare facilities, and laboratories.

The importance of the primary healthcare is emphasized, with a focus on the general practitioners—those on the front line. Remote medical consultations are introduced, allowing the patient to be examined without being exposed to risk.

The healthcare system has demonstrated significant flexibility and adaptability during the pandemic through an effective communication between the medical institutions and a rapid reorganization of the hospital infrastructure. The experience gained and the strategies implemented in these emergency circumstances can serve as a foundation for improving organization and management in future similar situations.

Pharmaceutical policy

According to the National Operational Plan, the pharmaceutical policy focuses on ensuring the necessary medications for treatment and preventing shortages. Medications during the epidemic are categorized into those for hospital and home treatment, monoclonal antibodies, and immunosuppressants. Only drugs approved by the European Medicines Agency with proven effectiveness against COVID-19 are used. Additionally, the plan includes creating a reserve of medications to address complications and unforeseen situations.

The analysis of the pharmaceutical policy highlights the importance of the continuous medication supply and maintaining adequate stock levels. Moreover, regulatory frameworks in the field of pharmaceutical policy should ensure the rapid and timely approval of the new medications.

Media strategy and policy

Several key aspects can be formulated regarding media strategy and policy during the pandemic:

- Public awareness – the pandemic emphasized the critical need for timely and accurate public information regarding health measures, the vaccination campaigns, and the current risks.
- The effective communication has been established as a key tool for strengthening public trust and encouraging appropriate behavior.

- The diversity of communication channels plays a crucial role in reaching different demographic groups. Of utmost importance is the role of the social media, which serves as a platform for rapid information spreading and as a tool for combating misinformation.

- The integration of traditional media, electronic platform, and targeted campaigns, contributes to broader outreach and more effective communication strategies. It is essential to develop mechanisms for quickly identifying and debunking false news and misinformation that could harm public health. Engaging healthcare professionals and experts in communication efforts is necessary to enhance public trust in the information provided.

The media policy must be flexible and adaptable to the changing circumstances of the pandemic. The need for an effective media strategy in epidemic situations and the role of the media in protecting public health are strongly justified.

Long-term measures

The long-term measures aim to plan for the possible development of the COVID-19 pandemic. First and foremost, ensuring the availability of vaccines against the coronavirus is planned to reduce the risk of spread. Regional health inspectorates (RZI) conduct a territorial analysis of the need and approach each group in society in a delicate manner. RZI optimizes vaccination activities for willing individuals by setting up vaccination points and providing access to information about the vaccines.

The four stages of epidemic growth have been analysed, as well as the necessary measures to be implemented, coordinated across: the fields of education, public-interest facilities and activities, the employers, and the border control.

Despite the introduced anti-epidemic measures, their non-compliance is noted as a significant problem, which reduces their effectiveness in combating the pandemic. Among the reasons for this are a lack of understanding and awareness of the issue, a lack of trust in their implementation, and the cultural attitudes and

individualistic approaches of some groups led to the disregard of the community interest and underestimation of the risk.

At the end of the first chapter, the following **conclusions** are formulated:

First. The significance of the COVID-19 pandemic is immeasurable, as its consequences cover all aspects of life. It caused global changes in healthcare, the economy, education, society, and technology, laying the foundations for a more sustainable and innovative future. The consequences of the pandemic will continue to affect future policies and practices in various areas of life.

Second. The COVID-19 pandemic highlighted the importance of the effective state policy in managing similar situations. The integrated approach, which involves the joint and coordinated action of various state sectors, including healthcare, economy, education, and social support, is essential for dealing with global health crises.

Third. The role of the central and the local government during the COVID-19 pandemic demonstrated the importance of a quick response, coordination and communication, inter-agency cooperation, institutional resilience, use of data and technology, and impact management. The management during the pandemic situation is outlined as a complex, multifaceted process that requires strategic thinking, coordinated efforts, and adaptive approaches. The central government ensured national coordination, legislation, and communication, while the local government played a key role in implementing the measures on the spot. There was interaction with the public and adaptation of policies to local needs. It has been proven that for future pandemics with severe economic consequences, cooperation and coordination between different levels of government must be strengthened to achieve a more effective and targeted response to the challenges.

Second. Financial policy of the state in the context of the COVID-19 pandemic

Financial aspects of European Union policies during the pandemic

The policy of the European Union (EU) covers a wide range of areas, including economy, foreign relations, internal security, environment, social issues, and healthcare.

To ensure the implementation of measures and programs during the pandemic, the European Union introduced changes in its financial policy to address economic and social challenges. In March 2020, the European Central Bank launched an emergency asset purchase program in response to the pandemic, with an allocated budget of €750 billion. On June 4, 2020, an additional €600 billion was added to this budget, bringing the total to €1.35 trillion, which amounts to 7.3% of the Eurozone's gross domestic product. The European Investment Bank proposed a €240 billion financing plan, aimed at providing intermediate loans, grace periods, and other measures. (https://european-union.europa.eu/principles-countries-history/key-facts-and-figures/economy_bg). The goal was to ease liquidity constraints and improve the working capital of small and medium-sized enterprises (SMEs) and mid-market capitalization companies. The European Investment Fund, which specializes in this activity, collaborates with national banks and applies the following measures:

- Bank guarantee schemes based on existing programs to mobilize up to €20 billion in financing.
- Bank funding to ensure an additional €10 billion in support for SMEs' working capital and mid-cap companies.
- Securities purchase programs, allowing banks to transfer risk from SME loan portfolios, providing an additional €10 billion in support.

For the first time, the European Commission was forced to activate the general escape clause from the “Stability and Growth Pact as part of its strategy to curb the coronavirus pandemic”. This allowed national governments to work more effectively in supporting their economies. Budgetary rules were adjusted to the

changed circumstances and relaxed accordingly. The general escape clause was approved by the European Council, enabling member states to take adequate measures in response to the pandemic. These measures included deviations from budgetary requirements within the European fiscal framework to direct funds toward healthcare and sectors in need of support.

The European Commission utilized all available instruments to empower governments to protect their citizens and mitigate the severe social and economic consequences of the pandemic. During a meeting on March 3, 2021, the European Commission decided to formulate common guidelines for fiscal policy implementation by EU member states. The general escape clause remained in effect through 2022 and 2023. The fiscal measures aimed to provide medium-term guidance for proper planning in economic recovery.

The EU’s common policy focused on overcoming the pandemic, preserving public health, maintaining jobs, and supporting small and medium-sized businesses. The member states benefited from EU programs to counteract the effects of the coronavirus and restore economic and social life to normal.

The circumstances caused by the COVID-19 pandemic necessitate an analysis of the implemented measures and their effectiveness to enable a timely response to similar situations in the future. Aa analysis was conducted on the financial decisions of the central government in the Republic of Bulgaria, as it is closely tied to the general policy of the European Union.

Analysis of the financial decisions of the central authority in the Republic of Bulgaria

The spread of the coronavirus prompted Bulgaria to implement an adequate financial policy. Within the European Union, individual countries responded similarly, with the main efforts focused on several areas:

- Ensuring additional financial resources for healthcare and pharmaceutical policies, which leads to budgetary pressure.

- Supporting businesses that are facing serious liquidity problems due to economic difficulties – through deferral of tax payments and state guarantees to ensure short-term financing for small and medium-sized enterprises.

Under such circumstances, the implemented measures can only mitigate the consequences of the pandemic on the economy, but they cannot stop or completely prevent the negative effect. The business cannot expect to maintain the production and activity levels they had before the crisis caused by the pandemic. Moreover, the impact varies across different sectors depending on the nature of production and the direction of work.

Measures are being taken at both the macro and micro levels, considering that at the macro level, shrinking demand and supply is not ideally overcome through the use of public funds, as it will not achieve a positive effect and may come with a significant fiscal cost. At the micro level, the business structures will suffer damages due to the crisis affecting the real sector.

In such a crisis of this scale, there are no measures that can prevent or fully compensate for the negative economic effect. The economy is capable of adapting by taking flexible decisions, but support and a proper strategy are necessary.

On a national scale, the goal is to support entrepreneurs who are trying to preserve their business and restart it after the pandemic ends. The assistance requires that they do not terminate their activities but rather maintain them, keep workers employed, and ensure payments to partners. The allocated funds are provided to companies to recover their operations after the pandemic.

The government's actions are focused on supporting the private business. Market solutions should be sought through renegotiating terms and payments, reducing prices, rents, and other similar measures. The state aid could be seen as a prerequisite for a risk of abuse and political pressure. Long-term policies are necessary: supporting labour and human capital development, encouraging investments, prudence in the financial sector, and improving the quality of life. These policies aim to prepare the quick recovery and the economic growth after the period of restrictions in the fight against the pandemic.

As early as March 2020, it was forecasted that a short-term recession was inevitable. It was assumed that with lower sick-rate, this would reflect up to 1% of the gross domestic product (GDP), and in case of deepening, it could reach 4-5%. The economic life must adapt to the new reality. The effects of the pandemic on the economy vary across different sectors. For example, some sectors almost entirely ceased operations due to social life restrictions – this is especially true for tourism and restaurants. The cultural and sporting events were also almost completely halted. The impact on tourism not only affected hotels but was also related to the reduced capacity of travel by buses, trains, sea, and air transport.

The pandemic caused supply issues for raw materials and components for the industry and the production. Orders were cancelled or delayed. The economic activity was reduced, and gradually all actors in the economy were affected, leading to a contraction in consumption. Thus even areas like IT (information technologies), which were initially unaffected by the pandemic, were gradually hit by its subsequent consequences, manifested in supply chain problems, the socio-economic impact on the IT sector, the e-commerce, and the digital payments, the increased demand for cloud services, the accelerated digitalization, and more.

The problems of economic entities affect the country's budget, which will inevitably lead to lower revenues. Implementing measures to extend payment deadlines reduces revenues in the state budget. A 4–5% reduction in GDP would have a negative impact on the ability to fund social payments and healthcare expenses, which are particularly important during a pandemic.

Labour costs are also rising, whether in the form of unemployment benefits or measures to reduce unemployment. Budget-related actions must be implemented across various sectors. The budget must account for the new situation and reconsider its priorities. Non-priority public expenditures are postponed, and the budget is restructured to reduce financial pressure.

The state budget requires updates because it was initially planned with high revenue expectations, but the pandemic necessitates a shift in priorities. Some public investments have been postponed to ease the pressure on the budget. The

increased expenditures are related to combating the pandemic. Funds are needed for healthcare, including treatment, vaccines, medical staff support, equipment, and supplies, as well as for social spending, such as social care services.

Another financial burden on the budget is the support for workers who find themselves in difficult situations due to the epidemic. Layoffs have become necessary after the suspension or restriction of business activities. A key task for the economy, businesses, and the state is to preserve employment. Laid-off individuals must be provided with unemployment benefits, leading to increased expenses for the National Social Security Institute (NSSI). Measures have been introduced to provide state aid during the pandemic, covering part of employees' wages if employers do not lay off workers and continue to pay them their full salary. Under these measures, employees are entitled to their full salary instead of a 60% unemployment benefit. Efforts have been made to support companies that aim to sustain their business long-term and retain skilled personnel.

The implemented support measures for businesses and households are reflected in financing from national and European programs, including:

- *Support for small enterprises with a turnover exceeding BGN 500,000 to overcome the economic consequences of the COVID-19 pandemic is financed under the Operational Programme “Innovation and Competitiveness” (OPIC);*
- *Support for micro and small enterprises to overcome the economic consequences of the COVID-19 pandemic is financed under the Operational Programme “Innovation and Competitiveness” (Measure “3-10”);*
- *Support for medium-sized enterprises to overcome the economic consequences of the COVID-19 pandemic is financed under the Operational Programme “Innovation and Competitiveness”;*
- *“Recovery of SMEs through energy efficiency improvement” is financed under the Operational Programme “Innovation and Competitiveness”;*
- *Measure “60/40” is financed with European funds under the Operational Programme “Human Resources Development”;*

- *“Employment for You” is financed with European funds under the Operational Programme “Human Resources Development”;*
- *The third phase of the “Support through working capital for SMEs affected by the temporary anti-epidemic measures” is financed with European funds under the Operational Programme “Innovation and Competitiveness”;*
- *“Save Me+” is financed with European funds under the Operational Programme “Human Resources Development”;*
- *Support for SMEs engaged in road transport to overcome the economic consequences of COVID-19 under the Operational Programme “Innovation and Competitiveness”;*
- *Provision of grants to tour operators and travel agents to compensate for losses caused by the COVID-19 epidemic outbreak, with funds allocated under Regulation No. T-RD-04-1 of January 22, 2021, concerning the procedure for granting non-repayable financial aid to tour operators and travel agents to compensate for losses as a result of the epidemic outbreak of COVID-19;*
- *State aid for tour operators using air carriers with a valid operational license for charter flights to the Republic of Bulgaria for tourism purposes – “The project is financed under the Operational Programme “Good Governance”, co-financed by the European Union through the European Social Fund”;*
- *Emergency temporary support for farmers and small and medium-sized enterprises particularly affected by COVID-19 is financed under the “Rural Development Programme”;*
- *State aid to ensure liquidity for the agricultural holdings;*
- *Bulgarian Development Bank's programme for portfolio guarantees in support of businesses, financed under the “Recovery Programme” through BDB guarantees;*
- *Recovery Programme (financed by the Fund of Funds);*
- *Microloans for self-employed individuals and small start-up enterprises (financed by the Fund of Funds);*

- *Portfolio guarantees to support SME liquidity (European Investment Fund/Jeremie, representing joint European resources for micro and medium-sized enterprises).*

Social measures funded by the state budget have been introduced to provide financial assistance and social services to households facing economic difficulties during the pandemic.

Through targeted financial support and access to social services, households have been able to meet basic needs such as food, housing, and healthcare. In this way, social measures help mitigate the negative socio-economic consequences and strengthen the resilience of affected communities.

The economic measures aim to preserve employment and prevent mass layoffs. The state aid has been a lifeline for many small and medium-sized enterprises, helping them overcome economic difficulties and recover after the pandemic.

In the field of education, the adaptation has been reflected in the transition to online learning, allowing students to continue their education despite the restrictions imposed by the pandemic. The investments in technology and online learning infrastructure have accelerated the digitalization of the education sector.

The measures taken during the COVID-19 pandemic have played a key role in mitigating economic and social consequences. They have provided essential support to vulnerable groups, maintained economic stability, and improved the quality of life. Despite the challenges associated with implementing these measures, they have proven effective in addressing the crisis and are crucial for the recovery and the building of a more resilient society after the pandemic.

The COVID-19 pandemic has also left its mark on cultural institutions. The cultural sector is one of the most severely affected, as many events, festivals, theatres, museums, and other cultural institutions were forced to close or significantly limit their activities, while others were postponed in time. The support measures for the cultural sector during and after the COVID-19 pandemic are essential for its survival and recovery. The analysis of these measures shows that

state support has helped many cultural institutions and artists overcome financial difficulties and adapt their activities to the new conditions. However, the continued support and adaptation to the new realities will be necessary for the sustainable development of the culture in the future.

Analysis of the financial decisions of the local authority in the Republic of Bulgaria

The financial decisions of the local authorities in the Republic of Bulgaria have been analysed using the example of Veliko Tarnovo Municipality. During the pandemic, it was the responsibility of the local authorities to organize the implementation and the compliance with the prescribed measures in healthcare, the public order, and the establishment of designated COVID zones, the social activities, the assisting of people with disabilities, providing patronage care, and delivering social and healthcare services, including distributing food packages to those in need. Another responsibility was supporting the online education.

By decision of the Council of Ministers, Decree No. 326 of October 12, 2021, was adopted, approving additional transfers to municipal budgets for 2021 (*State Gazette*, issue 87, October 19, 2021) in the amount of BGN 100,000,000 for allocation for the targeted expenditures related to anti-epidemic measures implemented in 2021. A specific example is the provision of funds to subsidize passenger transport on intercity bus routes due to the epidemic situation. This was beyond the scope of the expected under the Regulation on the conditions and the order of giving of means for compensating of the reduced revenues from the application of prices for public passenger transport on the car transport. The subsidization covered unprofitable bus routes, both within urban public transport and in mountainous and other areas.

The targeted COVID-19 funds were provided from the reserve for unforeseen and/or urgent expenses for 2021, as outlined in the central budget for complementary and compensatory COVID-19 measures and others - Article 1,

Paragraph 2, Section II, Item 5.4 of the State Budget Act of the Republic of Bulgaria for 2021.

Under Council of Ministers Decree No. 326/12.10.2021, BGN 100 million was allocated for COVID-19 prevention and prophylaxis measures. For the municipalities in the Veliko Tarnovo region, a total of BGN 4,137,144 was distributed among the ten municipalities in the area. The largest allocation was granted to Svishtov Municipality, while the smallest was allocated to Suhindol Municipality.

Table 1. Allocated targeted funds for the municipalities in Veliko Tarnovo region for 2021.

Nº	Municipalities	Additional transfers to municipal budgets (in BGN)	including for the implementation of measures related to COVID-19 for 2021, for subsidizing passenger transport on intercity bus lines in the amount of up to
1	2	3	4
VELIKO TARNOVO REGION			
1	Veliko Tarnovo	623 156	93 473
2	Gorna Oryahovitsa	826 309	123 946
3	Elena	314 307	47 146
4	Zlataritsa	89 500	13 425
5	Lyaskovets	233 609	35 041
6	Pavlikeni	546 190	81 929
7	Polski Trambesh	270 683	40 602
8	Svishtov	853 666	128 050
9	Strazhitsa	322 017	48 303
10	Suhindol	57 707	8 656
		4 137 144	

Source: (https://www.veliko-tarnovo.bg/uploads/posts/2022/04_04_896-analiz.pdf, n.d.)

From the comparative data for 2019 and 2021, it can be concluded that the municipality of Veliko Tarnovo has managed to overcome the unfavourable economic challenges without severe consequences. The analysis of the implementation of the Municipal Budget for 2021 shows an increase in revenues

compared to 2020. The expenditures for local and co-financed activities for 2021, compared to 2020, have increased by 2,921,737 BGN. Revenues from delegated state activities and tax revenues, as well as receipts from fees, have increased, which is mainly due to the waste collection fee. A 39% annual increase in revenue from the sale of goods, services, and products has been recorded.

It should be noted that the total subsidy for state activities in 2021 for the municipality of Veliko Tarnovo has increased compared to 2020 by 10,334,715 BGN. This is the result of securing an increase in the standards for state-delegated activities, salaries, and the rise in the minimum wage. Transfers of 2,264,800 BGN have been provided for local activities, including a general equalizing subsidy of 1,779,900 BGN and 484,900 BGN for winter road maintenance and snow removal. The increase in transfers for local activities in 2021 compared to 2020 is 44,800 BGN. The targeted subsidy for capital expenditures has increased by 238,200 BGN. Table 2 shows transfers benefiting the municipality of Veliko Tarnovo for the two analysed years:

Table 2. Transfers of funds in favour of the municipality of Veliko Tarnovo for 2020 and 2021.

№	Type of revenue	2020 г.	2021 г.
1	Transfers from the Central Budget	66 416 010	69 958 694
2	Transfers between budgets	1 176 745	3 793 330
3	Transfer between budgets and accounts for EU funds (SES)	-778 728	-713 304
4	Transfers from/to state-owned enterprises and other entities	1 935 223	561 770
5	Temporary interest-free loans	1 032 324	-743 498

Source: (https://www.veliko-tarnovo.bg/uploads/posts/2022/04_04_896-analiz.pdf, n.d.)

The municipality of Veliko Tarnovo has managed to cope with the epidemic situation while maintaining its social role. The revenue and expenditure reports indicate stable financial conditions and even some improvement in 2021 when the

epidemic began to subside. There is also noticeable good cooperation between the local and the central authorities, reflected in subsidies for essential activities during the COVID-19 crisis.

At the end of the second chapter, the following conclusions are formulated:

First. The European Union has demonstrated timely responses to the COVID-19 pandemic by providing financial and structural support, implementing targeted measures to ensure an adequate response to the challenges. A significant financial resource has been allocated for healthcare, vaccine development, business support, households, and the entire social sector. Urgent measures have been taken regarding the supply of medical consumables and food. The absorption of funds depends solely on the activity of each country in accordance with its needs and priorities.

Second: The presented theoretical and practical analysis of the financial decisions of the local authorities in the Republic of Bulgaria justifies the role of the state in supporting businesses and households in overcoming the negative consequences of COVID-19 through the socio-economic measures adopted by the government.

Third: The analysis of the budget of the Municipality of Veliko Tarnovo for 2020 and 2021 shows that in 2020, there was a significant decrease in revenues and an increase in expenditures. During the period of overcoming the pandemic situation, the trend is towards increasing revenues, which is an indicator that the economic consequences of the crisis are being successfully overcome. The Municipality of Veliko Tarnovo undertakes various and comprehensive measures to tackle the COVID-19 pandemic, focusing on the health sector, the economy, education, social support, and culture. These measures have had an appropriate impact in minimizing the negative consequences of the pandemic and have created the conditions for a faster and more sustainable recovery. Despite the challenges, the Municipality of Veliko Tarnovo demonstrates its ability to adapt and manage effectively in the context of the pandemic.

Third. Challenges to the state policy in the context of the COVID-19 pandemic and afterward

Analysis of the impact of the implemented anti-epidemic measures on the economy and the society

Due to the specifics of the COVID-19 pandemic, numerous measures were introduced to limit social interactions, enforce strict border controls, and regulate business structures, administration, transportation, trade, and public life as a whole. The transportation suffered significant losses due to the reduced number of passengers resulting from the imposed restrictions. In tourism and food service establishments, these same measures led to stagnation, temporarily shutting down of hotels, guesthouses, and many catering establishments.

Where possible, the employers were required to organize remote work for at least part of their staff. While this was feasible for some businesses, it was not an option in industries requiring physical presence in the workplace. Restrictions were also placed on working hours, and special “green corridors” were introduced in stores and pharmacies for pensioners.

All these anti-pandemic measures limited the normal functioning of the economy. Many employers, following health authorities' recommendations, required employees to get vaccinated to prevent the virus's spread.

Measures were taken to reduce VAT rates in certain sectors (books, restaurant and catering services, baby food and diapers, tourism services, and sports facilities such as gyms and swimming pools). At the same time, VAT revenues increased by 1.5% between July 1 and December 31, 2021. The factors through which this increase can be attributed are the higher consumption of goods and services and the rising inflation. The GDP decline of 3% in 2020–2021 (budget_2020_otchet%20(1).pdf) reflects the economic consequences of COVID-19. The economic impact is manifested in GDP shrinkage due to business closures, restricted movement, and weak economic activity.

Fiscal policy strategy should focus not only on short-term effects but also on long-term goals. The increased social spending must be accompanied by a recovery

of the real economy, which involves quick adaptation to the current needs of both the economy and society, rapid financing of the social payments, healthcare, business support, and more. The labour market has experienced negative structural changes and the problems become serious, necessitating active engagement with at-risk groups and employment policies for the unemployed.

Analysis of the costs related to the measures against COVID-19 during the period 2020–2022

With the onset of the COVID-19 pandemic, Bulgaria's expenditure policy in 2020 was primarily directed towards supporting the healthcare system, including frontline workers fighting the spread of the pandemic (BGN 0.9 billion for measures targeting frontline personnel) (see Table 3). The socio-economic measures were focused on the most affected public sectors. Another portion of the measures aimed at curbing the spread of COVID-19 and preventing the healthcare system from becoming overwhelmed. The challenge to the healthcare system required the mobilization of all available resources. Despite the efforts to develop medications and vaccines to combat the disease, it was only at the end of 2020 that the World Health Organization (WHO) and the European Medicines Agency (EMA) approved a list of safe vaccines. However, the approved vaccines arrived with delays, slowing down the timely vaccination of the population during 2020, which negatively impacted the economy. The health crisis continued to deepen with rising infection rates and increased mortality, while restrictions such as social distancing and quarantine remained in place. The economic impact included a slowdown in productivity and rising unemployment.

EU member states faced significant challenges due to the pandemic, with unprecedented economic consequences. Leading economies reported a significant GDP decline in the second quarter of 2020, reaching levels unseen in the past 25 years. According to Eurostat data, the economy contracted by 13.9% compared to the same period in 2019, while the Eurozone countries experienced a 14.7%

decline. (https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Main_Page)

At a national level, the pandemic's impact varied across countries. Lithuania and Ireland recorded a 4% annual GDP decline. In the Netherlands and Germany, economic activity in Q2 2020 decreased by 9.0% and 11.3%, respectively, compared to the same period in 2019. Spain, France, and Italy reported even higher negative economic indicators, with declines of -22.1%, -18.9%, and -17.7%, respectively.

(<https://www.nsi.bg/sites/default/files/files/pressreleases/GDP2020q2-EU.pdf>).

Compared to Eurozone countries, Bulgaria experienced a moderate economic downturn due to the COVID-19 crisis, with an 8.5% GDP decline in Q2 2020, according to Eurostat data.

Due to the quarantine measures introduced in most EU countries in 2021, the economic recovery began at a slow pace. Data indicated varying recovery rates among member states, with the most affected countries showing the highest growth during the recovery phase. Bulgaria also exhibited moderate recovery rates, reaching 5.2% year-on-year growth for the first nine months of 2021 compared to Q3 2020. (https://www.minfin.bg/upload/45985/mreport_November2020_bg.pdf, n.d.). However, recovery indicators for Q3 2020 remained negative, necessitating the introduction of new strict quarantine measures. By late autumn, a new wave of infections surged across Europe with the same intensity. However, Bulgaria was among the countries that did not implement continuous quarantine measures since the beginning of the pandemic and the state of emergency. Due to the strict enforcement of anti-epidemic measures, many economic sectors were severely affected.

The negative impact of the pandemic was most strongly felt in the healthcare system and economic sectors, which is why the financial resources were concentrated in these areas, as well as in education. Specifically, resource allocation also covered the frontline administrations, business support, and household support. In addition to the national budget, key funding came from

various EU operational programs and funds, as well as the financial instruments created by the Bulgarian Development Bank. The costs for combating the negative effects of the pandemic and its economic consequences amounted to approximately BGN 4.2 billion in 2020 ((https://www.minfin.bg/upload/48709/doklad_otchet_budget_2020.pdf, н.д., стр. 35).

Measures on expenditures. In order to prevent and combat the spread of the COVID-19 pandemic in 2020 and 2021, several expenditure-related measures were implemented, primarily aimed at mitigating the negative economic consequences:

1. The most significant measure is focused on limiting and controlling the spread of COVID-19.
2. The second measure is providing support to the healthcare system and the frontline workers engaged in the fight against the pandemic.
3. The third set of measures consisted of the socio-economic initiatives aimed at reducing the negative impact of the crisis.

As of December 31, 2022, a total of BGN 2,614.5 million from the national budget was allocated to finance pandemic response measures. This amount included BGN 1,140.9 million for additional pension payments, consisting of a BGN 60 supplement per pensioner as mandated by the Council of Ministers Decree (CMD) No. 479 of December 30, 2021, from the end of 2021 and an additional BGN 75 for each pensioner who had completed a full vaccination course.

Table 3. Available funds and expenses related to measures and the fight against COVID-19 for the period 2020–2022 in Bulgaria

Year	Available funds	Expenses related to measures and the fight against COVID-19
2020	4.2 billion BGN resources from the national budget and operational programs	0.9 billion BGN for frontline administration measures in the fight against the pandemic
		2.1 billion BGN for business support
		1.2 billion BGN for measures in support of households

2021	6.7 billion BGN mobilized resources from the national budget and EU operational programs	3.3 billion BGN for measures to support households
		1.4 billion BGN for business support
		2.0 billion BGN for frontline administration measures in the fight against the pandemic
2022	1,473.9 billion BGN resources from the national budget and operational programs	375.7 million BGN for measures to support households
		351.0 million BGN for business support
		747.2 million BGN for measures for government bodies involved in managing the pandemic and its consequences

Measures in support of households. The measures in support of the households are crucial for alleviating the negative socio-economic consequences. The Bulgarian government adopted programs aimed at protecting citizens' incomes, and several initiatives were introduced to support the well-being of the citizens affected by COVID-19. These initiatives focused on stabilizing households and preserving incomes. The measures for households in 2020 amounted to BGN 1.2 billion (budget_2020_otchet%20(1).pdf). The funds of BGN 50, paid to the pensioners from August to December 2020, amounted to slightly over BGN 0.5 billion. This measure was targeted to one of the most vulnerable groups. The additional BGN 50 was intended to assist elderly people with some of the most urgent expenses, such as personal protective equipment, medicines, and unforeseen medical aid. Approximately 2.1 million pensioners benefited from this measure during the period from August to December 2020.

In 2020, BGN 0.3 billion (https://www.minfin.bg/upload/48709/doklad_otchet_budget_2020.pdf, n.d., p. 35) was allocated for several purposes: unemployment benefits; cash assistance for temporary incapacity of individuals infected with COVID-19, including those in quarantine; and BGN 0.3 billion from the budget of the State Social Security Fund.

Through the Ministry of Health's budget, BGN 0.3 billion was spent on free vaccines and pharmaceutical products to fight the COVID-19 pandemic.

In 2021, the measures in support of households amounted to BGN 3,305.6 million. These funds were provided by the national budget and the EU fund accounts (https://www.minfin.bg/upload/52983/Doklad_otchet_DB.pdf, n.d., p. 30). One-time additional amounts were paid to all pensioners' pensions for the period from January to September, totalling BGN 50, and for October, November, and December, the amount was BGN 120. This whole assistance amounted to BGN 1,694.6 million. Additionally, BGN 75 was paid to pensioners who completed a full vaccination course or received a booster dose for COVID-19. This measure aimed to protect the health of the elderly and alleviate the burden on the healthcare system. The total amount spent on this assistance was BGN 2,544.6 million (including both the additional pension amounts and the stimulation of the elderly people for completing the vaccination course).

In 2022, BGN 375.7 million was spent on measures to support households through the national budget (https://www.government.bg/files/common/STATE%20BUDGET_2022.docx). The largest portion of these funds, BGN 237.5 million, was allocated to the Ministry of Health. These funds were intended for the provision of vaccines and pharmaceutical products such as Remdesivir, rapid antigen tests, and other tools in the fight against the pandemic.

In 2022, the measure of monthly targeted assistance for families with children under 14 years old remained in place, amounting to a total of BGN 14.7 million. As of December 31, targeted assistance had been provided to 5,484 families. In comparison, in 2021, 12,522 families received this support. According to Decree No. 479/30.12.2021, one-time payments of BGN 60, regardless of the pension amount, were preserved for the period from January to July 2022.

The measures in support of the households are crucial for alleviating the negative socio-economic consequences. The effectiveness of the household support measures depends on their proper planning and the adaptation to the

specific needs of the society. Monitoring and evaluation are needed to ensure that the measures have achieved their intended goals.

Measures in the revenue sector

In 2021, amid the epidemic situation and in response to the spread of COVID-19, the measures introduced in 2020 continued to be implemented. During the period 2020–2022, several measures were introduced regarding state revenues, as follows:

- A reduced VAT rate from 20% to 9% (for books, restaurant and catering services, baby food and diapers, tourism services, and the use of sports facilities such as gyms and swimming pools);
- Exemption from customs duties and VAT for medical goods related to combating the spread of COVID-19;
- Increased tax relief for children (Article 22v and Article 22g of the Personal Income Tax Act) for income earned in 2021;
- Retention of the zero VAT rate for the supply of COVID-19 vaccines and the services, related to the vaccines.

Measures to support business

In 2020, business support measures amounted to 2.1 billion BGN, with 1 billion BGN allocated to the “60/40” measure to support the workforce and the business. A total of 0.4 billion BGN was transferred to a special account of the State Social Security to cover the payments due under the scheme for 2020. At the beginning of 2021, the developed support mechanism for employers, workers and employees from the economic sector, affected by COVID-19 pandemic and the implemented restrictive measures against the spread of the virus, was among the main measures for supporting the economy and the employment, and mitigating the negative effects of the pandemic (https://commission.europa.eu/strategy-and-policy/coronavirus-response/supporting-jobs-and-economy-during-coronavirus-pandemic_bg, n.d.). The “60/40” measure consists of covering 60% of the employees’ social security income and the social security contributions at the

expense of the insurer of the people working in the business establishment—including social and health insurance—based on the employees’ insured income. The remaining 40% of salaries and the corresponding social security contributions are covered by the employers. This measure was designed to support businesses impacted by the emergency measures implemented to control the spread of COVID-19.

As of December 31, 2022, state budget support for businesses amounted to 351 million BGN, including: 162.1 million BGN was allocated to maintain employment through the “60/40” measure. 143.5 million BGN was granted to farmers from the State Fund “Agriculture” to support those affected by the negative effects of the pandemic. This category included livestock farmers (raising large and small ruminants), fruit and vegetable producers, beekeepers, and growers of oil-bearing roses and rice. The aim was to counteract the negative impact on the economy. By the end of 2022, financial support had been provided to 26,673 farmers in the agricultural sector.

As of 31.12.2022, 9.6 million BGN was allocated through The Council of Ministers Decree No. 253/18.08.2022 to subsidize tour operators. The funds were intended for air carriers with valid licenses for operating charter flights to Bulgaria for tourism purposes.

Measures for the state authorities responsible for managing the pandemic and the consequences of COVID-19

The funds allocated for the implementation of the measures for the state authorities responsible for managing the pandemic and its consequences amounted to 0.9 billion BGN in the expenditure section of the state budget for 2020, of which 0.2 billion BGN came from EU funds. The support for the frontline personnel accounted for the largest share, aiming to prevent the spread of the pandemic. The expenses totalled 0.4 billion BGN, including funds from EU Operational Programs, allocated for essential expenditures such as salary increases and additional compensation for overtime work. These funds were directed towards state and

municipal administrative structures, healthcare facilities, frontline workers, and activities aimed at preventing the spread of the disease.

In 2021, the state administration bodies responsible for managing the pandemic and the consequences of COVID-19 reported expenditures of BGN 1,975.5 million, of which BGN 149.3 million were EU funds. The expenditures included salary increases and additional remuneration for overtime work performed by frontline workers and individuals directly engaged in all activities aimed at preventing the COVID-19 pandemic, amounting to BGN 769.3 million. The second-largest expenditure was BGN 725.5 million, provided by the National Health Insurance Fund (NHIF) for medical workers, dental practitioners, and activities carried out under unfavourable conditions related to the pandemic. In 2021, BGN 197.9 million were allocated from the state budget for permanent monthly allowances to doctors (BGN 600.00), healthcare specialists (BGN 360.00), and sanitary workers (BGN 120.00). (https://www.minfin.bg/upload/52983/Doklad_otchet_DB.pdf). The education system received BGN 88.1 million for implementing distance learning and BGN 53.00 million for gentle rapid COVID-19 tests. Municipalities utilized BGN 69.1 million for anti-epidemic measures in 2021.

For 2022, the largest relative share of planned funds was again allocated to the administration bodies handling pandemic management—BGN 747.2 million. These funds covered frontline personnel engaged in preventing the spread of COVID-19. This includes the administration of COVID-19 vaccines – 369.9 million BGN, the financing of the NHIF for the provision of dental and medical care, as well as support for those working under adverse conditions. The amount spent was 216.2 million BGN. An additional 74.8 million BGN has been allocated for the payment of extra wages for staff, as well as for the provision of personal protective equipment, disinfectants, and other necessities. For schools, medical institutions, and workplaces, the allocated funds amount to 8.7 million BGN. In 2022, municipalities reported expenditures of 74.3 million BGN for anti-epidemic measures.

In conclusion, based on the summarized data, it is evident that the social and economic consequences of COVID-19 will be long-lasting. As a result of the pandemic, many industries have reduced their consumption due to its impact, including tourism, the restaurant industry, air transportation, hotel services, entertainment sectors such as theatre, cinema, arts, etc.

The decline in demand and supply of goods and services has affected trade and economic relations worldwide. The economic quantity is variable in relation to the different restrictions of the states depending on the intensity of the pandemic. A complete disruption of relations among EU member states has been observed, unfolding in waves—first in Italy, then across other European countries. Nations have faced challenges such as travel restrictions, the collapse of the healthcare and education systems, and more. The restrictive measures introduced have been drastic for some of the employers, the employees, and the workers, especially in professions that cannot be performed remotely. Many of these workers lack paid annual leave, pushing them to the brink of survival. The member states have been making every effort to manage the consequences smoothly using state budget funds and operational programs. The gradual recovery has been seen with the reopening of businesses, the restoration of the education system, and the revival of tourism. This process is slow and measured. There is little certainty or research that can accurately predict the timeline for full recovery from the COVID-19 pandemic. It is also difficult to make precise assessments of the social system, the public attitudes, and the important psychological state of the population.

Therefore, the analysis highlights the need for reforms in healthcare, social protection, and public administration systems to make them more efficient and better prepared for future epidemic situations. Based on the experience from 2020–2022, it is crucial to develop more effective mechanisms for rapid and adequate responses to such emergencies by reducing administrative burdens and improving coordination among institutions. These findings underscore the significant financial strain that combating COVID-19 has placed on state budgets and the need for better planning, management, and transparency of expenditures in the future.

Empirical study of the effectiveness of the state policy during the COVID-19 pandemic (Survey Research)

The conducted empirical study determines the impact of the anti-epidemic measures on citizens and their households. The need for this research arises in order to obtain primary information, which, after processing, can be used to formulate conclusions that will be helpful in case of similar future events. The questions were posed to respondents from Bulgaria of different ages, marital statuses, education, and household sizes. The method used for data collection was online through Google Forms – an online survey that allows for real-time processing of the collected data. The sample consisted of 5040 valid respondents.

Working Hypothesis – The goal of the survey is to gather sufficient data on the individuals and households affected by the restrictive measures taken due to COVID-19.

Conclusion – The detailed conclusions, in their entirety, provide a compelling argument for the existence of substantive meaning in the variables operationalized through the survey. However, the conclusions always remain debatable in the part concerning causal associations.

The results show that pessimism about the consequences of the COVID pandemic and the measures against it is more pronounced among men, younger people, more educated individuals, unmarried people, and households with four members. Therefore, educated young people in the active age group do not see significant or positive results from the measures taken to combat the pandemic. The same applies to families with two children, which are usually young households. There is weak interest in the opportunities offered by various programs, and negative consequences of the crisis are noted.

The main conclusions from the empirical study on the effectiveness of the state policy during the COVID-19 pandemic (survey research) are formulated as follows:

- The actions taken by the state are either not recognized or are weakly accepted, and they do not lead to the expected positive effect.

- Three important characteristics reflect the socio-economic measures – delayed, insufficient, and inadequate.
- The socio-economic measures are excessively restrictive and do not correspond to the objective situation.
- There is significant distrust towards the measures “60/40”, “Employment for You”, and “Keep Me+”.
- The financial stability of the households is uncertain. A large portion of the working population has retained their jobs at the expense of reduced income, while others have lost their jobs.
- The growing economic uncertainty is met with concern by the respondents.

The solutions deemed successful for overcoming this economic uncertainty consist of several key measures, including: *Supporting small and medium-sized enterprises to preserve as many jobs and incomes as possible; applying relief in the managing of external state debts through halting payments, restructuring, and providing interest-free loans; the implementing of an adequate health policy; and financing the social activities and the households to prevent an increase in inequality between individuals and regions.*

Through the Recovery and Resilience Facility, the EU sets long-term goals for sustainable growth, but the rapid overcoming of the consequences of the pandemic has not yet been observed, as the European economy is in decline or experiencing zero growth. Bulgaria also has a National Recovery and Resilience Plan, which is a huge challenge for the country.

The European Union's solutions for mitigating the economic consequences caused by COVID-19 are implemented in the Recovery and Resilience Facility (RRF), which was approved on May 28, 2020, by the European Commission. It consists of a package of measures to limit and prevent the impact of COVID-19 through a long-term budget for the period 2021–2027. The total allocated amount is €2,018 billion. The plan also includes additional targeted funding of €807 billion

(https://next-generation-eu.europa.eu/index_en, n.d.) through a temporary tool for supporting recovery. This tool, titled “Next Generation”, has a long-term projection.

The Recovery and Resilience Facility includes six main pillars that must be included in the recovery and development plans and actions:

- green transition;
- digital transformation;
- economic convergence, productivity, and competitiveness;
- social and territorial cohesion;
- health, economic, social, and institutional resilience;
- policies for the next generation.

Three main directions are included in which measures are being taken in such an economic situation:

1. support for the fight against the pandemic and assistance for healthcare workers;
2. assistance for households;
3. support for businesses.

The analysis of the expenditures related to measures against COVID-19 from 2020 to 2022 shows that the most funds were allocated and spent in 2021. Despite this, as a whole the fight against the pandemic has been accompanied by many difficulties both in healthcare and in education and the social sector.

The broad range of areas affected by European Union documents demonstrates serious intentions to respond to an emergency pandemic situation. The implementation of measures depends on the respective national and local governing bodies. Each EU member state has its own specific characteristics, which is why the measures introduced do not always align with their peculiarities. Therefore, the measures serve only as a framework within which governments must operate, adapting their applicability to local conditions. They are not always implemented adequately, leading to negative attitudes and reactions, expressed in disinterest and misunderstanding. The conducted experimental study in Bulgaria

shows precisely such results—lack of awareness, disinterest in the proposed measures, and minimal utilization of them.

The measures should be properly planned and coordinated across all sectors, aiming for economic, health, social, and institutional sustainability, as well as addressing negative demographic trends. All of these can be recognized as policies aimed at supporting future generations, as outlined in EU documents. The need for the development of strategic plans and more effective mechanisms to tackle similar economic challenges in the future is emphasized. Support for the most affected socio-economic groups is necessary, with a focus on long-term recovery measures.

The increasing public awareness, particularly by emphasizing the importance of communication and the transparency in the decision-making process, plays a key role in maintaining public trust and ensuring the effectiveness of the measures.

CONCLUSION

In the dissertation titled “Financial and Legal Aspects of State Policy in the Context of the COVID-19 Pandemic”, the objectives and tasks set out in the introduction have been achieved, and the author's thesis has been substantiated. In the first chapter, the legal aspects of the state policy during the COVID-19 pandemic are analysed, including the profile of the pandemic, the scope of the state policy, and the role of central and local government authorities. The second chapter examines the state's financial policy during the COVID-19 pandemic through the lens of EU policies, as well as the decisions made by the central and local authorities of the Republic of Bulgaria. The third chapter addresses the challenges faced by the state policy during and after the COVID-19 pandemic by analysing the impact of the implemented anti-epidemic measures on the economy and society. Through an empirical study, the effectiveness of the state policy during the COVID-19 pandemic has been assessed. Solutions have been proposed to mitigate the socio-economic consequences of the COVID-19 pandemic.

IV. DIRECTIONS FOR FUTURE RESEARCH ON THE DISSERTATION TOPIC

The results obtained and the scientific-applied contributions of the dissertation research provide a basis for the author to conduct further studies related to the sustainability of the implemented socio-economic measures.

V. SUMMARY OF THE MAIN CONTRIBUTIONS OF THE DISSERTATION

The results of the research can be defined as both scientific and practical, as they stem from a comprehensive analysis of the financial and legal aspects of the state policy during the COVID-19 pandemic, systematically focused on the following main directions:

First. Based on the examination of theoretical, regulatory, and practical-applied frameworks identified during the research process, the author synthesizes a comprehensive and multi-dimensional profile of the COVID-19 pandemic, defines the scope of the state policy, and outlines the role of the central and local government authorities in an emergency epidemic situation. A comprehensive systematization of the socio-economic impact of the pandemic is presented, substantiating the necessity of introducing anti-epidemic measures.

Second. Based on an analysis of the financial decisions made by the central and local authorities in Bulgaria, the appropriateness and effectiveness of the state's financial policy during the pandemic have been assessed, along with its interconnection and dependence on the overall policy of the European Union. The socio-economic role of the state in supporting businesses and households in overcoming the negative consequences of the COVID-19 pandemic has been substantiated, as well as its ability to effectively manage targeted European funding for addressing the pandemic in Bulgaria.

Third. Based on the author's set of financial and economic indicators, the impact of the implemented anti-epidemic measures on the economy and society has been assessed. The need for reforms in the healthcare, social protection, and public administration sectors has been emphasized, along with the necessity of applying a comprehensive and integrated approach for management in emergency epidemic situations.

Fourth. As a result of an empirical study (an author-conducted survey among Bulgarian households), an objective assessment of the effectiveness of state policy during the pandemic has been carried out. Household attitudes toward the implemented anti-epidemic measures have been identified, and recommendations have been formulated for overcoming the consequences of the COVID-19 pandemic.

VI. LIST OF PUBLICATIONS RELATED TO THE DISSERTATION TOPIC

1. Markovska, Angelina et al. pp. 593-601 Reflections of young people in Bulgaria in terms of geopolitical dislocation layers, international politics, and political strategies as a result of the pandemic COVID 19 / **Tsankova, Ts.**https://www.academia.edu/62559564/Program_of_the_Third_Edition_of_the_Forum_on_Studies_of_Society_FSS_International_Conference_on_Social_Sciences_and_Humanities_2020_November_21_Enna_Italy_Organized_by_Universit%C3%A0_degli_Studi_di_Enna_Kore_Enna_Italy_and_University_of_Craiova_Romania (Enna, Italy, 21.11.2020), ISBN 978-606-26-1314-3.
2. **Tsankova, Ts.** pp. 1014-1023 VTU – International Scientific Conference: “Tourism and global crises” - Online - 22.04.2021 A scientific paper entitled: “Financial challenges for tourism in a state of emergency related to COVID-19”. ISBN - 978-619-7281-73-6, COBISS.BG-ID – 46519816

3. ***Tsankova, Ts.*** pp. 418-428 BY3Φ – National student and doctoral conference “Economic challenges for Bulgaria (2021-2023) – Sustainability and risks” – A scientific paper entitled: “State expenditures – Sustainability, risks, and consequences of the COVID-19 pandemic for Bulgaria”. ISBN 978-619-7622-05-8 COBISS.BG-ID – 51245320

4. ***Tsankova, Ts.*** “CRISES, ELECTIONS, PANDEMIC”, dedicated to the 20th anniversary of the Department of Political Science, Sociology, and Cultural Studies at VTU “St. St. Cyril and Methodius” – Volume 1 - “POLITICAL 2021 – FINANCIAL OVERVIEW” pp. 47-59 ISBN 314-4 (CD) ISBN - 978-619-208-314-4, COBISS.BG-ID – 56158216

5. ***Tsankova, Ts.*** “Priorities in state expenditure policies of the Republic of Bulgaria in the context of an emergency epidemic situation” © VFU “Chernorizets Hrabar” e-Journal Issue 19/2023 VFU ISSN 1313-7514.

VII. COMPLIANCE WITH THE REQUIREMENTS OF THE REGULATIONS FOR THE IMPLEMENTATION OF THE LAW ON THE DEVELOPMENT OF THE ACADEMIC STAFF IN THE REPUBLIC OF BULGARIA

Articles: 1 independent

Scientific papers: 3 independent

Scientific papers: 1 co-authored

The achieved number of points under Indicator 5 (Articles and scientific papers published in peer-reviewed journals or in edited collective volumes), according to the Annex to Art. 1a, para. 1 of the Regulations for the Implementation of the Law on the Development of the Academic Staff in the Republic of Bulgaria, with Minimum National Requirements for the scientific, teaching, and/or artistic or sports activities of the candidates for acquiring an academic degree and for holding academic positions of “Chief Assistant”, “Associate Professor”, and “Professor” in scientific fields and/or professional areas within Field 3: Social, Economic, and Legal Sciences, Professional Field 3.1. Sociology, Anthropology, and Cultural Studies, 3.2. Psychology, 3.3. Political Sciences, 3.4. Social Activities, 3.5. Public Communications and Information Sciences, 3.6. Law, 3.7. Administration and Management, 3.8. Economics, 3.9. Tourism.

5 Articles and scientific papers x 45 points = 45 points > 30 points.

VIII. DECLARATION OF ORIGINALITY AND AUTHENTICITY

by

Tsvetelina Vasileva Tsankova

In connection with the procedure for obtaining the educational and scientific degree “Doctor” in the scientific specialty 05.02.05 Finance, Money Circulation, Credit, and Insurance (Finance), I hereby declare that:

a. The results and contributions in the dissertation entitled: “Financial and Legal Aspects of State Policy in the Context of the COVID-19 Pandemic” are original and have not been borrowed from studies and publications in which the author has not participated.

b. The information provided by the author in the form of copies of documents, publications, and references corresponds to the objective reality.

c. The results obtained, described, and/or published by other authors are duly and thoroughly cited in the bibliography.

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Svishtov

DECLARANT:.....

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