

SOCIAL & CIRCULAR ECONOMY IN THE 2026 EUROPEAN SEMESTER: PROGRESS NEEDS ENFORCEMENT



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EXECUTIVE SUMMARY

- The 2026 European Semester Analysis is part of the RREUSE annual exercise to evaluate the integration of social and circular economy considerations within EU Member States' **Annual Progress Reports** and the European Commission's **Country Specific Recommendations**.
- The analysis reveals a major increase in social economy support measures in 2026 compared to previous years (**Chart 1**, p.3, +8 compared to 2025). The number of supporting circular economy measures remained the same as in 2025, albeit responsible Member States vary (**Table 1**, pp.3-4).
- Austria, Bulgaria, Croatia, Estonia, Greece, Italy, Malta and Slovenia are among the Member States presenting encouraging policies to support the social economy ecosystem. Namely, Italy and Slovenia announced new national social economy strategies to respond to the **2023 Recommendation on developing social economy framework conditions**.
- Finland, Greece, Hungary, Luxembourg, Malta and Portugal are among the countries presenting encouraging policies focused on product circularity and prioritising reuse and preparation for reuse.
- The 2026 Country Specific Recommendations largely advised Member States to improve labour market integration for at-risk categories. They also recommended several countries to foster a circular economy, with Denmark, Ireland, Portugal and Slovakia singled out to increase reuse rates. Yet, the Recommendations continue a trend of omission of any reference to the social economy despite widespread societal challenges.
- RREUSE offers five key recommendations for EU and national policymakers:
 1. **Recommend supporting the social economy to foster an inclusive labour market:**
Integrate social economy support into the Commission recommendations to improve training and job access for underrepresented categories.
 2. **Leverage the Semester to track progress on social economy enabling frameworks:**
Namely, Member States should utilise the Annual Progress Reports to inform advancements in the implementation of the 2023 Recommendation.
 3. **Place the EU Waste Hierarchy at the centre of policymaking:**
Prioritise reuse and preparation for reuse and integrate social considerations for inclusive green job creation, in line with several EU priorities.
 4. **Guarantee adequate visibility of all EU policy priorities within the Semester:**
Harmonise reporting structures of the Annual Progress Reports and Medium-term Fiscal Structural Plans to enhance simplification, transparency and accountability.
 5. **Strengthen civil dialogue in all phases of the European Semester:**
Promote open engagement with social economy representatives to meet circular and social targets, including the EU 2030 Social Headline targets.

RREUSE is Europe's largest network of social enterprises active in the circular economy, with a focus on reuse, repair and recycling. Social enterprises in our network annually collect over one million tonnes of goods with the intention of reusing and providing work opportunities for people facing barriers in the mainstream labour market. RREUSE members create, on average, 70 inclusive, local jobs per 1,000 tonnes of goods they collect with the aim of giving them a second life through reuse.

1. INTRODUCTION

The European Semester (ES) is a multiannual policy coordination process between the European Commission and EU Member States. Throughout the years, it has expanded to cover several policy areas, from strengthening social cohesion to maintaining fiscal sustainability. The Semester plays a crucial role in monitoring strategies such as the **EU Action Plans on the Pillar of Social Rights**¹, **on the Social Economy**², and likely for the future **Circular Economy Act**. Therefore, the ES is instrumental in understanding how Member States are progressing towards key EU objectives, including the creation of enabling frameworks for reuse, repair, and recycling social enterprises.

Since the 2024 reform, Member States have to submit **Annual Progress Reports** to inform how their reforms and investments are implementing their **Medium-term Fiscal Structural Plans** and addressing the **Country Specific Recommendations (CSRs)** by the EU Commission. The 2026 Semester cycle also coincides with the deadline available to EU countries to mobilise €577 billion in loans and grants for national policies under the post-pandemic **EU Recovery and Resilience Facility**.

RREUSE has conducted an annual analysis of the European Semester's key Spring Package documents since 2018. The aim is to evaluate the integration of social and circular economy measures within the policy plans of EU Member States and the European Commission's recommendations. Each year, the analysis presents policy recommendations to EU and national decision-makers to harness the EU Semester's potential for a stronger social and circular economy.

2. MEMBER STATES' 2026 PROGRESS REPORTS

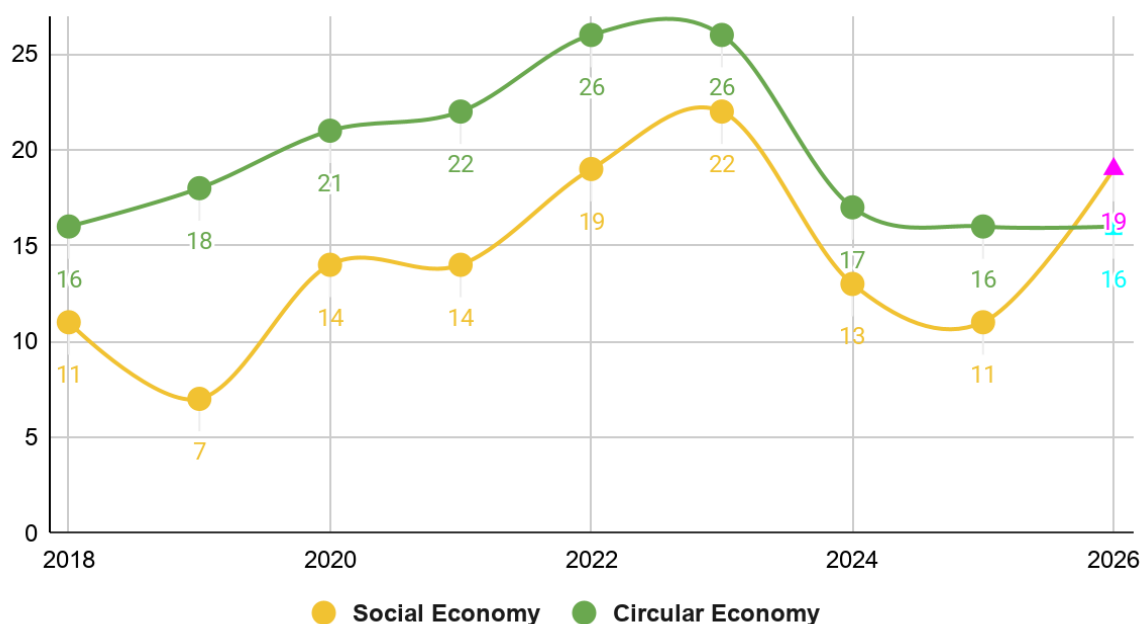
The 2026 ES analysis found that 19 out of the 27 EU Member States illustrated reforms and investments that can support social economy entities, particularly those active in social inclusion. This represents a major increase from 2025 and 2024 (+8 and +6, **Chart 1**, p.3). The **2023 Council Recommendation on developing social economy framework conditions** and the upcoming 2027 reporting period likely played a role in the renewed momentum.³ On the other hand, the analysis found that the number of Member States outlining policies to promote product circularity remained the same as in the 2025 ES cycle (16), although the countries varied (**Table 1**, p.3).

¹ European Commission (2026), Communication on the European Pillar of Social Rights (Available [here](#))

² European Commission (2021), Communication: Building an economy that works for people: an action plan for the social economy (Available [here](#)).

³ Council of the EU (2023), Council Recommendation on developing social economy framework conditions (Available [here](#)).

Chart 1. Number of Supportive Plans (2018-2026)



Member States continued to demonstrate varied approaches in the focus and length of their annual progress reports. Namely, Latvia provided an extensive overview across policy areas in a 237-page submission, singling out the progress achieved in 2025 from previous years.⁴ However, Denmark is an example of Member States providing limited information. Its 13-page submission largely consisted of tables which predominantly focused on fiscal surveillance.⁵ The wide discretion upon Member States to decide the report content severely undermines consistency and information accessibility.

Table 1. Presence of measures for the social and circular economy in the 2025 & 2026 Annual Plans.

EU27	2025		2026	
	SOCIAL ECONOMY	CIRCULAR ECONOMY	SOCIAL ECONOMY	CIRCULAR ECONOMY
AUSTRIA	✗	✓	✓	✓
BELGIUM	✗	✓	✓	✗
BULGARIA	✓	✓	✓	✓
CROATIA	✗	✗	✓	✓

⁴ Latvia's 2026 Annual Progress Report (Available [here](#)).

⁵ Denmark's 2026 Annual Progress Report (Available [here](#)).

EU27	2025		2026	
	SOCIAL ECONOMY	CIRCULAR ECONOMY	SOCIAL ECONOMY	CIRCULAR ECONOMY
CYPRUS	✗	✓	✗	✓
CZECHIA	✓	✗	✓	✗
DENMARK	✗	✓	✗	✗
ESTONIA	✗	✗	✓	✓
FINLAND	✗	✓	✗	✓
FRANCE	✗	✗	✗	✗
GERMANY	✗**	✗**	✓*	✗
GREECE	✓*	✓	✓	✓
HUNGARY	✓	✓	✓	✓
IRELAND	✓	✓	✗	✗
ITALY	✓	✓	✓	✓
LATVIA	✓	✓	✓	✓
LITHUANIA	✓	✗	✓	✗
LUXEMBOURG	✗	✓	✓*	✓
MALTA	✓*	✓	✓	✓
NETHERLANDS	✗	✗	✓*	✗
POLAND	✓	✗	✓*	✗
PORTUGAL	✓	✓	✓	✓
ROMANIA	<i>Missed the Deadline</i>		✗	✗
SLOVAKIA	✗	✓	✗	✓
SLOVENIA	✗	✗	✓	✓
SPAIN	✗	✗	✗	✗
SWEDEN	✗	✓	✓*	✓
TOTAL	11	16	19 (+)	16 (=)

*Non-targeted measures that can provide considerable structural and/or enabling social economy support.

** Based on both Germany's 2025 Medium Term Fiscal Structural Plan & 2025 Annual Progress Report.

2.1 ENCOURAGING SOCIAL ECONOMY POLICIES ACROSS MEMBER STATES

Among the measures in support of the social economy, Member States presented a range of policies to strengthen work integration (e.g. Germany, Netherlands, and Poland), including by leveraging social enterprises' work integration expertise and targeted national strategies (e.g. Czechia, Italy, Slovenia). Namely:

- **Austria's** Aktion 55Plus offers subsidised employment and advisory services to increase the employment rate for long-term unemployed people above the age of 55 by leveraging the work of social enterprises.⁶ As of 2026, the initiative will contribute to the creation of an additional 3000 - 6000 jobs in the economy, backed by a yearly budget of EUR 50 million.⁷
- **Bulgaria** terminated the establishment of 6 regional social economy points across the country and announced 206 new registrations in its social economy register. In addition, the ongoing Strategy for Poverty Reduction and Promotion of Social Inclusion 2030 foresees additional support to the social economy's employment, training, and social inclusion activities.⁸
- To address energy price spikes, **Croatia** approved a set of measures to ensure affordable electricity and gas to enterprises, including those in the social economy.^{9 10}
- **Estonia** foresees encouraging social entrepreneurship among the measures to promote responsible consumption and production, alongside actions such as reducing the administrative burden upon non-profit oriented models.¹¹
- **Greece** announced a new state aid scheme for social entrepreneurship. Coupled with the existing Green Transition scheme comprising investments for reuse, repair, recycling and waste reduction,¹² such schemes notably contribute to mainstreaming circular social enterprise in state aid policies. The measures ensure social enterprises are eligible for grants, tax exemptions, leasing subsidies, loan guarantees and fast-track licensing, which in turn helps support more underrepresented groups and strengthen local sectors.
- **Italy's** new Social Economy Action Plan outlines a long-term strategy to strengthen and modernise the country's social economy frameworks as well as overcome regulatory fragmentation. The strategy foresees measures aimed at enhancing the social economy's societal impact and facilitating partnerships, among other priorities.¹³
- **Malta** allocated 1.8 million euros in 2025 to implement six social entrepreneurship projects under the umbrella of the European Social Fund Plus.¹⁴

⁶ Austria's 2026 Annual Progress Report (Available [here](#)).

⁷ Austria's 2026 Country Report (Available [here](#)).

⁸ Bulgaria's 2026 Annual Progress Report (Available [here](#)).

⁹ Croatia's 2026 Annual Progress Report (Available [here](#)).

¹⁰ Croatia's Progress Report explicitly references non-profit actors among the targeted recipients. Given the country does not currently have a social economy framework law in place, the measure can be understood to encompass several social economy actors. Work on a Croatian social economy strategy has started.

¹¹ Estonia's 2026 Annual Progress Report (Available [here](#)).

¹² Greece's 2026 Annual Progress Report (Available [here](#)).

¹³ Italy's 2026 Annual Progress Report (Available [here](#)).

¹⁴ Malta's 2026 Annual Progress Report (Available [here](#)).

- **Slovenia** adopted the 2025-2035 Strategy for the Development of the Social Economy, defining four strategic objectives including increasing visibility of Slovenian social economy actors and improving development opportunities.¹⁵

2.2 ENCOURAGING CIRCULAR ECONOMY POLICIES ACROSS MEMBER STATES

Member States highlighting encouraging measures to promote a reuse- and repair-based circular economy did so across state aid, educational, and environmental policies. For instance:

- **Finland** enacted investments to increase reuse and recycling of key materials and industrial by-products by granting new subsidies to related projects.¹⁶
- In **Greece**, circular economy investments have been classified as *Emblematic Investments of Exceptional Significance*, underscoring the strategic and general interest relevance of a circular economy. The country also previously designated state aid schemes to increase investments for reuse, repair, recycling and waste reduction as well as ensuring a wider adoption of circular economy technologies.¹⁷
- **Hungary** is working on the adoption of a Circular Economy Strategy and Action Plan. Preparations are also underway for calls to enhance use efficiency of key waste streams through non-repayable support to economic actors.¹⁸
- In **Luxembourg**, the Center for Continuing Vocational Training has launched training programmes in product reparability and sustainable public procurement to support enterprises and municipalities alike. The programme relies on EU-level data on sustainable sourcing, eco-design and reuse of materials.¹⁹
- **Malta** is putting more effort into reducing its reliance on landfills by shifting waste treatment towards the higher steps of the waste hierarchy. That includes prioritising reuse, repair, and repurposing via skill-sharing and training programs, assessing the implementation of additional Extended Producer Responsibility schemes, and implementing its Long-Term Waste Management Plan. The Maltese Circular Economy Framework also aims to support second-hand markets for products like textiles and to strengthen separate waste collection systems.²⁰
- **Portugal** is preparing its second Circular Economy Action Plan (PAEC 2030) aimed, among other things, at encouraging a reuse economy and waste reduction to foster resource use efficiency and environmentally sound waste management.²¹

¹⁵ Slovenia's 2026 Annual Progress Report (Available [here](#)).

¹⁶ Finland's 2026 Annual Progress Report (Available [here](#)).

¹⁷ Greece's 2026 Annual Progress Report (Available [here](#)).

¹⁸ Hungary's 2026 Annual Progress Report (Available [here](#)).

¹⁹ Luxembourg's 2026 Annual Progress Report (Available [here](#)).

²⁰ Malta's 2026 Annual Progress Report (Available [here](#)).

²¹ Portugal's 2026 Annual Progress Report (Available [here](#)).

3. THE 2026 COUNTRY-SPECIFIC RECOMMENDATIONS

In each European Semester cycle, the European Commission publishes Country Specific Recommendations (CSRs) for each EU Member State. The CSRs identify national obstacles and challenges hindering the implementation of key EU-level policy objectives, while offering guidance for mitigation.

As in the previous cycle, the 2026 Country Specific Recommendations continues to heavily emphasise improving the integration of women, people with disabilities, and more broadly underrepresented groups in the labour market or training opportunities. The countries urged to make such improvements in stand-alone recommendations are: **Austria, Belgium, Bulgaria, Cyprus, Czechia, Estonia, Finland, France, Greece, Hungary, Ireland, Italy, Lithuania, Netherlands, Poland, Romania, Slovakia, and Sweden.**²²

For example, the EU Commission recommended that **Bulgaria** strengthen the employment of underrepresented groups and address social inclusion (CSR 5.2026). **Greece** is advised to increase the employment rate of women, young people and vulnerable groups (CSR 5.2026). **Poland** to increase the participation of disadvantaged groups and particularly of persons with disabilities by providing tailored labour market support (CSR 5.2026).²³

Furthermore, the European Commission urged several countries—**Bulgaria, Croatia, Cyprus, Denmark, Finland, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Portugal, and Slovakia**—to improve waste management and/or foster a circular economy. As in 2025, **Denmark, Ireland, Portugal, and Slovakia** are explicitly encouraged to increase reuse of municipal waste.²⁴

For instance, the EU Commission reports that **Portugal** significantly underperforms on circular economy indicators, carrying heavy reliance on landfilling with two-thirds of sites nearing capacity. It also highlights that progress in achieving circularity has been limited in **Ireland** and predominantly confined to the lower steps of the waste hierarchy.²⁵

Despite the above recommendations to implement social inclusion and circular economy objectives, the CSRs continue to lack any explicit reference to the work of social enterprises, whether in the standalone recommendations or preamble. Such omission in one of the most important ES

²² The 2025 Country Specific Recommendations of Austria (CSR 5.2026, [here](#)), Belgium (CSR 5.2026, [here](#)), Bulgaria (CSR 5.2026, [here](#)), Czechia (CSR 6.2026, [here](#)), Estonia (CSR 5.2026, [here](#)), Finland (CSR 5.2026, [here](#)), France (CSR 5.2026, [here](#)), Greece (CSR 5.2026, [here](#)), Hungary (CSR 6.2026, [here](#)), Ireland (CSR 6.2026, [here](#)), Italy (CSR 6.2026, [here](#)), Lithuania (CSR 6.2026, [here](#)), Netherlands (CSR 5.2026, [here](#)), Poland (CSR 5.2026, [here](#)), Romania (CSR 5.2026 and 5.2026, [here](#)), Slovakia (CSR 6.2026, [here](#)), and Sweden (CSR 5.2026, [here](#)).

²³ The 2026 Country Specific Recommendations of Bulgaria (CSR 5.2026, [here](#)), Greece (CSR 5.2026, [here](#)), and Poland (CSR 5.2026, [here](#)).

²⁴ The 2026 Country Specific Recommendations of Bulgaria (CSR 4.2026, [here](#)), Croatia (CSR 4.2026, [here](#)), Cyprus (CSR 4.2026, [here](#)), Denmark (CSR 4.2026, [here](#)), Finland (CSR 4.2026, [here](#)), Hungary (CSR 4.2026, [here](#)), Ireland (CSR 5.2026, [here](#)), Latvia (CSR 4.2026, [here](#)), Lithuania (CSR 4.2026, [here](#)), Luxembourg (CSR 4.2026, [here](#)), Malta (CSR 5.2026, [here](#)), Portugal (CSR 4.2026, [here](#)), and Slovakia (CSR 5.2026, [here](#)).

²⁵ The 2026 Country Specific Recommendations of Portugal (Available [here](#)) and Ireland (Available [here](#)).

documents misses the opportunity to guide Member States to better leverage their social and circular expertise to address evident labour market and waste management challenges.

In addition, explicitly addressing backing for social enterprise activities within Country Specific Recommendations would directly align with the objectives outlined in the **EU Recommendation on developing social economy framework conditions**, which seeks to establish more consistent and robust support mechanisms for the social economy across the EU.²⁶ This inclusion is particularly vital for CSRs directed at Member States that severely lack well-established legal and policy environments needed for these organisations to operate effectively.

4. POLICY RECOMMENDATIONS

Based on the research results, RREUSE recommends the following actions for EU and national policymakers to unlock the European Semester’s potential to support circular social enterprises:

1. Recommend supporting the social economy to foster inclusive labour markets.

The EU Commission should continue recommending better training and job access for underrepresented groups. Yet, in doing so, it should strategically guide Member States to implement the **EU Recommendation on developing the social economy** to both achieve such objectives and improve national social economy frameworks.²⁷ The Principles for Effective Anti-Poverty Policies set by the **EU Anti-Poverty Strategy** further encourages the inclusion of social economy actors in anti-poverty and social inclusion policy design.²⁸

2. Leverage the Semester to track progress on social economy enabling frameworks.

The European Semester should coordinate and address any potential gaps in national implementation of the above Recommendation on the social economy. The alignment should strengthen and align with the 2027 and 2032 reporting efforts to the Council. EU countries should follow the lead of countries like Italy and Slovenia in featuring their responses to the Recommendation in their Annual Progress Reports.²⁹

3. Place the EU Waste Hierarchy at the centre of policymaking.

Uphold strategic pressure for higher reuse and preparation for reuse rates. However, encourage linking social inclusion considerations to circular economy policies, in line with the renewed emphasis on work integration and green upskilling brought by the **2026 EU Recommendation on Human Capital**.³⁰ Policymakers should base themselves on the **EU Waste Hierarchy** to guide circular economy policy design, including by calibrating reforms

²⁶ Council of the EU (2023), Council Recommendation on developing social economy framework conditions (Available [here](#)).

²⁷ Council of the EU (2023), Council Recommendation on developing social economy framework conditions (Available [here](#)).

²⁸ EU Commission (2026), Principles for Effective Anti-Poverty Strategies (Available [here](#)).

²⁹ Read about Italy and Slovenia’s new social economy strategies in pp. 5-6.

³⁰ Council of the EU (2026), Council Recommendation on human capital in the European Union (Available [here](#)).

and investments to support the higher steps of the waste hierarchy.³¹

4. Guarantee adequate visibility of all EU policy priorities within the Semester.

The **Annual Progress Reports** and **Medium-term Fiscal-structural Plans**’ diverging formats, lengths, and central themes risk concealing whether and how Member States are advancing on several key policy goals besides financial stability. Minimum criteria to harmonise the reporting structure would benefit simplification efforts and enhance transparency and accountability.

5. Strengthen civil dialogue in all phases of the European Semester.

National Semester officers should facilitate consultative processes in a transparent and nonpartisan manner.³² They should pay particular attention to engaging with national social economy actors, which often lack visibility and recognition despite the societal benefits of their activities. Namely, engagement with circular social enterprises can be crucial in meeting **circular and social inclusion goals**, including those set by the **2030 Social Headline Targets** and the **European Pillar of Social Rights** principles concerning active support to employment, inclusion of people with disabilities, and access to essential services.³³

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³¹ RREUSE (2025), Advancing sustainable resource management with the Circular Economy Act (Available [here](#)).

³² Social Platform (2021), Social Platform guidance document to EU Member States on improving civil dialogue in the European Semester process (Available [here](#)).

³³ European Commission (2026), Communication on the European Pillar of Social Rights (Available [here](#)).