

INTEGRATING CRISIS MANAGEMENT MECHANISMS IN EUROPEAN COHESION POLICY

Mariyana Pavlova-Banova¹, Asen Bozhikov²,
Ivan Angelov³, Iskren Tairov⁴, Aleksandrina Aleksandrova⁵,
Kristina Georgieva⁶, Mariela Stoyanova⁷

Abstract: The series of challenges facing modern society posed by the consequences of the global economic crisis, the debt crisis in Europe, the Covid-19 pandemic, the war in Ukraine, etc. inevitably determine the relevance of research in the field of crises and the mechanisms for dealing with them.

The aim of this publication is to examine the effectiveness of the introduced crisis management toolkits within the EU. The research **methods** used are limited to the study of scientific knowledge on the relevant issue, critical analysis and expert evaluation of the adopted approach to recovery by the Community. As a **result** of the conducted research, the tools that the EU applies to deal with the negative consequences of Covid-19 and the war in Ukraine have been clarified. Priority areas for impact are identified depending on the applied mechanisms and new horizons for development are defined. In this context, the role of integrated territorial investments (ITI) in this process is also considered.

Key words: regional disparities, integrated territorial investment, crisis management, European policy

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¹ Head Assist. Prof. PhD, Department of Finance and Credit, D. A. Tsenov Academy of Economics, Svishtov, e-mail: m.pavlova@uni-svishtov.bg

² Head Assist. Prof. PhD, Department of Business Informatics, D. A. Tsenov Academy of Economics, Svishtov, e-mail: a.bozhikov@uni-svishtov.bg

³ Head Assist. Prof. PhD, Department of International Economic Relations, D. A. Tsenov Academy of Economics, Svishtov, e-mail: i.a.angelov@uni-svishtov.bg

⁴ Head Assist. Prof. PhD, Department of Business Informatics, D. A. Tsenov Academy of Economics, Svishtov, e-mail: i.tairov@uni-svishtov.bg

⁵ Assist. Prof. PhD, Department of General Economic Theory, D. A. Tsenov Academy of Economics, Svishtov, e-mail: a.alexandrova@uni-svishtov.bg

⁶ Assist. Prof. PhD, Department of Tourism Economics and Management, D. A. Tsenov Academy of Economics, Svishtov, e-mail: k.georgieva@uni-svishtov.bg

⁷ Assist. Prof. PhD, Department of Strategic Planning, D. A. Tsenov Academy of Economics, Svishtov, e-mail: m.stoyanova@uni-svishtov.bg

Introduction

In recent years, the world economy, and the European economy in particular, has gone through a series of economic shocks, the negative effects of which have deepened the regional imbalances within the EU. Some of these challenges such as fiscal imbalances, difficult supplies and reduced global demand, unemployment, declining industrial production and services, rising raw material and energy prices, etc., are largely due to the Covid-19 pandemic and the war in Ukraine.

In times of global crisis, the policies and mechanisms applied by the EU are put to a critical test, which requires decisions on the Union's geopolitical position. Some authors (Cooper, 2003) define these actions as rather passive and launch the idea of moving to liberal interdependence, where national borders and sovereignty are erased, and the focus is on liberalization. Others define the EU's position in crisis management not only as active but also as profitable (Browning, 2018). Despite the polar views in this regard, it is undeniable that the EU is on the verge of significant changes that require new approaches and actions to ensure the interests and security of all Member States. In the light of these challenges, focusing on current events related to the post-epidemiological situation and the war in Ukraine, **the article aims** to explore recovery mechanisms at EU level and to identify priority areas for impact, identifying the role of ITI in this process.

1. Methodology

The research methodology is based on document content analysis, expert evaluation, comparative analysis and impact analysis. The process boils down to the following main stages:

- Literature review and inferred key interrelationships, logical relationships and reasoned comments with a view to accumulating a critical mass of data on previous experience in a force majeure environment and mechanisms used to deal with them.
- Critical analysis of the packages of tools for dealing with crises at the EU level, using the methods of induction, deduction and GAP analysis.

- Systematization of priority areas for impact depending on the applied mechanisms and determining the new development horizons for the EU.

Their consistent implementation guarantees the logically inseparable and reasoned reaching of conclusions and assumptions based on quantitative and qualitative indicators.

2. Results

2.1. Analysis of the effectiveness of the mechanisms for increasing the EU's resilience to crises

The European Union has a significant number of heterogeneous mechanisms for increasing its resilience to crises, which have developed considerably in recent years as a result of force majeure. One of these mechanisms is for civil protection, which from 2007 to 2019 was activated on average 21.9 times (European Council, 2022) and only in 2021 it was activated 114 times (36 times within the EU and 78 outside the EU). During this period, the mechanism was activated mainly because of Covid-19 but was also used successfully in response to other natural and man-made disasters (e.g. forest fires in Algeria). Another mechanism is the Integrated Political Crisis Response (IPCR). It supports rapid and coordinated decision-making in the EU at the political level in major and complex crises, including terrorist attacks. In the context of the recent events in Ukraine, at the end of February 2022, the French Presidency of the Union fully activates the EU's Integrated Political Crisis Response (IPCR), which allows for specific coordinated responses (European Council, 2022).

Food shortages and delayed food supplies during the coronavirus crisis fostered the creation of an Emergency Action Plan to ensure food security in Europe. It includes the establishment of a European food security crisis preparedness and response mechanism (EFSCM). Its effect can be observed at the end of 2022 at the earliest, as Ukraine is among the main exporters of agricultural products to the EU (Ravet, et al., 2022), and the military conflict in the country will hinder the normal course of the agricultural campaign.

REACT-EU (Reconstruction Assistance for Cohesion and the Territories of Europe) is one of the most significant mechanisms used in the last two years to increase the EU's resilience to crises and deal with the

effects of the pandemic. The initiative, which is part of the Europe Recovery Plan (NextGenerationEU), provides extraordinary additional resources for the Member States to be used to strengthen the economy and jobs in the most affected regions and to prepare for an environmental, more digital and sustainable recovery (European Commission, 2022). It extends the implementation of crisis response and recovery measures under the Coronavirus Response Investment Initiative (CRII) and the Coronavirus Response Investment Initiative Plus (CRII+) (European Commission, 2022). The total amount of EUR 50.6 billion is not a result of the establishment of a special fund but consists of unspent financial resources allocated under the European Regional Development Fund and the European Social Fund for the period 2014-2020. (European Commission, 2021) Member States may also increase the allocation of programs to the most deprived and issue projects calls adapted to specific national needs.

A matter of particular interest is also the Joint European action for more affordable, secure and sustainable energy (REPowerEU), which was announced on 8 March 2022, a few days after the Russian military forces entered Ukrainian territory. It responds to the need to break the EU's long-standing energy dependence on Russia, actions planned until 2030. This initiative focuses the attention on the need to take urgent action on electricity prices by regulating retail prices; measures for temporary financial assistance to enterprises; tax measures on windfall profits; the usage of revenues from emissions; trading and market actions to improve the structure of the electricity market. The requests for the commissioning of the mechanism are utterly ambitious, due to the short deadlines and the forecast of spending a record amount of financial resources. Successful implementation of this mechanism would raise the question of why these actions were not taken sooner, having in mind that they are realistically achievable even in a time of economic and social crisis.

The mechanisms introduced so far do not fully explain the EU's ability to respond to crises and force majeure. There are many other instruments and mechanisms (Christie, Claeys, & Weil, 2021) that were created as a result of the coronavirus crisis and are currently being adapted to the situation of the war conflict in Ukraine. The Recovery Plan (NGEU) provides the implementation of some of these mechanisms. SURE, EU4Health, HERA, RRF and others have established themselves as especially important for overcoming the consequences of Covid-19 in various economic and social aspects. At this stage, in dealing with the diverse risks posed by the ongoing situation in Ukraine, mechanisms such as RescEU, the Temporary Protection

Mechanism, the Solidarity Platform, CARE, the Trust Fund for Solidarity with Ukraine, etc. have a positive impact.

Digital technologies are another important aspect of the effects of Covid-19 and the dynamic world changes, which have significantly increased their importance, both for individuals and for businesses and governments. In this context, digital transformation presupposes active action in terms of developing and implementing mechanisms to deal with the digital crisis in general. In a pandemic, hyperconnectivity has grown significantly. Surveys show a temporary transition to teleworking for over 33% of EU employees, affecting all job areas (Commision, 2020). At the same time, significant growth in internet traffic, between 10% and 30% worldwide, has continued even as most governments loosened isolation requirements.

This highlights the need for the EU to develop and implement effective mechanisms aimed at increasing the digital resilience of facilities and systems in a pandemic or military situation, thus ensuring normal human life and preserve and improve fundamental human rights and values. These mechanisms are directed in specific areas (Consilium, 2022):

Security of information networks and diverse systems

In this regard, the EU developed and adopted the Network and Information Security Directive in 2016, which is considered the first legislative mechanism in the EU. The aim of the directive is to strengthen cooperation between members of the Union on cybersecurity and is identified as an important step towards increasing the resilience of cyberspace in the EU. Its content relates to the definition of security obligations for key service providers in main sectors, including healthcare facilities, energy networks, data centres, pharmaceutical companies and more.

The high pace of the pandemic and the development of the EU's cybersecurity strategy prompted the European Commission in December 2020 to propose a revised network and information security directive called NIS2, which was subsequently adopted on 3 December 2021. It is aimed at countering threats and in line with the accelerated digital transformation of society caused by the COVID-19 crisis. In terms of content, the directive includes supplementing and strengthening the provisions of the first option, aimed at increasing the security obligations of providers and strengthening the security of supply chains. An important point is the introduction of stricter supervision measures for national authorities, as well as the introduction of incentives and efforts to increase the exchange of information and cooperation.

Mechanisms for securing critical infrastructures

The EU's goal is to establish regulations aimed at increasing the resilience, endurance and availability of critical infrastructure in conditions of war, natural disasters, accidents and emergencies, as well as increasing the resilience of critical actors (organizations, providing basic services).

Similar to network security mechanisms, at the end of 2020 the European Commission developed rules aimed at strengthening the resilience of critical actors to incidents and emergencies. The rules were adopted on 20 December 2021 focusing on critical actors in nine sectors: energy, transport, banks, financial market infrastructures, healthcare, drinking water, wastewater, digital infrastructure and space. The Commission's provisions oblige critical actors to report incidents, and EU Member States need to have a strategy in place to ensure the resilience of critical actors, as well as to carry out risk assessments at national level. An important point is that the members should be able to identify critical entities, and the entities themselves are obliged to comply with the provisions of the NIS Directive².

Another significant problem in times of crisis is protection of user's data from tracking services. At the start of the pandemic, the European Data Protection Supervisor published part of the European Commission's plan to access data from telecommunication service providers to monitor the spread of COVID-19, and called for pan-European cooperative action against the pandemic (Zafir-Fortuna, 2020). This was followed by the provision of a platform to member countries' competent authorities dealing with digital crisis management and the publication of a common set of EU tools for member countries on mobile applications for consumer tracking.

The result of these actions is the Cooperative European Strategy for the Abolition of COVID-19 Restriction Measures, published by the Presidents of the European Commission and the European Council, where the first two of the seven proposed measures are based on data collection and use. The strategy was complemented by guidelines specifically on how these mobile applications should be designed and implemented in order to comply with data protection requirements.

Although the solidarity of EU citizens helped to gather vast amount of health-related data, it always raises ethical considerations and questions about cross border data transfer, which is related to national and international regulations and policies. The General Data Protection Regulation 2016/679 (GDPR), which is the current EU data protection and privacy framework, did not appear to be so effective and difficult to implement when it comes to transferring this type of data (Christofidou, Lea, & Coorevits, 2021).

European Union Digital Services Act (DSA) is another important piece of legislation, which reached political agreement of the EU Member states on 23 April 2022 and is expected to be in force at the beginning of 2024. Its main goal is “to promote a transparent and safe online environment, defining responsibilities and accountability for a range of digital service providers” (European Parliament, 2022), thus protecting the fundamental rights of those digital services users. One of the important points of DSA is that digital service providers should prevent the spreading of illegal or misleading information (disinformation, fake news) very quickly. For that reason, online platforms and search engines have to demonstrate that they have the appropriate risk management procedures in place that could be applied in the event of a crisis like the war in Ukraine.

In this context, although the EU Recovery and Resilience Facility (RRF) is a temporary instrument for economic and social recovery after the COVID-19 pandemic, at the same time it aims at making the European economies more resilient and better-prepared for future challenges and crises that could arise. Analysis of the National Recovery and Sustainability Plans of 20 EU Member States (Deloitte, 2021) shows that most of the funding under this mechanism will cover infrastructure investments (gigabit connectivity and 5G network coverage). In addition, investments to support the level of digital skills of the population (distance learning, online educational platforms), investments in research and innovations and automated software processes and digitalization of the state and public administration and health services (electronic medical files).

Current decisions are aimed at consolidating the population through a number of actions to address the challenges, many of which have become clearer in the current context of a fading pandemic and wartime situation, as well as strengthening the overall framework of engagement between EU institutions, Member States and stakeholders. This is to show that EU, on the contrary to what the Giddens’ paradox states, is trying to take effective measures with proactive actions before the pressure of a new crisis has become unavoidably high.

2.2. Areas of impact of European recovery mechanisms

The economic downturn at all levels after Covid-19 pandemic is largely measurable with that after the Great Depression (Casagrande & Dallago, 2021) (Zahariev, et al., 2020), (Ganchev, 2022), but unlike then, nowadays, in the conditions of intensified integration processes, the negative effects of

this or a similar economic shock have an avalanche-like character. Cohesion policy pursued not only between the EU economies, but also between separate regions within, puts certain regions in a subordinate position, deepening the differences with the others (Vasileva, 2021) (Parashkevova, 2020). This is due, on the one hand, to the transfer of negative effects from not fully recovered from an economic shock economies to less sustainable countries or still converging countries and regions.

On the other hand, in countries or regions whose economy is based primarily on sectors affected by the economic shock (such as tourism in Greece and Italy during the pandemic), deepening divergence processes are observed (Nikolova & Pavlov, 2021). According to the report of the International Bank for Recovery and Development (IBRD) and the World Bank (WorldBank, 2021) the COVID-19 pandemic and its consequences have deeply affected the entire European economy, affecting global demand, supply chains, labour supply, industrial production, commodity prices, foreign trade and capital flows. In this sense, the more affected regions, resp. and those with lower socio-economic indicators should respond adequately to the situation in order to prevent the deepening of divergence within the EU.

At the beginning of 2022, the member states gradually took action to loosen the restrictions related to the pandemic, and almost at the same time, a new shock arose in Europe, the effects of which are still emerging - the war in Ukraine. As the two parties to the conflict are world exporters of certain raw materials, the disruption of these supplies will inevitably have a significant and unpredictable impact on European trade (Ait Ali , AZAROUAL , Bourhriba, & Dadush, 2022). Deficits that are already forming in international markets are artificially raising the prices of a wide range of goods and services, mainly related to oil and natural gas. All these prerequisites, together with rising inflation, create an unprecedented crisis in new history on many levels, in which it is extremely difficult to predict future conditions.

As part of the considered recovery mechanisms, the integrated territorial investments for the implementation of policies can be referred, through which a complex impact is achieved and respectively conditions are created for faster overcoming the adverse circumstances. In this regard, a report of the IBRD and the World Bank (WorldBank, 2021) provides specific recommendations for regional policy and territorial instruments such as:

- need to create sustainability at sub-national level and opportunity for remote work;
- stabilization of the private sector through priority use of public investments by strategic regional priorities;

- creating adequate coordination between the different levels of government, establishment of „e-diplomacy“, and the involvement of all stakeholders.

Integrated Territorial Investments (ITI) play a significant role not only in Cohesion Policy, but also in the National Recovery and Resilience Plans, funded by the Next Generation EU instrument. These plans provide a set of reforms and investments with a long-term goal - convergence of lagging economies and incomes, compared to the European average. ITI financing is implemented primarily by the Recovery and Resilience Facility in collaboration with the other European funds, the most significant contribution of which has the European Structural and Investment Fund (ESIF). This financing method adopted in less developed countries aims to achieve a higher degree of cohesion between the regions and to strengthen the functional links between urban and rural local government units. Overall, the new approach to cohesion policy within the Union focuses on simpler rules, a more flexible planning, budgetary framework, and the creation of a mechanism for more clearly traceable and sustainable effects. (EU Cohesion Policy, 2022). Integrated approach to influence the regions are at the heart of this policy with the idea of ensuring real and sustainable effects.

The reviewed mechanisms and instruments for recovery and resilience provide basis for identifying the priority areas to which the EU directs resources (see Table 1).

Table 1 shows that the main Community efforts are to influence the areas: Health, Economic Recovery, Social Inclusion, Green and Independent Energy, which is indicative of the complex negative impact of the Covid-19 crisis. This fact gives rise to the need to deal with serious problems in many socio-economic spheres. Next in priority, according to the quantitative and qualitative analysis of the selected instruments for reconstruction and sustainability, are the areas of "Solidarity with victims of the war" and "Political resilience ". We assume that in the context of prolonged military action, the EU's efforts to respond to the crisis could expand its scope and resources, respectively. Lower priority, according to the study, has the area of "Digital security". This conclusion is justified by the dynamic and clearly measurable negative effects of the Covid-19 crisis and the war, which pose immediate threats to the society and economy. The latter does not diminish the importance of digital security, especially in the context of the digital transformation to which modern society aspires.

Table 1.

Areas of impact ranking due to EU Recovery Mechanisms

Rank	Area of impact	Recovery Mechanisms
1	Health and Wellbeing	1. Health Emergency Preparedness and Response Authority 2. EU4Health 3. REACT-EU 4. European Food Security Crisis Preparedness and Response Mechanism
1	Economy Recovery	1. EU recovery and resilience funds 2. Cohesion Fund 3. Next Generation EU 4. REACT-EU
1	Social Inclusion	1. EU recovery and resilience funds 2. Cohesion Fund 3. Temporary Support to Mitigate Unemployment Risks in an Emergency 4. REACT-EU
1	Green and Independent Energy	1. EU recovery and resilience funds 2. Just Transition Mechanism 3. Cohesion Fund 4. REPowerEU
2	Solidarity with Victims of the War	1. EU temporary protection directive 2. EU solidarity with Ukraine
2	Political Resilience	1. Integrated Political Crisis Response 2. EU Civil Protection Mechanism
3	Digital Security	1. Network and Information Security Directive

Source: Author's interpretation based on official European MFF (2021-2027) and Next generation EU documents

3. Discussion

The Council of the EU makes it clear that in a time of challenges that face the Community, improving its capacity to respond to crises is increasing (Europa, 2021). As part of these emergent processes, actions in relation to the war in Ukraine in terms of triggering financial support mechanisms for Member States receiving refugees from Ukraine, can also be considered. With deepening processes of decentralization in the public sector in Bulgaria (Prodanov & Naydenov, 2020), (Pavlova-Banova & Aleksandrova, 2021), the integrated territorial approach as a new way to manage regional development will expand its significance and its potential could be directed toward dealing with the consequences of crisis and shock situations.

4. Conclusion

In conclusion, scientific research on this topic has been consolidated in order to clarify the tools that the EU uses to deal with the negative effects of Covid-19, the war in Ukraine and the place of ITI in this process. The pandemic has undoubtedly had a negative impact on the economies of all EU member states. Unemployment, which was initially seen as temporary due to social distancing rules or travel restrictions, has become permanent as anti-epidemic measures continue and the health crisis deepens. At the same time, in early 2022, the European Community faced a new challenge - the military conflict in Ukraine, which further aggravated the economic situation and imposed new realities in dealing with the refugee and humanitarian crises - a consequence of this conflict. These two shocking events for the European Union economy and the cumulative effect they have caused are serious risks to the transformation of the Member States, their economies and the process of divergence within the EU.

In this context, all the instruments proposed by the EU to deal with emergencies have been developed and implemented extremely quickly, pursuing the common goal of rapid economic recovery. The integrated approach for regional development, adopted during the last programming period through its main financial instrument ITI, also found its place in them. Areas such as protecting the health of the population, caring for social inclusion, restoring the economy and ensuring the EU's energy independence are emerging as priorities.

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