

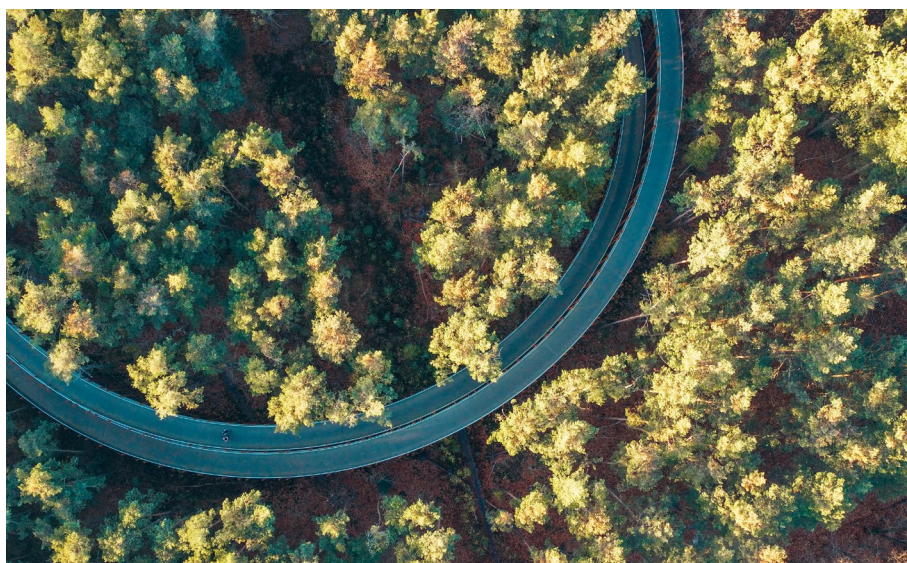
STUDY

Requested by the REGI Committee



Circular Economy and Cohesion Policy Funds

Part 1



Policy Department for Regional Development, Agriculture and Fisheries
Directorate-General for Cohesion, Agriculture and Social Policies (CASP)
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Part 1

Abstract

This study examines how Cohesion Policy supports the circular economy, mapping allocations, implementation progress and territorial investment patterns. Drawing on EU policy analysis, programme data and five regional case studies, the study identifies delivery gaps and sets out recommendations for the forthcoming Circular Economy Act and the 2028–2034 Multiannual Financial Framework.

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LIST OF ABBREVIATIONS

CBE JU	Circular Bio-based Europe Joint Undertaking
CCRI	Circular Cities and Regions Initiative
CE	Circular economy
CEAP	Circular Economy Action Plan
CF	Cohesion Fund
CPR	Construction Products Regulation
C&D	Construction and demolition
DPP	Digital Product Passport
EIB	European Investment Bank
EPR	Extended Producer Responsibility
ERDF	European Regional Development Fund
ESDE	Employment and Social Developments in Europe
ESF+	European Social Fund Plus
ESPR	Ecodesign for Sustainable Products Regulation
EU	European Union
FTE	Full-time equivalent
GHG	Greenhouse gas
JTF	Just Transition Fund
MFF	Multiannual Financial Framework
NRPP	National and Regional Partnership Plan
PPWR	Packaging and Packaging Waste Regulation
RRF	Recovery and Resilience Facility
RRP	Recovery and Resilience Plan
R&I	Research and innovation
SME	Small and medium-sized enterprise
SUPD	Single-Use Plastics Directive

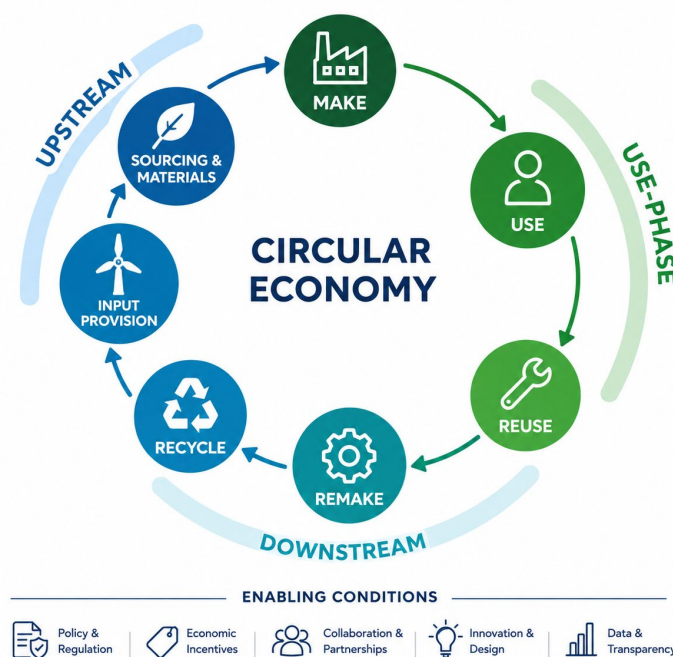
TSI	Technical Support Instrument
WEEE	Waste electrical and electronic equipment
WFD	Waste Framework Directive
WSR	Waste Shipment Regulation

EXECUTIVE SUMMARY

The **circular economy** keeps products and materials in use to minimise resource extraction and waste. It can be categorised into three life-cycle functions and one enabling condition (visualised in Figure 1):

- Upstream action covers design and production
- Use-phase keeps products in use for a longer time through re-furbishing, repairing, etc.
- Downstream action covers collection, treatment and recovery
- Enabling conditions include e.g. skills, data, governance. This supports all three functions.

Figure 1: Circular economy and its life cycle functions



Source: Authors' elaborations. Figure is AI generated

As EU regulation increasingly shapes how products are designed, produced, used and recovered, the challenge is no longer simply to finance waste infrastructure, but to help territories build functioning circular systems and markets. This study therefore assesses how Cohesion Policy supports the circular economy and provides policy recommendations for the next 2028–2034 framework.

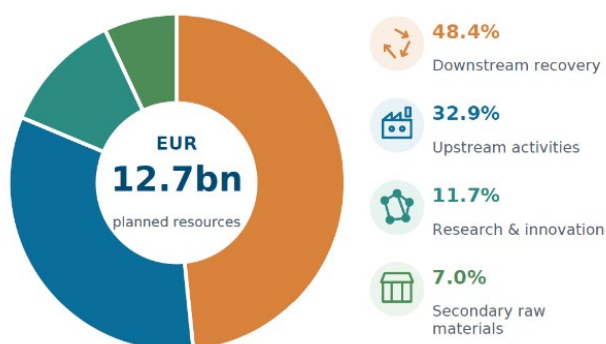
The study concludes that circular economy has become more visible in EU funding, but it is not yet supported as a fully connected territorial and economic system. The next programming framework of 2028–2034 offers an opportunity to address this gap.

Key study findings

1. Circular economy is gaining ground, but support remains unbalanced

In 2021–2027, approximately **EUR 12.7 billion** is programmed for circular economy across the European Regional Development Fund (ERDF), Cohesion Fund (CF) and Just Transition Fund (JTF), equivalent to 3.3% of their combined EUR 380 billion portfolio. Within the comparable ERDF/CF envelope – excluding the JTF, which did not exist in 2014–2020 – allocations rose from EUR 6.98 billion (1.9%) to EUR 11.47 billion (3.2%).

Figure 2: Distribution of planned resources by intervention area



Source: Authors' calculations based on Cohesion Open Data and programme mapping. Reference date: March 2026

However, support remains uneven across the circular value chain, as can be seen in Figure 2 with 48.4% of programmed circular economy resources supporting downstream recovery.

This downstream orientation should not be interpreted as misplaced investment. In many less developed, island and infrastructure-constrained regions, improvements in collection, sorting, treatment and recycling remain essential. The issue is whether these investments are connected to prevention, reuse and repair,

productive transformation, higher-quality recovery and viable markets for secondary materials.

The “missing middle” (the use phase) remains weak:

- Product-life extension is identifiable in only 1.3% of programmes
- Reuse and repair infrastructure in 7.2%
- Circular business models in 3.9%

Repair, reuse, refurbishment and maintenance are therefore still rarely treated as explicit and monitorable priorities, despite their potential contribution to resource efficiency, local employment, small and medium-sized enterprises (SMEs) and the social economy (including cooperatives, mutuals, associations, foundations and social enterprises that prioritise social objectives over profit distribution).

2. From recovering materials to creating circular markets

A second structural gap concerns secondary raw materials (materials recovered from waste). Cohesion Policy is better at financing their collection, sorting and production than their actual uptake in production (meaning their use as inputs in manufacturing) rather than merely their recovery or preparation for sale.

However, effective recirculation requires more than recovery capacity: it also depends on quality standards, certification, traceability, appropriate End-of-Waste conditions, industrial demand and public procurement.

3. Implementation is part of the policy challenge

By March 2026, 50.8% of ERDF/CF/JTF resources programmed for circular economy had been committed and 8.6% spent, compared with 57% and 11.8% for the entire portfolio of those three funds. Implementation differs considerably across circular functions:

- Upstream measures had reached a 82.7% commitment rate;
- Compared with 30.1% for downstream measures; and
- 29.6% for the secondary raw materials component.

Programme evaluations point to three bottlenecks:

1. insufficient operationalisation and immature project pipelines
2. administrative and procedural constraints
3. weak beneficiary, market or territorial-system readiness

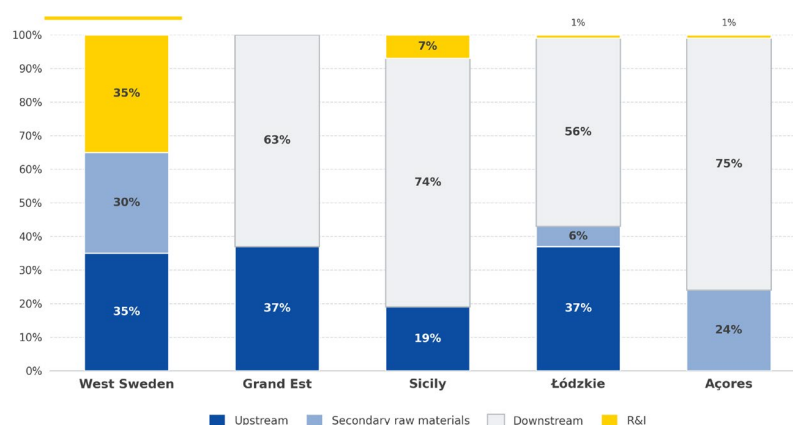
Future policy should therefore consider **delivery capacity as part of investment design**, using technical assistance, appropriate financing instruments and implementation milestones adapted to different types of intervention.

4. Different territories require different circular pathways

The five regional case studies confirm that there is no single model for the circular transition:

- **West Sweden** follows an innovation-led pathway focused on business transformation sustainable materials and R&I
- **Sicily** (Italy) and **Açores** (Portugal) focus on waste-system modernisation and territorial services
- **Grand Est** (France) and **Łódzkie** (Poland) link circular economy to industrial restructuring and just transition

Figure 3: Functional composition of programmed circular economy allocations in the five regional programmes (in %)



Source: Authors' calculations based on European Commission Cohesion Open Data, March 2026. The layout of this Figure was improved with AI.

These pathways reflect different infrastructure, economies, geography and institutional readiness, and is not a ranking of regional performance. Policy should adapt the investment mix to each territory while connecting infrastructure, value retention, enterprise transformation, skills and markets.

5. Cohesion Policy and the Recovery and Resilience Facility have complementary roles

The review of Recovery and Resilience Plans (RRPs) identified at least one core circular economy measure in 21 of the 27 national RRP. The RRF has been particularly effective in supporting regulatory reforms, governance measures, waste-system investment and selected forms of industrial transformation. It is much less present in repair, reuse, refurbishment, product-life extension and territorially embedded circular-service ecosystems.

The RRF should therefore be seen as a selective accelerator, while Cohesion Policy retains a distinctive role in regional capacity-building, local value chains and place-based delivery.

Policy recommendations for the 2028–2034 framework

The proposed post-2027 architecture creates both an opportunity and a risk. National and Regional Partnership Plans could connect investments currently divided between environmental infrastructure, competitiveness, innovation, skills and territorial development. This could reduce fragmentation.

At the same time, greater integration could make circular economy less visible if investments are absorbed into broad green or competitiveness envelopes. Greater national flexibility could also weaken territorial ownership if regional and local authorities do not retain an effective role in programming and implementation.

The decisive question for the European Parliament is therefore not simply whether circular economy remains eligible for support after 2027, but whether it remains traceable and becomes more systemic, territorially grounded and measurable.

The report identifies eight policy recommendations for the 2028–2034 framework:

1. **Preserve the visibility of circular economy** within National and Regional Partnership Plans through a common classification of circular functions.
2. **Rebalance support across the full life cycle**, while recognising different territorial starting points and continuing essential waste-system investment where needed.
3. **Create demand for circular products and secondary raw materials** through procurement, standards, certification, traceability and stronger links between suppliers and industrial users.
4. **Give regional and local actors operational roles**, with clear responsibilities for preparation, implementation and monitoring.
5. **Coordinate EU, national and regional instruments** around territorial circular-economy pathways, identifying gaps, overlaps and complementarities.
6. **Match financing and delivery arrangements to different interventions**, including technical assistance, grants, financial instruments and staged milestones.
7. **Connect circular investment to skills, employment, the social economy and territorial inclusion**, particularly in repair, reuse and refurbishment ecosystems.
8. **Measure circular transformation, not only expenditure and infrastructure**, distinguishing procedural progress, outputs and genuine outcomes such as waste prevention, product-life extension and actual secondary-material uptake.

Cohesion Policy can translate common EU rules and market objectives into functioning regional circular systems. The next period should connect essential waste infrastructure with higher-value circular activity, bring innovation to markets and territories, and strengthen competitiveness, resilience and cohesion.

1. CIRCULAR ECONOMY DEFINITION AND PRACTICAL FRAMEWORK FOR COHESION POLICY

This chapter sets out the working definition of the 'circular economy' and the practical framework used in the study. The detailed indicator catalogue, measurement guidance and methodological assumptions are presented in Annex II. This chapter further provides a brief analysis of the EUs leading and lagging sectors in the circular economy as well as the social dimension.

For the purpose of this report:

Circular economy is understood as a life-cycle-based economic model that prevents waste, reduces reliance on virgin resources, keeps products, components and materials in use through durable design, maintenance, sharing, reuse, repair, refurbishment and remanufacturing, and returns materials to production through high-quality recycling and functioning secondary-material markets.

This definition has a direct implication for Cohesion Policy. Waste management and recycling infrastructure remain necessary, particularly in regions with persistent environmental infrastructure gaps. However, recycling is not the only, or necessarily the highest-value, circular strategy. Wherever technically and economically feasible, priority should be given to preventing waste and preserving the value embedded in products and components rather than recovering materials only after they have become waste.

The R-ladder is a normative hierarchy and analytical framework that ranks circular strategies by their capacity to prevent resource use and retain value. In its widely used 10R formulation, it moves from Refuse, Rethink and Reduce, through Reuse, Repair, Refurbish, Remanufacture and Repurpose, to Recycle and Recover (Potting et al., 2017). Strategies higher on the ladder generally preserve more value and require fewer additional resources than recycling or recovery. The term '10R formulation' refers to the practical ten-strategy version of the R-ladder: each strategy begins with the letter R and the sequence runs from options that prevent resource use and retain the greatest product value to lower-value recycling and recovery.

Circular economy across the value chain

Circular economy interventions operate at different points of the product and material life cycle. The report distinguishes three life-cycle functions and one cross-cutting dimension (visualised in Figure 4):

1. upstream prevention and production transformation
2. use-phase value retention
3. downstream recovery
4. a cross-cutting dimension covering the conditions that enable circular solutions to operate and scale.

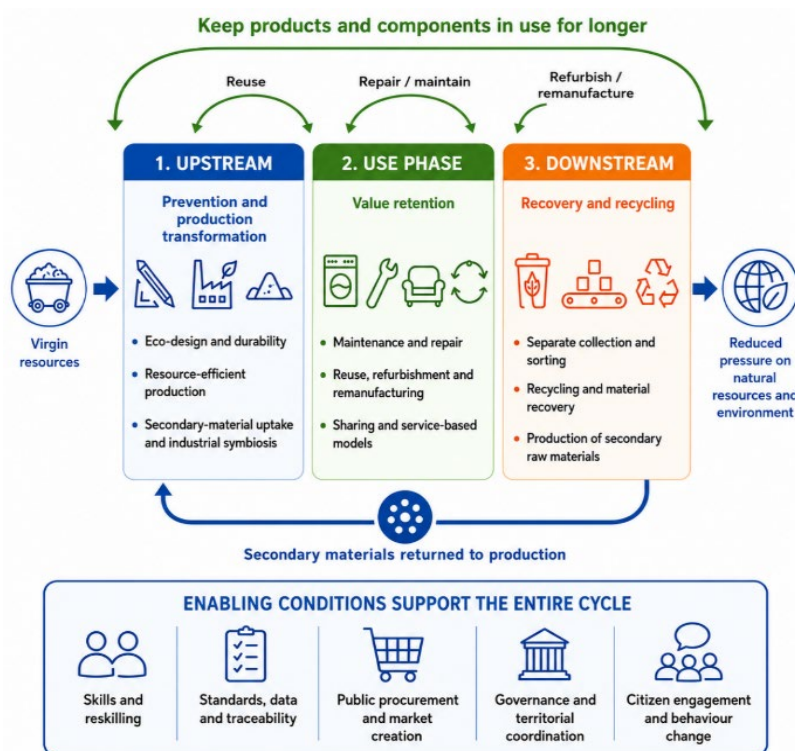
Upstream interventions act on product design, material inputs and production processes.

Use-phase interventions keep products and components in use for longer through maintenance, repair, reuse, refurbishment and remanufacturing.

Downstream interventions collect, sort and recover materials after products reach the end of their useful life.

Enabling conditions include skills, data, standards, procurement, market demand and governance. This supports all three functions.

Figure 4: Circular economy across the product lifecycle



Source: Authors elaboration

Secondary raw materials –

materials recovered from waste and processed so that they can replace virgin raw materials in new production – illustrate why these functions need to be distinguished: Their production from waste streams belongs primarily to downstream recovery; their actual use as inputs belongs to upstream production transformation; and the standards, demand, procurement arrangements and market confidence needed for their circulation are enabling conditions. Financing recovery capacity therefore does not guarantee material recirculation unless recovered materials meet the required quality standards and find users in production systems.

What EU indicators reveal – and what they miss

Three indicators are particularly useful for this report because they capture complementary dimensions:

- **circular material use rate** measures the share of materials used in the economy that comes from recycled sources;
- **municipal waste recycling rate** reflects the performance of collection and waste-management systems, which is strongly influenced by local infrastructure and administrative capacity; and
- **persons employed in circular economy sectors** introduce an economic and social dimension.

However, none is a complete measure of circularity. A higher circular material use rate can coexist with high consumption of virgin resources. A high recycling rate does not necessarily imply strong

prevention, repair or reuse systems. Employment figures do not reveal job quality, skills, gender balance, inclusion or the role of social-economy actors.

EU indicators are useful for comparing national trends, but they cannot isolate the contribution of an individual Cohesion Policy programme or territorial intervention. They also capture waste management and recycling more readily than prevention, product-life extension, circular business models or the industrial uptake of secondary materials. The study therefore complements EU-level indicators with a programme-level framework that identifies the principal circular function supported by each intervention. The programme-level analytical framework developed in this study therefore also distinguishes individual circular components from complete circular systems.

A practical programme-level framework

Existing EU indicators mainly track trends at national or overall economic level. In contrast, tools that assess products or projects often require detailed life-cycle and material data, which are not consistently available across Cohesion Policy programmes. The study therefore uses an intermediate programme-level framework.

The framework is not a scoring system and does not imply that every project should address all circular functions. It provides a common vocabulary for identifying:

- where an intervention sits along the circular value chain;
- which circular function it performs;
- whether programme portfolios leave important functions underrepresented; and
- whether individual interventions are connected to wider territorial systems and markets.

The framework informs the programme mapping, implementation analysis, review of national Recovery and Resilience Plans (RRPs), regional case studies and policy recommendations. Detailed indicators and measurement approaches are provided in Annex II.

Divergent sectoral progress across the EU

No single indicator provides a definitive ranking of leading and lagging sectors. Results depend on whether progress is assessed through regulation, the visibility of circular practices, waste recovery, value retention or actual closed-loop material use.

A review of EU case evidence found circular strategies most frequently represented in food and beverages,¹ chemicals and plastics, and construction materials,² while capital equipment and parts of manufacturing were less represented.³ These results indicate the relative visibility of circular practices in the cases covered by the review and should not be interpreted as a comprehensive ranking of sector performance (De Pascale et al., 2023).

¹ Agri-food systems—especially the food and beverage sector—are among the most advanced CE sectors. Practices such as the recovery and valorisation of by-products, waste reduction and the use of bio-based materials are already relatively widespread, also supported by EU policy initiatives. Evidence shows that the food and beverage industry alone accounts for around 17.9% of the circular strategies identified across sectors, making it the most represented sector in terms of circular practices (De Pascale et al., 2023).

² The chemical and plastic industry accounts for about 16.4% of circular strategies, while construction materials and products represent around 11%, confirming their relatively advanced position in the transition (De Pascale et al., 2023). This is largely due to their high material intensity and the presence of more developed regulatory frameworks, which have encouraged recycling, more efficient use of resources and, in some cases, industrial symbiosis solutions.

Construction illustrates the distinction between high recovery and high-value circularity. The EU recovers around 89% of construction and demolition waste, but much of this is used in backfilling or other lower-value applications. Recycled aggregates represented only 8.2% of aggregate production in the EU in 2019, and their use in new concrete remains limited in most Member States (Caro et al., 2024; Pacheco et al., 2023).

Electronics and textiles show different weaknesses. The EU-wide Waste Electrical and Electronic Equipment (WEEE) collection rate was 37.5% in 2023, compared with the 65% target based on electrical and electronic equipment placed on the market. The average textile-waste capture rate reported by the European Environment Agency was around 12%, with most textile waste still entering mixed municipal waste streams (Eurostat, 2025; European Environment Agency, 2024).

These differences confirm that circular economy support needs to reflect sector-specific technologies, regulatory requirements, market conditions and territorial value chains.

The social and territorial dimension of circular economy

Circular economy describes an economic model, but moving towards that model is also a social and territorial transition. Its costs, opportunities and implementation conditions differ across regions, firms, workers and social groups. Regions with strong innovation systems and mature waste infrastructure face different needs from regions still investing in basic collection and treatment capacity. Large firms, SMEs, municipalities, social enterprises and households also have different capacities to adopt circular practices.

Circular economy can support social inclusion through several mechanisms. Repair, reuse, refurbishment, maintenance and local collection services are often labour-intensive and territorially embedded. They can provide vocational employment and entry points for workers with different qualification levels. Social-economy organisations can connect product-life extension with work-integration activities, while repaired, reused or refurbished goods may improve affordability for lower-income households.

These effects are not automatic. They depend on training, job quality, stable employment pathways, accessible services and the design of support instruments (Cavallini and Soldi, 2023; Van Opstal et al., 2026).

The European Commission's **Employment and Social Developments in Europe** report indicates that, under appropriate policy conditions, the wider green transition can generate additional employment while creating adjustment risks for particular sectors, occupations and territories (European Commission, 2023b). This evidence should not be interpreted as a specific forecast for circular economy employment, but it underlines the importance of accompanying investment with skills, reskilling and labour-market measures.

For Cohesion Policy, four dimensions are particularly relevant:

- **skills and reskilling**, including technical, vocational, managerial and digital capabilities;
- **social-economy and local-service ecosystems**, particularly in repair, reuse, refurbishment and reconditioning;
- **citizen and SME access**, including the affordability and territorial availability of circular services;
- **territorial resilience**, including reduced dependence on virgin or imported materials, stronger local value chains and support for regions facing industrial or demographic transition.

Monitoring should therefore look beyond the number of jobs created and consider job quality, access to training, gender participation, social inclusion and the territorial distribution of circular opportunities.

Operational conclusions for the analysis of Cohesion Policy

The conceptual and measurement review leads to four operational conclusions:

- Circular economy investments should be assessed across the whole product and material life cycle, rather than only through waste-management outputs. Collection, sorting and recycling infrastructure remain necessary, especially in regions with persistent environmental infrastructure gaps. However, they do not, on their own, constitute a complete circular economy.
- The analysis should distinguish between activities that recover value at the end of the chain and activities that prevent waste or retain value earlier in the life cycle. Prevention, circular design, reuse, repair, refurbishment, remanufacturing and circular business models should therefore be clearly visible in the analytical framework, rather than absorbed into broad waste-management categories.
- Secondary raw materials should be assessed not only in terms of their production, but also in terms of their actual uptake in production systems. Producing recovered materials does not ensure that they will be used. Effective material recirculation also requires stable demand, quality standards, circular public procurement, industrial purchasing arrangements and market confidence.
- Circular economy should be evaluated not only through environmental outputs, but also through its economic, social and territorial contribution. The analysis should therefore consider territorial resilience, employment, skills, innovation, social inclusion and citizen participation.

The central policy message is therefore clear: Cohesion Policy can support circular economy effectively only if it finances more than waste infrastructure. It should help regions prevent waste, retain the value embedded in products, components and materials, build markets for circular goods and secondary materials, strengthen local capabilities, and connect circular economy objectives to industrial, social and territorial development.

2. THE EVOLVING EU FRAMEWORK

KEY FINDINGS

- EU circular economy policy has moved beyond end-of-life waste management towards product design, durability, repair, reuse, sectoral value chains and the market uptake of secondary materials.
- Product, consumer and sector-specific rules increasingly create adaptation and implementation needs for firms, public authorities and regions.
- The policy focus is shifting from producing recovered materials to making circular markets function through quality, traceability, demand and industrial uptake.
- Cohesion Policy has a distinctive territorial role: it can finance waste infrastructure where gaps persist while supporting SME adaptation, skills, testing, procurement and value-chain coordination.

Over the past decade, the EU policy framework has progressively broadened beyond waste management to encompass product design, consumption, repair, sectoral value chains and secondary-material markets. The first EU Action Plan for the Circular Economy, adopted in 2015, initiated this shift.³ The 2020 Circular Economy Action Plan (CEAP),⁴ adopted under the European Green Deal, consolidated it by placing circularity more firmly within the EU's agenda for industrial transformation, competitiveness and resource resilience.

Consequently, this evolution matters for Cohesion Policy:

EU-funded investment increasingly needs to support not only waste collection, treatment and recycling, but also product redesign, repair and reuse systems, digital traceability, secondary-material uptake, skills and territorial implementation capacity. The key question is therefore whether EU funds finance isolated waste-management components or help regions build connected circular systems across the value chain.

The current framework reflects a shift from managing waste after it is generated to preventing waste and retaining the value of products and materials throughout their life cycle. Waste infrastructure remains essential, particularly in regions with persistent environmental infrastructure gaps, but it is one component of a wider system that also depends on product rules, repair and reuse services, demand for secondary materials and local delivery capacity.

³European Commission, 2015, COM(2015) 614 final.

⁴European Commission, 2020, COM(2020) 98 final.

A shift in EU regulation: from downstream waste management to full value-chain circularity

Historically, before 2020, the EU framework retained a strong downstream orientation, although the first Circular Economy Action Plan (CEAP), adopted in 2015, had already broadened the agenda beyond waste.

This shift responds to a practical limitation of waste policy. If products are not designed for durability, disassembly, repair, reuse or material recovery, end-of-life measures can retain only part of their economic and material value. A more structural circular transition therefore requires intervention earlier in the value chain (e.g. during the product design stage) while maintaining effective collection, sorting and recycling systems.

This upstream reorientation is most clearly reflected in Regulation (EU) 2024/1781 establishing the **Ecodesign for Sustainable Products Regulation (ESPR)**. Rather than imposing a single set of obligations on all products, the ESPR provides a framework for progressively introducing product-specific requirements relating to durability, reparability, reusability, recyclability and environmental performance. The **Digital Product Passport** is a key element of this architecture because it is intended to improve product information and traceability across value chains. The first ESPR and Energy Labelling Working Plan for 2025–2030⁵ prioritises, among others, product groups, steel and aluminium, textiles, furniture, tyres and mattresses, together with horizontal measures on reparability and recycled content for electrical and electronic equipment.

For Cohesion Policy, the relevance of the ESPR lies in the adaptation needs that product rules create for firms and territories. SMEs may require support to redesign products, comply with sustainability and information requirements, adopt secondary inputs, improve reparability and invest in traceability systems. These transitions can be supported through research and innovation, SME competitiveness, skills, advisory services, testing facilities and territorial industrial strategies.

Product, consumer and demand-side measures

Correspondingly, the same policy logic is increasingly visible on the demand side. Circular products will not generate circular outcomes if consumers cannot identify them, compare them or access repair services at reasonable cost. EU policy therefore increasingly connects product design with consumer information, repair rights and market transparency.

Directive (EU) 2024/1799 on common rules promoting the repair of goods was required to be applied by Member States from 31 July 2026 and promotes repair both within and beyond the legal-guarantee period. Together, these rules strengthen the use phase of the circular economy. Their territorial effects, however, depend on accessible repair services, spare parts, consumer confidence, skills, social-economy actors and viable business models. This is particularly relevant to the “missing middle” identified later in the report, where value is retained through maintenance, repair, reuse and refurbishment.⁶

Moreover, **public procurement** is another important demand-side lever. A circular product policy can only scale if large institutional buyers are willing or required to purchase durable, repairable, reusable

⁵ European Commission, 2025, COM(2025) 187 final.

⁶ The EU framework against greenwashing remains incomplete. Trilogue negotiations on the proposed Green Claims Directive are currently on hold. In June 2025, the Commission announced its intention to withdraw the proposal, although the file remained listed as pending in the 2026 Commission Work Programme. Its future therefore remains uncertain. (European Commission, 2023, COM(2023) 166 final; Council of the European Union, 2024, ST 11312/24; European Parliament, 2026)

and resource-efficient goods. **Article 65 of the ESPR** allows mandatory minimum sustainability requirements for the public procurement of certain regulated product groups. Public authorities can also use proportionate tender requirements and award criteria to favour recycled content, durability, reparability, reuse, take-back arrangements or service-based alternatives. For Cohesion Policy, procurement can therefore function as a market-making instrument, particularly where private demand for circular products and secondary materials remains weak.

Sectoral value chains: where circularity becomes operational

The sectoral dimension of the EU framework has become increasingly concrete. The 2020 CEAP identified high-impact value chains including packaging, batteries, textiles, electronics, construction and food systems. Several initiatives have since moved from strategy into law.

The **Packaging and Packaging Waste Regulation (PPWR)**⁷ entered into force on 11 February 2025 and will generally apply from 12 August 2026. It covers the full packaging life cycle and introduces requirements concerning prevention, reuse, recyclability and recycled content. The **Batteries Regulation**⁸ addresses sustainability, collection, reuse, recycling and material recovery across the battery life cycle and links circularity to strategic autonomy.

In addition, textiles and food waste have moved further into the circular economy framework. **Directive (EU) 2025/1892, amending the Waste Framework Directive (WFD) (Directive 2008/98/EC)**, entered into force on 16 October 2025 and strengthens the EU framework for extended textile producer responsibility and food-waste reduction.

By contrast, the built environment deserves particular attention because it combines product regulation, waste management and territorial investment. The **Construction Products Regulation (CPR), Regulation (EU) 2024/3110** strengthens sustainability and digital product information, while Cohesion Policy can support building renovation, construction and demolition waste management, recycled aggregates, brownfield regeneration, skills and circular public procurement. Circular construction is therefore both a sectoral regulatory issue and a regional development issue.

Other sector-specific rules contribute to circularity in electronics, vehicles and plastics. **Directive 2012/19/EU on waste electrical and electronic equipment (WEEE)** remains a central pillar, and the Commission intends to use its 2025 evaluation to inform a revision proposal in the context of the planned Circular Economy Act (which is intended to be adopted in 2026). **Regulation (EU) 2026/1738** now establishes circularity requirements for vehicle design and end-of-life management. The **Single-Use Plastics Directive (SUPD)**⁹ continues to combine waste prevention, producer responsibility and litter reduction with the transition towards more circular products and materials.

Taken together, these developments show how the EU is translating circular economy objectives into sector-specific rules and value-chain requirements. This matters for Cohesion Policy because regional implementation takes place through concrete sectors and material streams — including packaging, textiles, batteries, construction, electronics, plastics, bio-waste, food systems and industrial by-products — rather than through circular economy as a generic policy category. Future support therefore needs to reflect sector-specific technologies, market conditions, skills and territorial value chains.

⁷ Regulation (EU) 2025/40.

⁸ Regulation (EU) 2023/1542.

⁹ Directive (EU) 2019/904.

Secondary raw materials, strategic autonomy and material-flow governance

The current policy direction also links circularity more explicitly to competitiveness, strategic autonomy and supply-chain resilience. Recent EU initiatives present circular economy not only as a means of reducing waste, but also as a response to material dependency, supply risks and industrial vulnerability.

The **Clean Industrial Deal** sets an objective of reaching 24% circular material use by 2030 and announces a Circular Economy Act in 2026. The **Critical Raw Materials Act** similarly promotes recycling, recovery and stronger secondary markets as part of the EU resilience agenda.¹⁰

The planned Circular Economy Act should therefore be understood as the next step in the shift towards functioning circular markets. The Commission presents it as a means of establishing a **Single Market for secondary raw materials**, increasing the supply of high-quality recycled materials and stimulating demand.¹¹ For Cohesion Policy, the key question is whether stronger EU market conditions will connect regional investments in collection, sorting and recycling with material quality, industrial demand and actual uptake in production systems. Without these connections, additional recovery capacity may not translate into greater material recirculation.

Moreover, material-flow governance has gained prominence. The **Waste Shipment Regulation (WSR), Regulation (EU) 2024/1157** entered into force on 20 May 2024, and most of its provisions have applied since 21 May 2026; most new export rules will apply from 21 May 2027. The Regulation strengthens traceability and enforcement and seeks to ensure environmentally sound management of waste. Tighter shipment rules increase the importance of domestic and regional recovery capacity, but this capacity supports circularity only where recovered materials find viable users within European value chains. The policy challenge is therefore not merely to avoid exporting waste, but to ensure that it is reintegrated economically rather than displaced geographically.

The implementation gap remains significant. The EU circular material use rate reached 12.2% in 2024, the highest level recorded so far but it still remained well below the 24% objective for 2030.¹² This confirms that the Union has developed a more integrated policy architecture while still facing a major challenge in translating regulation, funding and market signals into actual material recirculation.

EU instruments beyond Cohesion Policy and the Recovery and Resilience Facility (RRF)

Cohesion Policy and the Recovery and Resilience Facility (RRF) operate within a wider EU support architecture for the circular transition. The instruments involved—principally the European Regional Development Fund (ERDF), Cohesion Fund (CF) and the Just Transition Fund (JTF) under Cohesion Policy, and the RRF through national Recovery and Resilience Plans— are complementary rather than interchangeable. Some finance research, experimentation and demonstration; others support SME adoption, investment scale-up, reform capacity or private-finance mobilisation. Their contribution depends not only on the resources available, but also on how effectively they are connected across the innovation and investment cycle.

¹⁰ European Commission, 2025, COM(2025) 85 final; Regulation (EU) 2024/1252.

¹¹ European Commission, 2025, “Commission launches consultation for upcoming Circular Economy Act”.

¹² Eurostat, 2025; European Commission, 2025, COM(2025) 85 final.

Table 1: Main EU instruments supporting circular economy beyond Cohesion Policy and the RRF

EU instrument	Main role in the circular transition	Complementarity with Cohesion Policy
LIFE – Circular Economy and Quality of Life	Demonstration, testing and deployment of environmental and circular solutions in operational settings.	Generates approaches that Cohesion Policy can replicate or scale through territorial investment.
Horizon Europe, CBE JU¹³ and CCRI¹⁴	Research, technological development, pilots and territorial experimentation in circular materials, processes, bioeconomy and business models.	Develops and de-risks solutions before wider regional deployment and market uptake.
Single Market Programme (SMP) and Enterprise Europe Network (EEN)	Advice and business support for SMEs, including sustainability, circularity and green investment.	Helps firms understand requirements, prepare investments and adopt circular products, processes and business models.
InvestEU and the European Investment Bank (EIB) Group	Risk finance and scale-up of mature infrastructure, industrial, innovation and SME investment.	Mobilises additional public and private finance beyond grants.
EU Taxonomy	Classification and investment-signalling framework for environmentally sustainable activities.	Improves investor clarity and can help orient private capital towards circular activities.
Technical Support Instrument	Demand-driven support for reform design and administrative capacity.	Supports strategies, monitoring, permitting, waste-system reform and secondary-material-market development.

Source: Authors' elaboration based on official EU programme and institutional documentation.

Taken together, the instruments shown in Table 1 create a differentiated pathway from research and demonstration to adoption, investment and scale-up. Horizon Europe and LIFE develop and test solutions; SME-support instruments facilitate adoption; InvestEU and the EIB Group support scale-up; the EU Taxonomy helps orient private finance; and the Technical Support Instrument strengthens reform capacity.

Cohesion Policy's distinctive role is to connect these functions to territorial capabilities, firms, municipalities and local value chains. The central issue is therefore not the absence of EU instruments, but whether promising solutions can move from testing to investment, market uptake and territorial scale.

Implications for Cohesion Policy

The evolution of the EU circular economy framework has direct implications for Cohesion Policy.

- **Waste infrastructure remains necessary, but it is only one component of a circular economy.** Collection, sorting, treatment and recycling remain essential where gaps persist, but they need to be connected to prevention, reuse, repair, product-life extension, secondary-material uptake and circular business models.

¹³ The Circular Bio-based Europe Joint Undertaking (CBE JU), a European Partnership under Horizon Europe, supports research and innovation for sustainable and circular bio-based value chains.

¹⁴ The Circular Cities and Regions Initiative (CCRI) helps cities and regions translate circular economy innovation into territorial experimentation and practical implementation.

- **New product and sectoral rules create adaptation needs for firms and territories.** Eco-design, digital product information, reparability, recycled-content, packaging, battery, textile, construction and traceability requirements will require investment in skills, technologies, testing, certification, data systems and SME advisory capacity, particularly in less developed and transition regions.
- **Secondary raw materials connect recycling policy to industrial strategy and market development.** Recovery infrastructure becomes part of an industrial strategy only where materials meet quality requirements and are actually taken up in production, supported by standards, procurement, industrial demand and regional value-chain coordination.
- **Territorial implementation capacity is essential.** Repair networks, reuse centres, construction-material loops, bio-waste systems, industrial symbiosis, circular procurement and local secondary-material markets depend on municipalities, regions, SMEs, social-economy actors and other territorial intermediaries.
- **The evolving EU framework creates both an opportunity and a visibility risk.** Cohesion Policy can become the territorial investment arm of the EU's circular economy agenda, but without clearer programming and monitoring, the circular economy may continue to be financed mainly through downstream waste-management interventions.

The central message is therefore clear: EU circular economy policy is moving towards a broader model based on products, markets, materials, industrial competitiveness and territorial implementation. Cohesion Policy will be effective in this context only if it helps regions move from isolated circular components towards systems that connect infrastructure, firms, citizens, public authorities and value chains.

3. CIRCULAR ECONOMY AND COHESION POLICY 2021–2027

KEY FINDINGS

- Cohesion Policy programmes allocate EUR 12.7 billion to circular economy across the ERDF, CF and JTF. This is equivalent to 3.3% of the combined EUR 380 billion ERDF/CF/JTF portfolio.
- Circular economy support is visible but it is functionally imbalanced:
 - 48.4% of programmed CE resources support downstream recovery
 - 32.9% for upstream activities
 - 11.7% for research and innovation
 - 7% for the secondary raw material component
- Use-phase circularity remains weakly visible in programme design: Product-life extension is explicitly identifiable in only 1.3% of the programmes reviewed, dedicated reuse and repair infrastructure in 7.2%, and circular business models in 3.9%.
- The composition of support reflects fund mandates and territorial starting points. The Cohesion Fund is overwhelmingly downstream oriented, while more developed regions show a stronger upstream and innovation profile.
- Less developed regions receive important support for waste-system modernisation, but links to value retention, secondary-material uptake and market creation remain weaker.

Cohesion Policy is one of the main EU instruments for translating circular economy objectives into territorial investment. This chapter examines not only how much planned support can be identified, but also which circular functions it finances and how the resulting portfolio varies across Member States, funds and regional categories.

The analysis covers the European Regional Development Fund (ERDF), Cohesion Fund (CF) and Just Transition Fund (JTF) programmes for 2021–2027. All 56 Interreg programmes analysed for the period are examined separately because of their smaller-scale, project-based and cooperation-oriented delivery model. The analysis combines intervention-field data on planned allocations with qualitative coding of programme content. Detailed programme-selection, coding and validation procedures are presented in Annex II, while this chapter focuses on the results.

The evidence points to selective mainstreaming:

circular economy is clearly visible in current programming, but support remains concentrated in selected parts of the product and material life cycle and differs markedly across territories and funding instruments.

Scope of the mapping

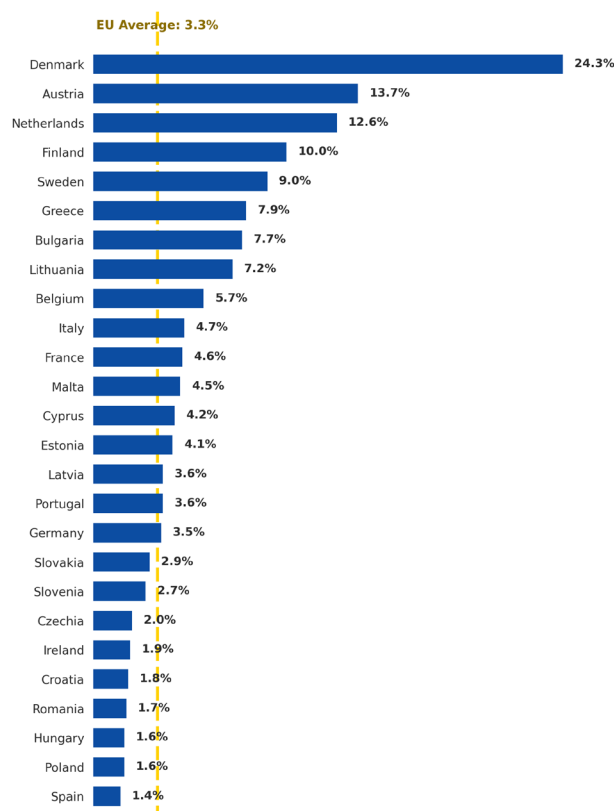
The mapping covers 152 ERDF, Cohesion Fund and Just Transition Fund programmes at national and regional level. The qualitative review applies to the three life-cycle functions and the cross-cutting enabling dimension introduced in Chapter 1. The financial analysis groups planned allocations into four components that can be identified with sufficient consistency through intervention-field data: upstream activities, secondary raw materials, downstream activities, and research and innovation.

The qualitative and financial classifications are not fully symmetrical. Repair, reuse, product-life extension, circular business models and governance-related interventions are frequently embedded in broader programme priorities and cannot be isolated reliably through intervention fields. The “missing middle” examined later in the chapter is therefore based mainly on qualitative programme coding, while the financial analysis captures the components explicitly visible in allocation data.

The analysis concerns programmed resources, not commitments, expenditure or outcomes. Financial implementation is examined separately in Chapter 4. The detailed analytical categories, programme-selection criteria, coding rules and methodological limitations are presented in Annex II.

How much Cohesion Policy funding goes to circular economy?

Figure 5: Circular economy as a share of total ERDF, CF and JTF allocations by Member State (in %)



Source: Authors' calculations based on European Commission Cohesion Open Data. Data extraction: March 2026. The layout of this Figure was improved with AI. No available data for Luxembourg.

At EU level, EUR 12.7 billion is allocated to circular economy across ERDF, CF and JTF resources. This represents 3.3% of the combined EUR 380 billion ERDF/CF/JTF portfolio.

Overall, Figure 5 confirms that circular economy is visible in Cohesion Policy but remains relatively limited in overall budgetary terms. It also conceals substantial variation across Member States.

Figure 5 further shows that the relative priority assigned to circular economy varies sharply. From the analysed EU Member States, Denmark allocates 24.3% of its ERDF/CF/JTF portfolio to CE. This is followed by Austria at 13.7%, the Netherlands at 12.6%, Finland at 10% and Sweden at 9%. At the other end of the distribution, the CE share is below 2% in Spain, Poland, Hungary, Romania, Croatia and Ireland.

These percentages should not be interpreted as a ranking of circular economy performance: high share of a relatively small Cohesion Policy envelope may represent fewer resources than a moderate share in a

much larger portfolio. Italy, for example, allocates approximately EUR 2.15 billion to circular economy,

Greece EUR 1.47 billion and Poland EUR 1.24 billion, despite recording lower relative shares than the leading countries in Figure 5.

The variation reflects different combinations of programme size, national priorities, fund composition, environmental infrastructure needs and industrial or innovation strategies. Circular economy has become a significant priority in some national portfolios but is not yet a uniformly mainstreamed dimension of Cohesion Policy. Complete Member State figures are reported in Annex II.

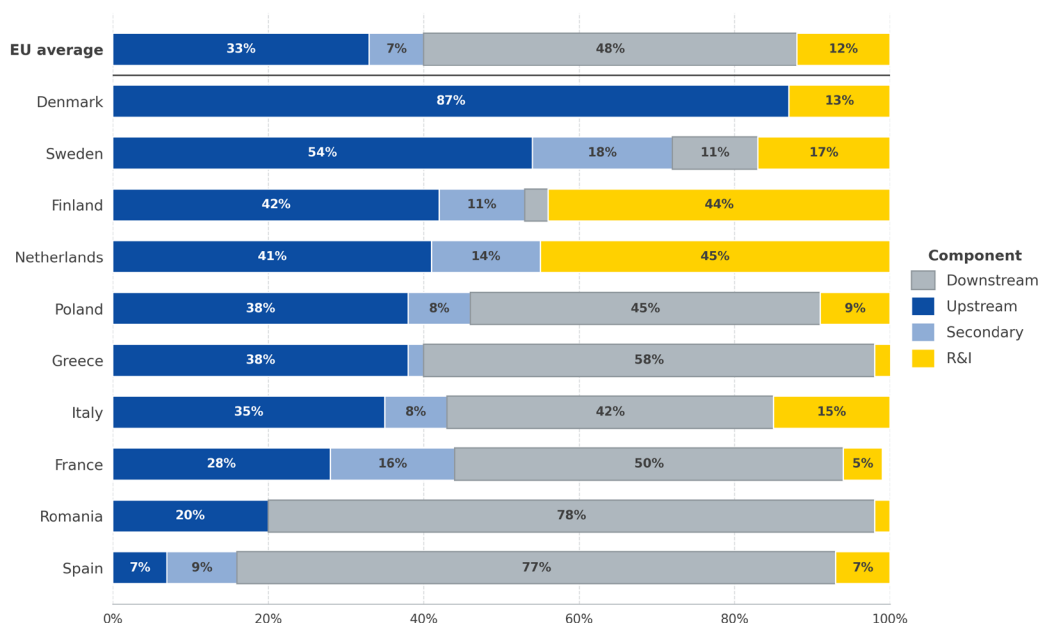
Where does CE funding sit along the value chain?

The EU circular economy portfolio is not only limited in aggregate terms; it is also functionally imbalanced. At EU level:

- 48.4% of programmed CE resources support downstream waste-management and recovery functions;
- 32.9% support upstream activities;
- 11.7% support research and innovation; and
- 7% are classified under the secondary raw materials component.

This distribution shows that Cohesion Policy is more clearly equipped to finance recovery functions than the full set of interventions needed to create circular systems and markets. Downstream investments remain necessary, especially in Member States with persistent waste-management gaps. However, collection, sorting, treatment and recycling do not automatically ensure that recovered materials are used by firms or supported by stable demand. Figure 6 illustrates the different functions assigned to Cohesion Policy across selected Member States.

Figure 6: Functional composition of programmed circular economy allocations in selected Member States and the EU average (in %)



Source: Authors' calculations based on European Commission Cohesion Open Data. Data extraction: March 2026.

Note: The layout of this Figure was improved with AI.

Figure 6 illustrates that Spain, Greece and Romania have strongly downstream-oriented portfolios, whereas Denmark, Finland, the Netherlands and Sweden use CE support more extensively for upstream transformation and innovation.

In Spain, programmed CE support is concentrated mainly under specific objective RSO2.6, “Promoting the transition to a circular and resource-efficient economy”, notably in the Pluriregional Programme and in the regional programmes for Andalucía and Murcia. These allocations primarily support separate collection, sorting, recycling and waste-treatment infrastructure. Support for eco-design, circular production and business-model transformation is more limited and is often embedded in broader enterprise or innovation measures.

The Netherlands illustrates a more innovation- and enterprise-oriented model. Programmes such as Zuid-Nederland use specific objectives RSO1.1, “Developing and enhancing research and innovation capacities and the uptake of advanced technologies”, and RSO1.3, “Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments”, to support circular production processes, eco-design, SME transformation, circular business models and collaborative innovation ecosystems. Denmark, Sweden and Finland show broadly comparable upstream and innovation profiles.

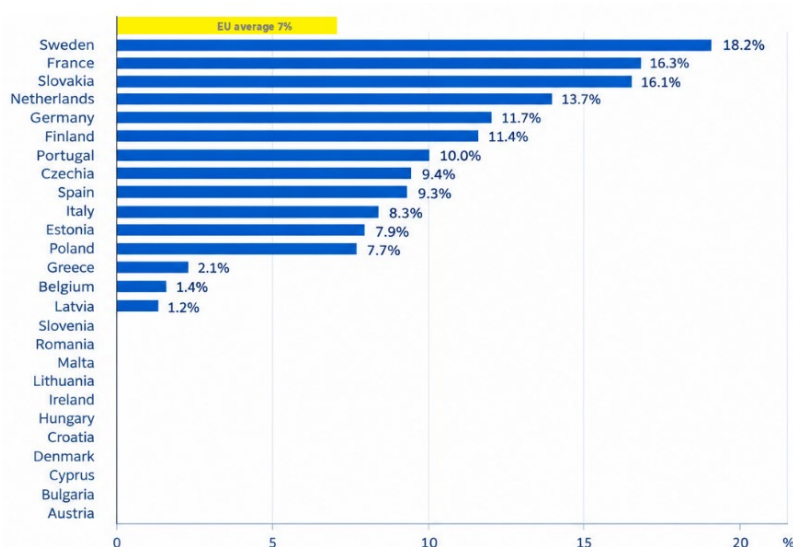
A downstream-oriented portfolio should not automatically be interpreted as a weak circular economy choice. Where separate collection, treatment capacity, recycling systems and landfill diversion remain incomplete, downstream investment is a necessary foundation. The policy question is whether those investments remain isolated or are connected to prevention, repair and reuse, material quality, industrial uptake and market development.

The complete Member State distribution across the four financial components is reported in Annex II.

Secondary raw materials: recovery is more visible than recirculation

Intervention fields for secondary raw materials make explicit which Cohesion Policy resources support the recovery and preparation of materials for recirculation. At EU level, however, these fields account for only 7% of programmed circular-economy resources. Figure 7 shows the share of the programmed CE allocations under the secondary raw material components.

Figure 7: Share of programmed circular economy allocations classified under the secondary raw materials component by Member State (in %) ¹⁵



Source: Authors' calculations based on European Commission Cohesion Open Data. Data extraction: March 2026

Note: The layout of this Figure was improved with AI.

¹⁵ The figure reports a budgetary component derived from intervention-field data. It does not measure actual secondary-material uptake, market maturity or the Eurostat circular material use rate.

As illustrated in Figure 7, several Member States allocate a comparatively larger share of their CE portfolios to this component, including Sweden, France, Slovakia, The Netherlands, Germany, Finland and Portugal. A higher budgetary share does not, however, demonstrate that secondary materials are effectively incorporated into production. The allocation may still relate mainly to sorting, material preparation, recovery capacity or the production of secondary materials.

Eleven Member States show no allocation explicitly classified under intervention fields related to secondary raw materials. This does not prove that they provide no support for recycled or recovered material use. Relevant measures may be embedded in broader SME, innovation, resource-efficiency or production-transformation priorities.

The zero values nevertheless reveal a visibility and programming gap. Support for collection, sorting and recovery is commonly identifiable, **while support specifically directed towards material quality, certification, standards, industrial uptake, public procurement and market development is not.**

The central distinction is therefore between producing recovered materials and ensuring their effective recirculation. Recovery investment can increase the availability of material streams, but does not automatically generate quality assurance, industrial demand, purchasing arrangements or market confidence.

The secondary raw materials component should consequently be read as a budgetary signal, not as a measure of uptake or market performance. Cohesion Policy supports material recovery more clearly than the reintegration of recovered materials into production systems.

The missing middle: weak visibility of use-phase circularity

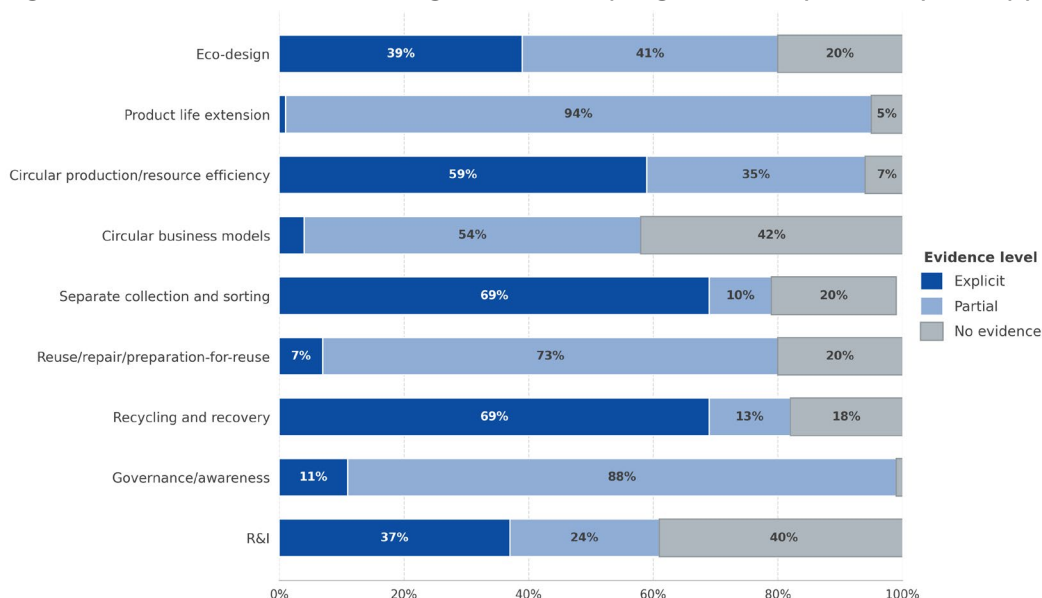
The financial imbalance points to a more specific structural weakness: **the limited visibility of interventions addressing the use phase of products.** These include maintenance, repair, reuse, preparation for reuse, refurbishment, remanufacturing, reverse logistics and circular business models.

Intervention-field data does not allow these activities to be identified consistently as separate financial components. Qualitative programme coding therefore provides the principal evidence:

- Explicit support for product-life extension is identified in only 1.3% of the 152 mainstream programmes reviewed,
- Dedicated reuse and repair infrastructure in 7.2%, and
- Circular business models in 3.9%.

Importantly, these figures measure programme visibility rather than financial weight. They refer to the share of programmes on which the relevant function is explicitly identifiable, not to its share of CE allocations. The finding is nevertheless significant: **use-phase circularity is rarely formulated as an autonomous, operational and monitorable programming priority.** Figure 8 showcases the distribution of CE categories across programmes.

Figure 8: Distribution of CE categories across programmes by visibility of support



Source: Authors' programme coding. See Annex II for programme selection, coding criteria and validation procedures.

Note: "Explicit" indicates that the function is clearly formulated as an identifiable programme priority or intervention. "Partial" indicates that it is present only as part of a broader measure or priority. "Not identifiable" means that no sufficiently clear programme-level evidence was found. The layout of this Figure was improved with AI.

As Figure 8 shows, downstream categories – waste collection, treatment, recycling and the production of secondary raw materials – are much more explicitly represented than use-phase functions such as maintenance, reuse, repair, refurbishment, remanufacturing, product-life extension and service-based circular business models.

This is the "missing middle" of Cohesion Policy support: programmes more clearly support production transformation at the beginning of the chain and waste recovery at its end than the intermediate functions through which products and components remain in use.

Three national portfolio orientations

For interpretative purposes, Member States can be grouped into three broad portfolio orientations according to the functional composition of their programmed CE allocations. These are descriptive analytical types, not rankings of national circular economy performance or the result of formal statistical clustering.

Table 2: Typology of national circular economy portfolio orientations

Model	Core features	Member States	Policy logic
Innovation-driven	Upstream activities and research and innovation dominate.	AT, DE, DK, FI, IE, LT, NL, SE, SI	CE linked mainly to industrial transformation, resource efficiency and innovation
Dual-structure	Upstream and downstream functions coexist within the national portfolio	BE, EL, FR, HR, IT, PL	Broad but only partially integrated support, often divided between environmental and competitiveness programmes
Waste-system strengthening	Downstream waste-management and recovery functions dominate	BG, CY, CZ, EE, ES, HU, LV, MT, PT, RO, SK	Infrastructure-led circularity focused on environmental compliance and waste-system modernisation

Source: Authors' elaboration based on the relative composition of programmed CE allocations.

Note: Luxembourg is not shown because no CE-relevant allocation was identified under the screening criteria applied to the Cohesion Policy financial data. This does not indicate a general absence of data or of circular economy activity in Luxembourg, but only that no allocation met the study's classification criteria.

The typology in Table 2 reflects both policy choices and territorial starting points. Southern and Eastern Member States tend to show a stronger downstream orientation, while Northern and Western Member States more often use Cohesion Policy for upstream transformation and innovation. This should not be interpreted as a linear development hierarchy. Waste-system modernisation remains indispensable in several territories.

The relevant question is not whether every portfolio has the same composition, but whether it provides a credible pathway from its current starting point towards broader circularity. Downstream investment can form part of that pathway, but should connect with prevention, value retention, secondary-material uptake and productive systems.

Interreg

Across all 56 Interreg programmes analysed for 2021–2027, approximately EUR 785.5 million is associated with CE-related intervention fields. This corresponds to 9.1% of the combined programmed resources of the full Interreg portfolio.

Interreg is not directly comparable with mainstream ERDF, CF and JTF programmes. It operates through smaller, project-based and cooperation-oriented interventions. Its relevance lies primarily in experimentation, policy learning, industrial symbiosis, transnational value chains and cooperation on secondary materials.

Cross-border programmes commonly support local pilots, SME cooperation and innovation networks. Transnational programmes more often address value-chain development, industrial symbiosis and coordinated policy frameworks, while programmes involving outermost regions can support territorially adapted approaches in geographically constrained contexts.

Interreg can therefore test solutions, connect actors across borders and prepare approaches for later replication through national or regional programmes. Its limited scale means that it cannot by itself correct the structural imbalance of mainstream Cohesion Policy.

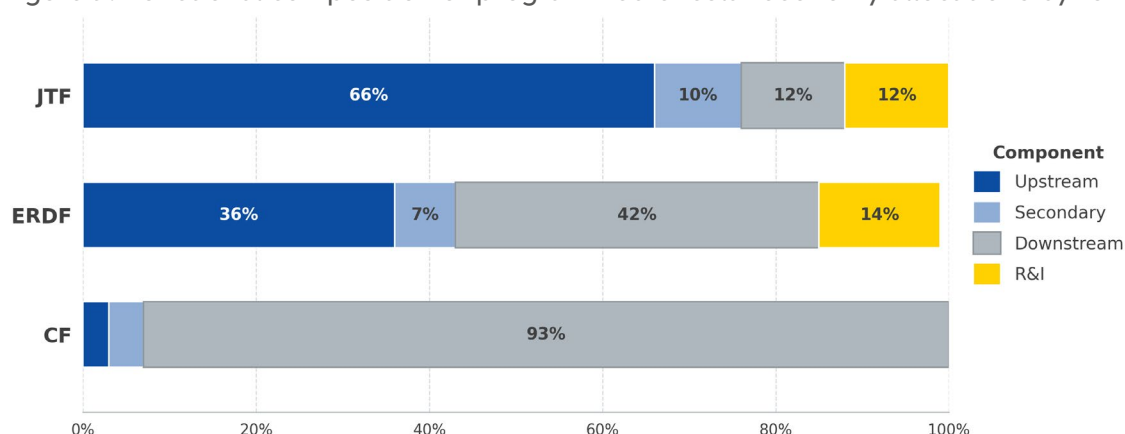
Why CE support remains fragmented: funds, programmes and governance

The imbalance in circular economy support also reflects the institutional architecture of Cohesion Policy. Different funds, programmes and governance arrangements are better suited for different forms of intervention.

In several nationally managed systems, environmental programmes concentrate on waste-management infrastructure, while ERDF competitiveness and innovation programmes support enterprise transformation, resource efficiency and R&I. This pattern is visible in Bulgaria, Czechia, Greece and Poland. Functional specialisation may improve delivery within individual policy domains but can also leave the stages of the circular value chain institutionally separated.

Other nationally centralised systems focus on a narrower group of functions: upstream and innovation measures in Austria, Denmark, Finland, Ireland and Slovenia; environmental infrastructure in Cyprus, Hungary, Latvia, Malta and Romania. In regionally driven systems, integration depends on the uptake of CE across regional programmes. Germany and Spain show markedly differentiated regional distributions, while Italy, France and Portugal have a more systematic regional presence but still face variation and coordination gaps. Furthermore, the fund architecture reinforces these differences, as can be seen in Figure 9.

Figure 9: Functional composition of programmed circular economy allocations by fund



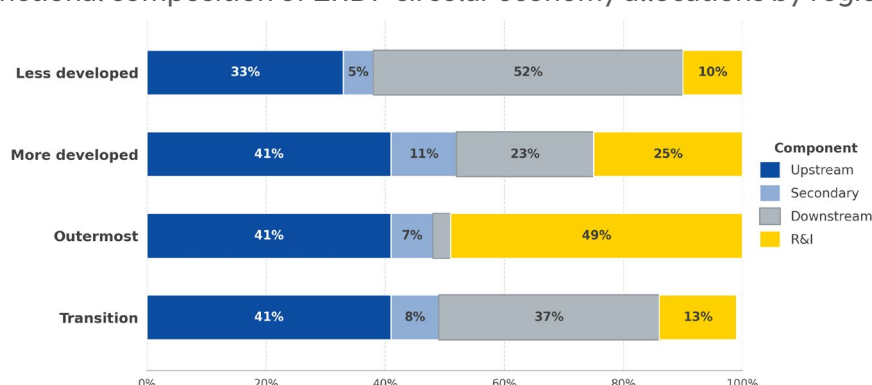
Source: Authors' calculations based on European Commission Cohesion Open Data. Data extraction: March 2026

Note: The layout of this Figure was improved with AI.

As Figure 9 shows:

- **The Cohesion Fund is overwhelmingly downstream-oriented.** Downstream functions account for 92.7% of its CE allocations, confirming its central role in financing waste-management and environmental infrastructure.
- **The Just Transition Fund has a strong upstream and industrial-transformation profile.** Upstream interventions account for 65.6% of their CE allocations, while 10.4% are classified under secondary raw materials.
- **The ERDF supports the most diversified mix.** Its CE portfolio combines upstream activities at 35.9%, downstream functions at 42.4% and research and innovation at 14.4%.

These profiles reflect the mandates of the funds. The Cohesion Fund responds mainly to environmental infrastructure and compliance needs; the JTF links CE to productive restructuring; and the ERDF can finance infrastructure, enterprises and innovation. The ERDF's wider scope does not automatically produce integration, since its functions may still be divided across programmes, priorities and authorities. The ERDF profile also varies by regional development category as can be seen in Figure 10.

Figure 10: Functional composition of ERDF circular economy allocations by regional category¹⁶

Source: Authors' calculations based on European Commission Cohesion Open Data. Data extraction: March 2026

Note: The layout of this Figure was improved with AI.

¹⁶ The aggregate profile for outermost regions should be interpreted cautiously, as it may be influenced by a limited number of programmes and does not capture all island-specific infrastructure needs.

Figure 10 shows systematic differences across regional categories:

- Less developed regions have a stronger downstream profile.
- While more developed regions allocate larger shares to upstream activities and research and innovation.
- Transition and outermost regions show distinct mixed profiles.

These differences reflect territorial starting points and programme structures rather than a simple hierarchy of performance.

Taken together, the evidence shows that CE fragmentation is structurally linked to fund mandates, programme architecture and governance arrangements. Environmental infrastructure, enterprise transformation, innovation, skills and territorial services are frequently managed through different instruments and authorities, without a single mechanism responsible for connecting them across the circular value chain.

How Cohesion Policy supports less developed regions – and where gaps remain

Cohesion Policy plays a particularly important role in less developed regions, where the circular transition often begins with persistent gaps in environmental infrastructure, institutional capacity and investment.

In these regions:

- 51.8% of programmed ERDF CE resources are directed towards downstream functions;
- compared with 32.6% for upstream activities;
- 10.3% for research and innovation; and
- 5.3% for secondary raw materials.

This profile shows that Cohesion Policy supports both waste-system modernisation and selected measures for resource-efficient production and enterprise transformation, although downstream investment remains dominant.

This concentration should not in itself be interpreted as a weak policy choice. Where separate collection, sorting, treatment and recycling systems remain incomplete, environmental infrastructure is a necessary foundation for circular transition.

The current pattern nevertheless reveals important gaps:

- Use-phase functions — including repair, reuse, refurbishment and product-life extension — remain weakly visible.
- Explicit support for secondary-material uptake and circular-market creation is limited.
- While links between recovered materials and industrial demand, standards, certification, procurement and quality assurance are not consistently programmed.

Programme fragmentation can reinforce these weaknesses. Waste infrastructure may be financed through environmental programmes, while enterprise transformation and innovation are supported through separate ERDF programmes. This may be institutionally justified, but makes it more difficult to build a connected pathway from recovery infrastructure to material uptake and local value-chain development.

The main shortcoming is therefore not that less developed regions receive substantial support for waste infrastructure. Such investment remains necessary. **The shortcoming is that infrastructure is not always connected to higher-value circular functions, functioning markets, SME transformation and productive territorial systems.**

Cohesion Policy helps less developed regions close essential infrastructure gaps. However, its broader contribution depends on whether those investments become a platform for prevention, value retention, secondary-material uptake, market formation, skills and territorial value-chain development.

Conclusions from the mapping

The mapping leads to four main conclusions:

- **Circular economy is visible, but not yet systemic.** The 2021–2027 portfolio contains a substantial and identifiable CE allocation. However, support is still organised mainly as a collection of individual circular components rather than as a connected system spanning prevention, use, recovery and market creation.
- **The portfolio has a clear functional imbalance.** Downstream recovery is the largest financial component, while use-phase circularity and explicit support for secondary-material uptake remain weakly visible. Cohesion Policy supports material recovery more clearly than material recirculation and product-life extension.
- **Different territorial starting points justify different investment mixes.** Waste-system modernisation remains necessary in less developed and infrastructure-constrained territories. Its circular contribution is stronger when collection, sorting and treatment are connected to prevention, reuse, repair, industrial uptake and local value chains. More developed and innovation-oriented regions face a different challenge: moving from experimentation and enterprise support towards market uptake and systemic transformation.
- **Programme and fund fragmentation limits integration.** Environmental infrastructure, enterprise transformation, innovation and territorial services are frequently financed through different programmes and authorities. This can produce functional specialisation, but it can also leave no clear mechanism for connecting interventions across the circular value chain.

In sum, the findings indicate that Cohesion Policy has moved beyond a purely residual treatment of circular economy but has not yet established a balanced territorial investment model. Circular economy is present in programme architecture yet remains concentrated in selected functions and integrated to differing degrees across funds, programmes and territories.

The next chapter examines whether these programmed resources are being translated into commitments and expenditure, and whether delivery performance differs across circular economy components.

4. IMPLEMENTATION OF CIRCULAR ECONOMY

KEY FINDINGS

- By March 2026, 50.8% of the EUR 12.7 billion programmed for circular economy had been committed to selected operations, while 8.6% had been recorded as expenditure.
- CE delivery lagged behind the combined ERDF/CF/JTF portfolio, whose corresponding rates were 57% for commitments and 11.8% for expenditure.
- The largest fund-level gap concerned the Cohesion Fund: 28.5% of its CE allocation had been committed and 6.3% spent, compared with 73.9% and 22.1% for the fund as a whole.
- Implementation differs sharply across CE components:
 - Upstream measures recorded a 82.7% commitment rate
 - Compared with 30.1% for downstream measures
 - 29.6% for the secondary raw materials component
- Programme evaluations point to three recurring groups of bottlenecks:
 1. Weak operationalisation and project pipelines
 2. Administrative and procedural constraints
 3. Limited beneficiary, market and territorial-system readiness

Chapter 3 examined how programmed circular economy resources are distributed across the value chain. This chapter turns from allocation to financial delivery. It assesses how far programmed CE resources have progressed into selected operations and expenditure, and whether implementation differs across funds, Member States, programmes and circular economy components.

Planned allocations indicate intended spending, but not whether investments have actually become operational. Financial delivery, by contrast, tracks progress through the following successive stages:

1. resources are programmed
2. operations are selected
3. expenditure is incurred
4. outputs and results emerge over time

The analysis covers the first three stages. It does not assess the effectiveness or final circular economy impact of the supported operations.

The evidence shows that CE delivery is slower than the overall ERDF/CF/JTF portfolio and varies substantially across funds, countries, programmes and circular economy components. Downstream interventions and the secondary raw materials component show particularly slow financial progress, while upstream and research and innovation measures advance more rapidly.

How delivery is measured

The quantitative analysis uses the European Commission's Cohesion Open Data Platform and reflects the financial position recorded in March 2026. Two rates are used:

- The **commitment rate** is the share of planned CE resources assigned to selected or approved operations. It indicates how far the project pipeline has moved from programming into operational selection.
- The **spending rate** is the share of planned CE resources recorded as expenditure. It indicates how far selected operations have progressed into financial execution.

Both rates use planned allocations as their denominator. They measure financial advancement, not policy effectiveness or final circular economy outcomes. A high commitment rate shows that operations have been selected but do not necessarily imply equivalent physical implementation or expenditure.

The quantitative analysis is complemented by a review of programme evaluations used to identify recurrent reasons for delay. Detailed data-construction and aggregation rules, the treatment of rates above 100%, the evaluation-selection procedure and the complete implementation data are presented in Annex II. This was a qualitative desk review of evaluations available through the DG REGIO and DG EMPL Evaluation Helpdesk repositories; the sources differ in scope, method and timing.

Circular economy delivery lags behind the overall ERDF/CF/JTF portfolio

By March 2026, approximately EUR 6.5 billion of the EUR 12.7 billion programmed for circular economy had been committed to selected operations, while around EUR 1.1 billion had been recorded as expenditure. This corresponds to a commitment rate of 50.8% and a spending rate of 8.6%.

To determine whether this pace is specific to circular economy or reflects the general stage of the 2021–2027 programming period, the same rates were calculated for the entire ERDF/CF/JTF portfolio at the same reference date. The like-for-like comparison shows slower CE delivery: the overall portfolio recorded a commitment rate of 57% and a spending rate of 11.8%.

Some delay in expenditure is expected at this stage, particularly for large infrastructure and system-based interventions. The relevant finding is not simply that spending remains low, but that CE resources are progressing more slowly than the overall portfolio measured at the same point in time.

Table 3: Implementation of CE allocations compared with the corresponding fund portfolios¹⁷

Fund or portfolio	Commitment rate			Spending rate		
	Overall	CE	Difference	Overall	CE	Difference
Combined ERDF/CF/JTF	57.0%	50.8%	–6.2 pp	11.8%	8.6%	–3.2 pp
Cohesion Fund	73.9%	28.5%	–45.4 pp	22.1%	6.3%	–15.8 pp
ERDF	54.4%	49.6%	–4.8 pp	10.6%	9.0%	–1.6 pp
JTF	55.2%	101.0%	+45.8 pp	6.7%	9.6%	+2.9 pp

Source: Authors' calculations based on the European Commission Cohesion Open Data Platform. Data extraction: March 2026.

¹⁷ Percentage-point differences compare the CE implementation rate with that of the corresponding full fund portfolio. A commitment rate above 100% means that the value of selected operations exceeds the CE allocation currently used as the programming baseline, for example because of over-programming, reallocations or changes in programme classification. It does not mean that expenditure has exceeded the available budget.

The aggregate CE gap is relatively moderate in the ERDF but very pronounced in the Cohesion Fund. This is consistent with the delivery conditions associated with large environmental infrastructure, which may require lengthy technical preparation, authorisations, procurement, construction and coordination across institutions. The financial data alone does not establish the causes of delay; the evaluation evidence discussed later identifies these factors as recurrent constraints.

In the ERDF, circular economy delivery is closer to the overall fund profile. The circular economy commitment rate is 49.6%, compared with 54.4% for the ERDF as a whole, while the corresponding spending rates are 9% and 10.6%. ERDF-supported circular economy interventions are therefore progressing slightly more slowly than the wider ERDF portfolio, but the gap is comparatively limited.

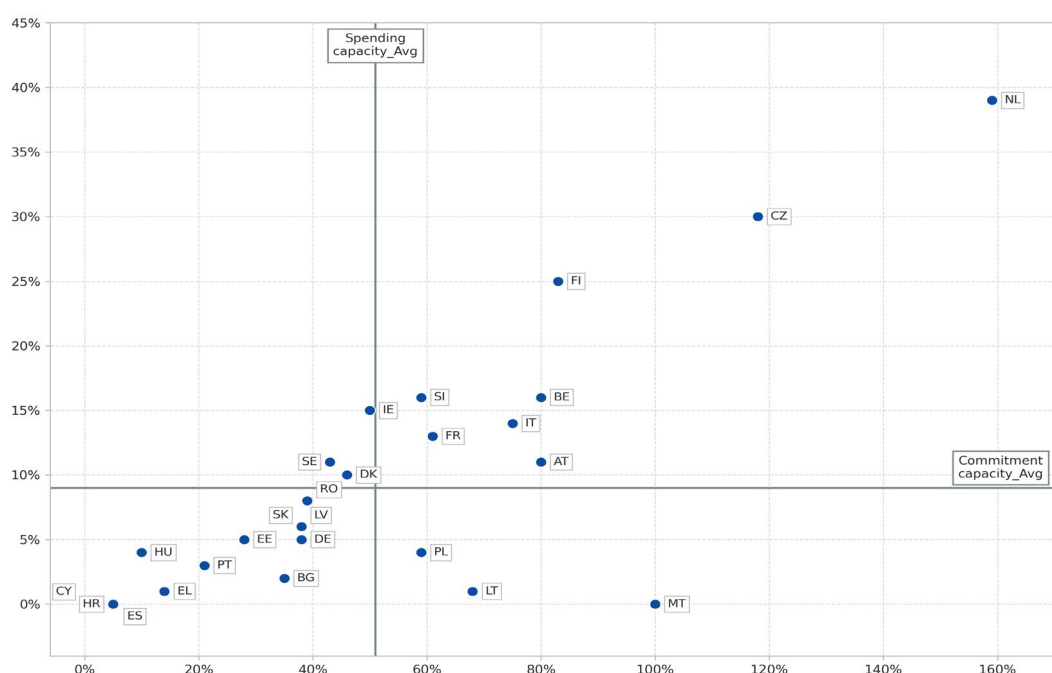
The Just Transition Fund shows the opposite pattern at the commitment stage. Its circular economy commitment rate exceeds 100% because the value of selected operations is greater than the circular economy allocation used as the current financial baseline. This may reflect over-programming, reallocations or changes in classification and does not indicate overspending. The spending rate remains much lower than the commitment rate at 9.6%, although it is above the 6.7% recorded for the JTF as a whole.

The distinction between commitments and expenditure is therefore essential: high commitments indicate an activated pipeline, not completed implementation.

National and programme-level variation

Figure 11 compares countries according to the shares of planned CE resources committed and spent. The reference lines show the EU averages for the CE portfolio. Countries in the upper-right area combine comparatively advanced commitments and expenditure; countries in the lower-left remain at an earlier stage; and those with high commitments but lower spending have progressed in project selection without equivalent financial execution.

Figure 11: Commitment and spending rates for programmed circular economy allocations by Member State (in %)¹



Source: Authors' calculations based on the European Commission Cohesion Open Data Platform. Data extraction: March 2026. The layout of this Figure was improved with AI.

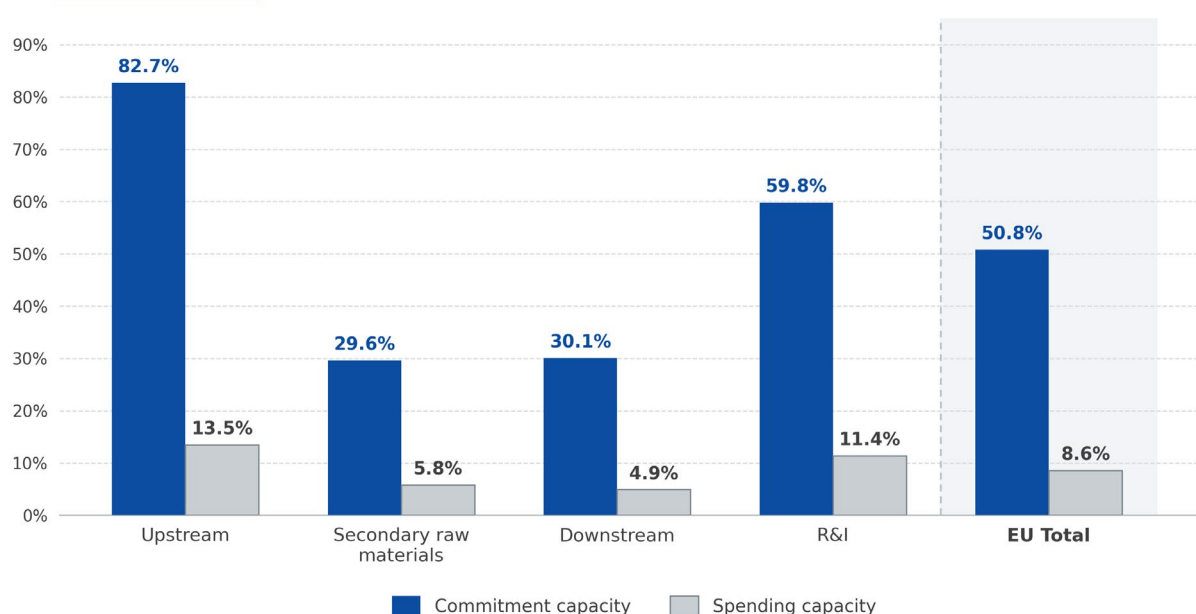
As Figure 11 shows, The Netherlands, Czechia, Finland, Austria and Belgium combine comparatively high commitment and spending rates. Cyprus, Croatia and Spain show very limited financial activation, while Greece, Hungary and Portugal also remain below the EU averages. Italy, France, Poland and Lithuania have progressed further in project selection than in expenditure, suggesting bottlenecks after operations have been approved.

However, national averages also conceal programme-level and regional variation. Italy's national Research, Innovation and Competitiveness Programme records commitments above its initially identified CE allocation, while several regional programmes report little or no financial progress. In France, Centre-Val de Loire, Grand Est and Normandie show comparatively high commitment rates, whereas others remain close to zero. Poland displays a similarly differentiated pattern, with high commitment rates in the national Smart Economy Programme and in the Śląskie regional programme but slower progress in several other regional programmes. Complete Member State and programme-level data are presented in Annex II.

Delivery gaps differ across circular economy components

Figure 12 compares commitment and spending rates across the four CE components identified in the financial mapping.

Figure 12: Commitment and spending rates by circular economy component (in %)



Source: Authors' calculations based on the European Commission Cohesion Open Data Platform. Data extraction: March 2026.
Note: The layout of this Figure was improved with AI.

Figure 12 illustrates that upstream measures have the most advanced implementation profile: 82.7% of planned resources had been committed and 13.5% spent. Research and innovation measures also perform above the CE average, with commitment and expenditure rates of 59.8% and 11.4%, respectively. Although higher than for the other circular components, the 13.5% spending rate remains modest and does not indicate advanced delivery overall.

Downstream measures progress much more slowly. Although they account for the largest share of programmed CE resources, only 30.1% had been committed and 4.9% spent.

The secondary raw materials component shows a similarly weak profile, with commitment and spending rates of 29.6% and 5.8%.

This creates a double imbalance: the largest programmed component is also among the slowest to advance.

Use-phase functions cannot be compared financially because repair, reuse, refurbishment, remanufacturing and product-life extension are often embedded in broader SME, urban, waste-management or innovation priorities. Their weak programme visibility was examined qualitatively in Chapter 3.

Why delivery is delayed: evidence from programme evaluations

The evaluations identify three recurring sources of delay. However, they do not point to a single cause. Some bottlenecks arise before calls are launched, some during administrative delivery, and others when projects require beneficiaries, markets and territorial systems to work together:

1. **Programme design and operationalisation bottlenecks.** In several programmes, CE is formally present but not yet sufficiently operationalised. The eligible scope may remain unclear, calls may emerge slowly, or project pipelines and beneficiary mobilisation may be weak. This pattern is visible in French regional programmes such as Normandie, Provence-Alpes-Côte d'Azur and Grand Est. Similar issues appear in the Greek Just Transition Programme, where the CE component had not yet been fully specified by the end of 2024, and in Denmark's SMV:Grøn programme, where a relatively narrow framing may limit accessibility for less experienced firms. These constraints are especially relevant to less consolidated fields such as secondary-material uptake and market-enabling measures.
2. **Administrative and procedural bottlenecks.** A second family concerns limited staffing or technical specialisation, fragmented coordination, procurement and permitting burdens, cost revisions and monitoring weaknesses. Evaluations in Portugal and Greece identify capacity limitations, while evidence from Slovenia points to coordination problems. Procurement, authorisation or cost-related delays are reported in Eastern Poland, Romania and the Netherlands JTF. In Provence-Alpes-Côte d'Azur, delivery was also affected by the cumulative workload associated with closing the 2014–2020 period, implementing REACT-EU and launching the JTF.
3. **Beneficiary capacity, market and system-readiness bottlenecks.** A third family arises where implementation depends on the capacity of beneficiaries, viable market conditions and functioning territorial systems. Potential beneficiaries may lack technical or financial capacity, while circular business models and secondary-material measures may depend on stable demand, quality standards and coordination between suppliers and users. Evaluations concerning SMV:Grøn, Eastern Poland, the Smart Economy Programme and the Małopolska JTF identify beneficiary-capacity constraints. Other evaluations point to uncertain profitability, long payback periods, weak demand for secondary raw materials and incomplete collection or recovery systems.

These bottlenecks often reinforce one another:

- A poorly specified intervention -> may fail to generate a mature pipeline
- Limited administrative capacity -> may delay technically sound projects

- Well-designed calls -> may attract insufficient demand where markets or territorial systems are not ready

This helps explain why downstream infrastructure and secondary-material measures progress more slowly than upstream and R&I interventions, which generally rely on more established delivery channels.

Operational conclusions

The implementation evidence shows that:

- allocations must progress into operations, expenditure and results;
- downstream and secondary-material measures progress more slowly;
- responses must match design, administrative, beneficiary or market constraints;
- delivery requires suitable project support, finance and milestones.

Future programming must address both portfolio imbalance and delivery constraints.

5. CONTINUITY AND CHANGE: CIRCULAR ECONOMY SUPPORT FROM 2014–2020 TO 2021–2027

KEY FINDINGS

- Within the mainstream ERDF and Cohesion Fund envelope, programmed CE allocations increased from EUR 6.98 billion, or 1.9% of resources, in 2014–2020 to EUR 11.47 billion, or 3.2%, in 2021–2027.
- Circular economy also became more visible in territorial cooperation: the CE-related share of Interreg resources increased from 2.2% to 9.1%.
- The Just Transition Fund adds a further EUR 1.25 billion in the current period, but has no direct equivalent in 2014–2020.
- National trajectories remain heterogeneous: The CE share increased in 19 Member States, remained unchanged in two and declined in six. Changes in relative shares do not always correspond to changes in absolute programmed resources.
- The observable policy mix has broadened:
 - The share of downstream functions fell from 64.6% of the identifiable CE envelope in 2014–2020 to 48.4% in 2021–2027.
 - While functions beyond downstream waste management increased from 35.4% to 51.6%.
 - This reflects both policy diversification and improved visibility in the current monitoring system.

Chapters 3 and 4 examined the contribution of Cohesion Policy to circular economy in the 2021–2027 programming period from two complementary perspectives: the distribution of programmed support across the circular value chain and the progression of planned resources into selected operations and expenditure.

This chapter places those findings in a longer-term perspective by comparing programmed circular economy support in 2014–2020 and 2021–2027. It assesses whether circular economy has gained budgetary weight, whether this change is shared across Member States, and whether the observable policy mix has broadened beyond downstream waste management. The comparison does not provide a fully symmetrical reconstruction of all circular economy functions in the two periods. Instead, it identifies continuity and change in the scale, visibility and broad orientation of support.

The evidence points to a larger and more explicitly codified CE portfolio in 2021–2027, but not to a complete break with the previous period. Improved monitoring contributes to the observed increase, while downstream waste-management functions remain substantial.

A larger and more visible CE envelope

Table 4 presents the aggregate comparison across the principal Cohesion Policy instruments.

Table 4: Circular economy resources across programming periods and instruments (in EUR billion)¹⁸

Programming period / instrument	Total resources (in EUR billion)	CE allocation (in EUR billion)	CE share (in %)
2014–2020 ERDF/CF	360.61	6.98	1.9
2021–2027 ERDF/CF	353.53	11.47	3.2
Interreg 2014–2020	12.68	0.28	2.2
Interreg 2021–2027	8.67	0.79	9.1
2021–2027 JTF	26.50	1.25	4.7
Total EU 2014–2020	373.29	7.27	1.9
Total EU 2021–2027	388.71	13.51	3.5

Source: Authors' calculations based on European Commission Cohesion Open Data.

Within the mainstream **ERDF/CF** envelope, programmed CE allocations increased by approximately EUR 4.49 billion, from EUR 6.98 billion to EUR 11.47 billion. Their share of total ERDF/CF resources increased from 1.9% to 3.2%, even though the overall ERDF/CF envelope was slightly smaller in the current period. The higher nominal allocation may partly reflect inflation and other price effects; however, the increase in the share of the total envelope indicates stronger programming priority beyond nominal growth alone.

Interreg shows an even stronger relative shift, although on a much smaller financial scale. CE-related allocations increased from approximately EUR 281 million to EUR 785 million, while their share of Interreg resources rose from 2.2% to 9.1%. This is consistent with the growing use of territorial cooperation for experimentation, policy learning, industrial symbiosis and cross-border value-chain development.

The **JTF** adds a further EUR 1.25 billion in CE-related resources, corresponding to 4.7% of its total budget. It connects circular economy to productive restructuring, diversification and the development of new value chains in transition territories.

Overall, the increase reflects two developments:

1. a real expansion of programmed resources; and
2. a more explicit monitoring architecture that makes CE easier to identify.

The change should therefore be interpreted as a combination of policy expansion and improved visibility.

Divergent national trajectories

The aggregate increase conceals markedly different national trajectories. In 19 Member States, the CE share increased between the two periods; in Czechia and Luxembourg it remained unchanged; and in six Member States it declined. These trajectories describe the budgetary position of CE within national

¹⁸ ERDF/CF and Interreg are compared across programming periods. The JTF is included only for 2021–2027 and should be interpreted as an additional component of the current architecture. The total 2021–2027 figure includes ERDF/CF, JTF and Interreg and is therefore broader than the ERDF/CF/JTF portfolio analysed in Chapters 3 and 4. Amounts are rounded.

Cohesion Policy portfolios and should not be interpreted as rankings of national circular economy performance.

Several Member States show substantial growth from an already identifiable CE base. Italy records the largest increase in absolute terms, from approximately EUR 638 million to EUR 2.15 billion. Greece increases from around EUR 606 million to EUR 1.47 billion, while Germany rises from EUR 166 million to approximately EUR 843 million. Sweden, Bulgaria, Belgium, Finland, Greece and France also record marked increases in the CE share of their portfolios.

Denmark, Austria and the Netherlands show particularly large increases from zero or near-zero 2014–2020 baselines. These changes should be interpreted cautiously: they do not necessarily mean that circular economy was absent in the earlier period and may partly reflect the greater visibility and more explicit codification of CE interventions in 2021–2027.

Modest changes in relative shares can coexist with significant increases in absolute resources. Poland, for example, increases its programmed CE envelope by more than EUR 500 million even though its CE share rises by only 0.6 percentage points.

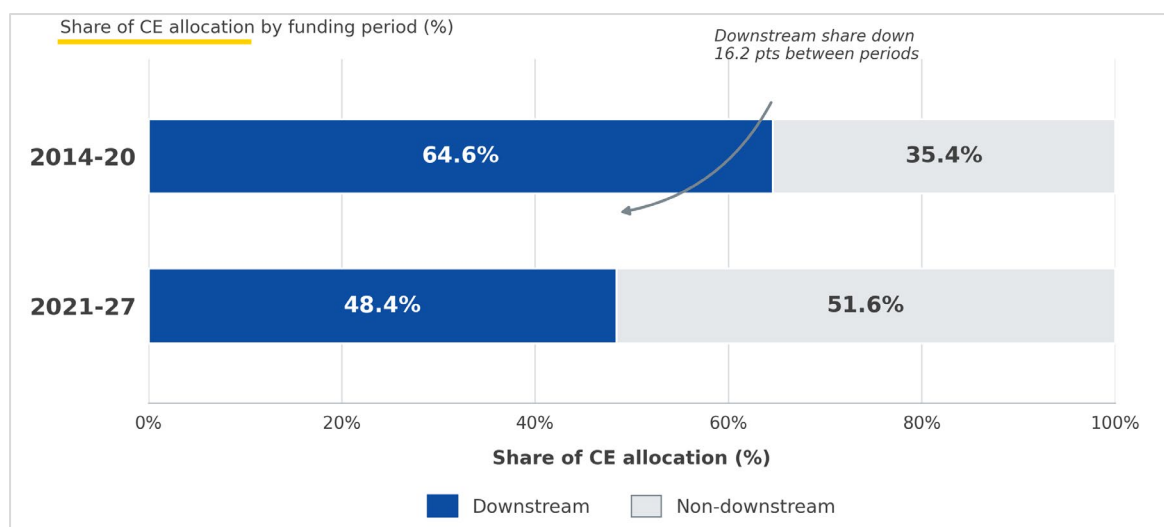
Conversely, a lower CE share does not necessarily imply a lower absolute allocation. Romania's CE share falls by 0.4 percentage points, but its programmed allocation increases by approximately EUR 145 million. In Croatia, Cyprus, Hungary, Slovakia and Portugal, by contrast, a lower CE share is accompanied by a reduction in programmed CE resources.

The complete Member State comparison is presented in Annex II, Table II.30. It reports programmed CE allocations in EUR million, CE shares and changes in both percentage points and absolute resources. Overall, the national evidence confirms that circular economy has gained visibility, but through differentiated national pathways.

A broader policy mix, but still a strong downstream core

The inter-period comparison also indicates a change in the broad functional orientation of CE support. As shown in Figure 13, in 2014–2020, downstream waste-management and treatment functions accounted for 64.6% of the identifiable CE envelope, while 35.4% was associated with functions beyond downstream waste management. In 2021–2027, the downstream share is 48.4%, while functions beyond downstream waste management account for 51.6%.

Figure 13: Downstream and functions beyond downstream waste management, 2014–2020 and 2021–2027¹⁹



Source: Authors' calculations based on the European Commission Cohesion Open Data Platform. March 2026. The layout of this Figure was improved with AI.

As can be seen in Figure 13, the comparison points to a clear broadening of the observable CE policy mix. Production transformation, research and innovation, recycled-material inputs and other functions beyond conventional waste management are more visible and account for a larger share of current support.

Downstream investment remains substantial where infrastructure needs persist, but the policy mix has broadened. The 2021–2027 increase combines real expansion with improved classification; national trajectories vary, and the portfolio remains imbalanced and unevenly implemented.

Conclusions: expansion, visibility and incomplete rebalancing

The inter-period comparison leads to four conclusions:

- **Circular economy has expanded, but it is also easier to identify.** The 2021–2027 period assigns a larger financial envelope and greater budgetary weight to CE across mainstream Cohesion Policy, Interreg and the new JTF. Part of the observed increase nevertheless reflects the more explicit intervention-field architecture of the current period. The change should therefore be understood as a combination of real policy expansion and improved observability.
- **National trajectories remain heterogeneous.** Member States differ in the scale of change and in whether higher or lower CE shares are accompanied by changes in absolute programmed resources. Large increases from zero or near-zero 2014–2020 baselines require particular caution, while lower CE shares do not always imply lower absolute allocations.
- **The observable policy mix has broadened beyond downstream waste management, but only partially.** Production transformation, research and innovation and recycled-material inputs are more visible than in the previous period. Downstream functions nevertheless

¹⁹ Downstream includes waste-management and treatment fields. Functions beyond downstream waste management include environmentally friendly production processes, circular economy R&I and the use of recycled materials as inputs. The 2021–2027 comparison includes JTF in order to reflect the broader architecture of current CE support. The figure should therefore be read as indicating a substantive broadening of the current CE mix rather than a fully symmetrical inter-period comparison.

continue to account for a substantial part of programmed CE support and remain central in several national portfolios.

- **The change is evolutionary rather than a clean break.** The current period combines continuity in waste-system support with greater visibility and partial diversification of circular economy functions. New areas of intervention have gained budgetary relevance without fully displacing established downstream priorities.

6. CIRCULAR ECONOMY IN THE RRF: A SELECTIVE REFORM AND INVESTMENT AGENDA

KEY FINDINGS

- At least one core circular economy measure was identified in 21 of the 27 RRFs, although the visibility and breadth of CE support differ substantially across Member States.
- The RRF's strongest contribution lies in regulatory and governance reform, downstream waste-system investment and selected forms of upstream industrial transition.
- The use phase remains weakly represented. Measures supporting repair, reuse, refurbishment, product-life extension and service-based models are comparatively rare.
- The RRF acts as a selective accelerator of circular economy, while Cohesion Policy remains better suited for regional capacity-building, local value chains and territorially differentiated delivery.

This chapter examines how circular economy is reflected in the Recovery and Resilience Plans (RRPs). The Recovery and Resilience Facility (RRF) differs from Cohesion Policy because it is more centrally managed, more reform-oriented and more strongly tied to milestones and targets. The review therefore asks not only whether RRFs contain circular economy measures, but which circular functions individual reforms and investments make operational.

The RRF gives circular economy a meaningful but selective role. Its strongest contributions concern regulatory and governance reform, downstream waste-system investment and, in a smaller group of Member States, upstream industrial transition. It is much weaker on use-phase circularity, including repair, reuse, refurbishment, product-life extension and service-based models. The RRF can therefore complement Cohesion Policy, but it does not replace its place-based delivery role.

Scope of the RRF review

The unit of analysis is the individual reform or investment, rather than the national plan as a whole. A measure is classified as core CE where circular economy is a central objective or where it directly supports functions such as waste prevention, reuse, repair, recycling, secondary raw materials, circular production or circular governance.

The review covers the RRF versions available in March 2026. It provides a qualitative, measure-based assessment of CE relevance, policy orientation and position along the circular value chain; it is not a complete financial mapping of the RRF portfolio. Detailed screening, coding and validation procedures, together with supporting country-level evidence, are presented in Annex II.

A meaningful but selective CE presence across RRP

At least one core circular economy measure was identified in 21 of the 27 national RRP (about 78%), indicating broad—though not universal—coverage. The plans assessed for Germany, Ireland, Latvia, Luxembourg, the Netherlands and Sweden did not contain a measure classified as core CE under the coding used in this study.

However, this classification does not imply an absence of wider national circular economy action or that these countries lack circular economy policies. It means that their RRP do not contain a measure in which circular economy is sufficiently central and operationally identifiable. Support may instead be provided through legislation, sectoral instruments, Cohesion Policy or other EU funding sources.

Circular economy is rarely organised as a standardised RRP pillar. In some plans, reforms and investments form a recognisable package; in others, CE is embedded within broader components on waste management, industrial transition or the green transition. Malta illustrates how a relatively narrow RRP presence can still be substantively relevant: its contribution is concentrated in a compact reform package covering waste governance, single-use plastics, construction and demolition waste, packaging and municipal collection.

Three main forms of RRF support

Table 5 summarises the three principal forms of RRF support identified in the review and the comparatively rare use-phase measures.

Table 5: Main forms of circular economy support identified in the RRP

Main RRF contribution	Typical reforms and investments	Examples from Member States
Regulatory and governance reform	CE strategies, waste legislation, extended producer responsibility, implementing rules, coordination and monitoring	France, Italy, Lithuania, Spain, Malta
Downstream waste-system delivery	Separate collection, sorting, treatment, recycling and material-recovery capacity	Spain, Romania, Croatia, Italy
Upstream industrial transition	Eco-design, pilot and demonstration facilities, resource-efficient production, material substitution and industrial side-stream use	Finland, Estonia, Denmark, Belgium
Use-phase support — comparatively rare	Repair incentives, reusable packaging and reuse systems	Austria, France

Source: Authors' review of RRP reforms and investments. RRP versions assessed at March 2026. The complete measure inventory and coding methodology are provided in Annex II.

1. Regulatory and governance reform

Regulatory and governance reform is a distinctive RRF contribution. In several Member States, circular economy enters the plans through legislation, national strategies, implementing decrees, extended producer responsibility, waste-governance reform and institutional coordination.

For example, France and Italy combine broad reform frameworks with subsequent investments. France uses the Anti-Waste and Circular Economy Law as the basis for measures concerning reuse, recycled content and sorting. For producers, the law extends producer-responsibility obligations and sets requirements and targets for reuse, recycled content and waste sorting; for consumers, it improves information and access to repair, reuse and separate collection. Italy combines its National Strategy for Circular Economy and National Waste Management Programme with investment in

waste-management plants and priority material streams. Lithuania and Spain use more focused national strategies or regulatory packages, while Malta represents a compact governance-led model.

These reforms matter because several circular economy bottlenecks are regulatory, institutional or market-related rather than purely financial. Investment in sorting, recycling, reuse or secondary materials may have limited effects where responsibilities, standards, incentives and market conditions remain unclear. The RRF can therefore create national enabling conditions for subsequent investment by Cohesion Policy, municipalities and firms.

2. Downstream waste-system delivery

Downstream investment is the most visible operational profile. Many of the largest CE measures support separate collection, sorting, treatment, recycling and recovery systems, often alongside waste-governance reform. These investments fit the RRF architecture because facilities, collection systems, public calls, capacity targets and completion dates can be translated into clear milestones.

Spain combines reform with investment in separate collection, collection points and treatment infrastructure. Romania supports eco-islands, integrated collection centres and recycling facilities; Croatia focuses mainly on waste-infrastructure upgrading; and Italy finances new or modernised plants and projects for streams including waste electrical and electronic equipment, paper and cardboard, plastics and textiles.

However, this orientation should not automatically be treated as a weakness. Where collection, sorting and treatment gaps persist, downstream investment is a necessary foundation for circular transition. Its contribution is stronger, however, when it is linked to prevention, preparation for reuse, material quality, secondary-material uptake and functioning markets. Additional recovery capacity does not by itself ensure that recovered materials are used in production systems.

3. Upstream industrial transition

A smaller group of RRFs frames circular economy as an industrial-transition and production-transformation agenda. The emphasis shifts towards eco-design, industrial side streams, resource-efficient production, material substitution, pilot facilities, digital platforms and business transformation.

Finland provides the clearest example through support for first-commercial plants, pilot and demonstration facilities, new production technologies and digital platforms for reuse and recycling. Estonia focuses on enterprise modernisation and resource-efficient technologies; Denmark uses a mission-oriented R&I partnership for plastics and textiles; and Belgium combines governance reform, recycling value chains and industrial experimentation.

These cases show that the RRF can support circular economy as productive and industrial transformation, connecting circularity to competitiveness, resource efficiency, technological development and material resilience.

4. The weak use-phase dimension

The use phase remains the weakest part of the RRF profile: repair, reuse, refurbishment and service-based models are comparatively rare.

These local and behavioural measures are harder to express through standardised milestones and depend on municipalities, firms, social-economy actors and consumers.

Austria combines reusable-packaging rules, reverse-vending infrastructure and a repair bonus; France supports alternatives to single-use plastics, recycled materials, repair and reuse.

How the RRF complements Cohesion Policy

The RRF and Cohesion Policy perform complementary functions:

- The RRF can change national rules, governance and market conditions.
- It is strongest where reforms and investments have clear milestones, notably waste-system and selected industrial measures.
- Its contribution is weaker for repair, reuse and territorially embedded services.
- Cohesion Policy remains better suited to place-based deployment, regional capacity and local value chains.

The key coordination challenge is territorial: national reforms must connect with regional and local services, value chains and markets. The RRF is therefore a selective accelerator whose reforms and investments require Cohesion Policy for territorial implementation.

7. COMPARATIVE EVIDENCE FROM REGIONAL CASE STUDIES

KEY FINDINGS

- The five cases reveal three territorial pathways:
 1. innovation-led circular transition
 2. waste-system modernisation and territorial services
 3. circular economy linked to industrial restructuring and just transition
- Territorial starting points strongly shape programme composition. Downstream infrastructure remains necessary in Sicily and Açores, while West Sweden relies more extensively on innovation, intermediary organisations and business transformation.
- The amount programmed does not determine delivery performance. Implementation also depends on planning and project maturity, administrative capacity, beneficiary demand, market conditions, territorial feasibility and coordinating actors.
- Multiple funding instruments add value when they perform distinct and complementary functions. Without active coordination, regional programmes, national instruments, Interreg and RRF measures may operate as parallel channels.
- Monitoring captures financial implementation, physical infrastructure and waste-system performance more readily than repair, reuse, market formation, social inclusion and systemic circular transformation. It must also distinguish procedural progress from completed outputs and results.

The regional case studies provide a territorial test of the findings developed in Chapters 3 and 4. They examine how programme choices, delivery conditions and local actors shape the type of circular economy supported in five regional contexts: West Sweden (Sweden), Grand Est (France), Sicily (Italy), Łódzkie (Poland) and Açores (Portugal).

The cases are not full programme or project evaluations and are not intended as a ranking of regional performance. Their purpose is to compare how territorial starting points influence the functional profile of CE support, how planned allocations progress into implementation, and which governance, beneficiary and market conditions affect delivery.

Full regional fiches are presented in Annex I. Case-selection criteria, the common analytical template and the evidence-validation protocol are documented in Annex II. This chapter focuses on the comparative findings.

The case-study portfolio at a glance

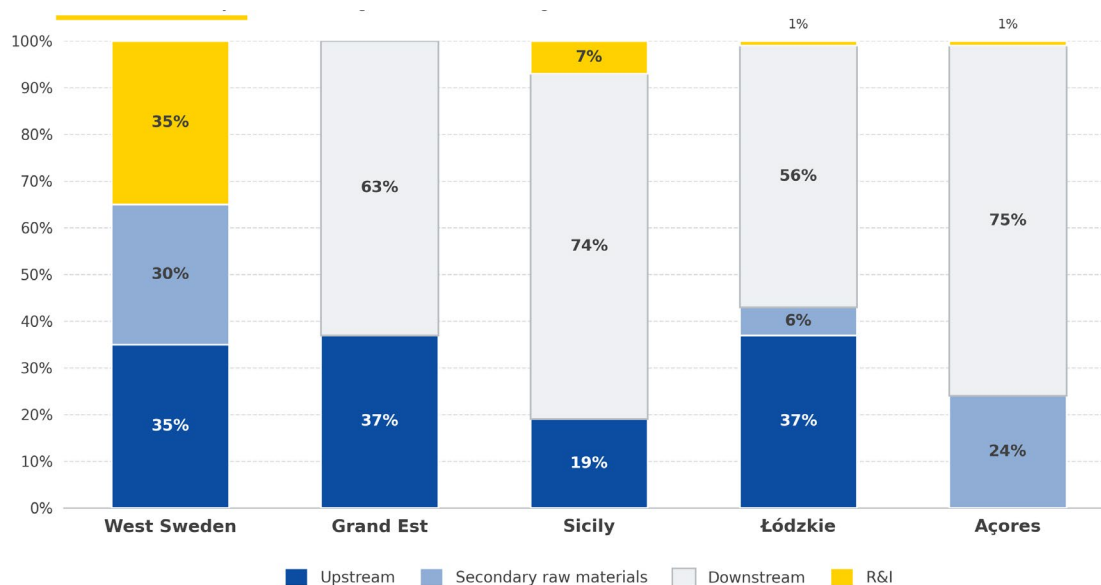
Table 6 summarises the scale and delivery position of the five regional programmes. Their functional composition is shown separately in Figure 14 below.

Table 6: Regional case-study portfolio at a glance²⁰

Region and territorial pathway	Core regional programme and CE allocation	Delivery position	Main delivery issue
West Sweden — innovation-led transition	ERDF; EUR 16.2 million; 12.6% of programme resources	Commitment rate: 103.3% Spending rate: 48.2%	Moving from experimentation and test environments to durable market uptake
Grand Est — industrial and just transition	ERDF-ESF+-JTF; EUR 55.7 million; 4.6%	Commitment rate: 252.5% Spending rate: 15.6%	Governance clarity, delivery coordination and the sustainability of circular value chains
Sicily — waste-system modernisation	ERDF Regional Programme; EUR 384 million; 6.6%	Commitment rate: 26% Spending rate: 7.8%	Converting a large downstream allocation into a mature and territorially differentiated project pipeline
Łódzkie — industrial diversification and just transition	ERDF-ESF+-JTF; EUR 75.1 million; 3.1%	Commitment rate: 75.7% Spending rate: 8%	Project maturity and weaker demand for more complex business-oriented support
Açores — island circularity	Regional Programme; EUR 63.4 million; 7.3%	Commitment rate: 69% Spending rate: 31.3%	Small markets, inter-island logistics, limited economies of scale and weak activation of the innovation component

Source: Authors' calculations based on the European Commission Cohesion Open Data Platform, regional programme documents and regional case-study evidence. Financial data extraction: March 2026. Detailed evidence is provided in Annex I.

Figure 14: Functional composition of programmed circular economy allocations in the five regional programmes (in %)



Source: Authors' calculations based on the European Commission Cohesion Open Data Platform. Data extraction: March 2026. The layout of this Figure was improved with AI.

²⁰ Commitment rates above 100% indicate that selected operations exceed the initial CE programming baseline, potentially because of programme updates, reallocations, over-programming or reclassification. They do not indicate overspending. The harmonised March 2026 data are used for the cross-case financial comparison. For Sicily, a July 2026 interview with the Managing Authority for European Funds in Sicily reported that an approximately EUR 148 million negotiated waste-system package was moving through contracting and funding award.

Figure 14 shows that the regional portfolios do not converge towards one circular economy model:

- West Sweden has no dedicated downstream component and concentrates support on productive transformation, secondary raw materials and innovation.
- Sicily and Açores are dominated by downstream functions.
- Grand Est and Łódzkie combine waste-system support with upstream, industrial-transition or JTF-related interventions.

Three territorial pathways to circular economy

West Sweden represents an innovation-led pathway. Circular economy is framed mainly as an agenda for competitiveness, sustainable materials, circular design, business transformation and innovation ecosystems. Its delivery model benefits from universities, science parks and other intermediary organisations able to translate regional strategies into partnerships, test environments and projects for firms. The principal challenge is moving from pilots and experimentation to wider market adoption.

Sicily and Açores represent waste-system modernisation and territorial-service pathways, but they face different territorial and administrative conditions. Sicily combines the largest CE envelope in the case-study portfolio with persistent gaps in collection, sorting, treatment, recycling and administrative delivery. Açores faces the constraints of an outermost archipelago: dispersed flows, small markets, seasonal pressures, high transport costs and limited economies of scale. In both cases, downstream investment is a necessary foundation. Its longer-term circular contribution depends on whether it supports prevention, preparation for reuse, material quality, citizen-facing services and local productive uses.

Grand Est and Łódzkie represent hybrid industrial and just-transition pathways. Grand Est links waste prevention and recovery to construction, business-waste value chains, reconditioning, social-economy actors and cross-border cooperation. Łódzkie combines municipal waste infrastructure and secondary-material functions with SME transformation and the economic transition of the Bełchatów area (located in central Poland, within the Łódzkie Voivodeship).

These pathways are not stages in a linear hierarchy. Different territories may need to develop waste-system infrastructure, value-retention services, productive transformation and market creation simultaneously or in different phases. The relevant question is whether the regional portfolio establishes credible connections between these functions.

Implementation also varies substantially:

- **West Sweden** combines a mature pipeline with high commitments and comparatively advanced expenditure.
- **Grand Est** records very high commitments, but much lower spending, showing that a strong selection pipeline does not automatically translate into equivalent financial execution.
- **Açores** occupies an intermediate position.
- **Łódzkie** and **Sicily** recorded a low expenditure rate. In both regions, mature public or municipal investments tend to progress more readily than smaller innovation components or more complex business-oriented measures.

Sicily nevertheless presents the clearest contrast between allocation size and financial implementation because it has the largest CE allocation among the five cases. The March 2026 data

showed only 26% committed and 7.8% spent; Łódzkie likewise recorded only 8% spent. Later evidence from the Sicily case study indicated that an approximately EUR 148 million package for municipal collection centres and larger waste facilities had progressed to contracting and funding-award procedures, together with a separate procedure for smaller islands. This means that project preparation and administrative procedures in Sicily had advanced further than the March 2026 expenditure data alone suggested. It does not mean that the infrastructure had been completed or that circular economy results had already been achieved. Monitoring should therefore report separately the stages of project preparation and authorisation, selection and contracting, financial commitment and expenditure, completed outputs and final outcomes.

Across the five cases, regional programmes interact with national instruments, Interreg and, where relevant, RRF measures. These combinations can connect reform, experimentation, infrastructure, enterprise transformation and territorial delivery. They can also create overlapping calls, inconsistent timetables and competition for beneficiaries or administrative capacity. Coherence consequently depends on a clear division of functions and on actors able to coordinate concrete territorial value chains.

What selected interventions reveal

The five cases provide different forms and stages of intervention evidence. As Table 7 shows, some examples are already operational and generate observable outputs; others remain at the project-design or implementation-pipeline stage.

Table 7: Selected regional interventions and their analytical contribution

Region	Illustrative intervention	What the intervention shows
West Sweden	Science Park Borås / Textile Movement	How an intermediary platform can connect firms, universities, skills, test environments and circular business-model development in the textile value chain
Grand Est	Épinal-Razimont / SICOVAD and Emmaüs Connect / lacollecte.tech	How a waste-management site can become a citizen-facing prevention and reuse service, and how a social-economy intermediary can organise a regional IT reuse and reconditioning chain
Sicily	Negotiated package for municipal collection centres and territorial waste infrastructure	How approved regional planning and a negotiated procedure can turn a large downstream allocation into a differentiated pipeline of facilities and services, including a specific approach for smaller islands; the evidence concerns procedural activation rather than completed outcomes
Łódzkie	Improving waste management and environmental education in Koluszki	How a municipal selective-collection facility can incorporate preparation for reuse, repair, used-item collection and environmental education
Açores	MoreCirc	How adapted waste-processing infrastructure can support service provision and territorial resilience across a dispersed outermost archipelago

Source: Authors' review of programme, project and interview evidence. Full descriptions are provided in Annex I.

The interventions in Table 7 show that similar infrastructure investments can perform different circular functions depending on how they are designed. A collection facility may only collect waste, or it may also prepare items for reuse, provide repair or composting services, inform citizens and make services accessible across the territory. Capacity alone therefore does not determine its circular contribution: the facility creates greater circular value when it extends product life and supplies recovered materials that firms or other users can actually use.

Other interventions are primarily organisational. Textile Movement and lacollecte.tech (in Grand Est) depend on staff, partnerships, skills and intermediary capacity rather than large physical assets. They organise relationships between firms, donors, users, reconditioners, universities and public authorities. Such contributions are central to market formation and business transformation but are less readily captured by conventional infrastructure indicators.

The evidence also reflects different levels of maturity. The Koluszki (in Łódzkie) and Sicily interventions remain principally supported by design, selection or pipeline evidence. Improvements in waste recovery and landfill reduction are visible in Açores, but cannot be attributed to MoreCirc alone. Grand Est provides an early quantified output: since 2024, the lacollecte.tech model has collected around 10 000 IT devices and redistributed nearly 6 000. In West Sweden, the role of the innovation ecosystem is established, but comprehensive evidence on firm-level adoption, material flows and environmental effects is not yet available.

Cross-case findings

The comparison leads to five principal findings.

- **Territorial baselines shape where circular economy support sits along the value chain.** More mature innovation regions, industrial-transition territories, infrastructure-constrained regions and outermost islands require different investment mixes. A uniform portfolio would not respond effectively to these different starting points.
- **Downstream investment can be either a necessary foundation or a limiting frame.** Its circular value increases where collection, sorting and treatment are connected to prevention, preparation for reuse, material quality, local services and productive uptake. Where those connections are absent, downstream investment remains important but does not by itself generate a broader circular system.
- **Delivery depends on more than the amount allocated.** Project maturity, planning requirements, administrative capacity, beneficiary demand, market size, logistical feasibility, funding form and the presence of coordinating actors influence which parts of a portfolio become operational. Sicily shows that a large allocation may remain financially inactive while planning and project preparation are incomplete, and that later procedural acceleration does not immediately translate into completed outputs.
- **Multi-level governance requires clear operational roles.** Effective delivery depends on actors able to organise concrete services and value chains: municipalities and waste operators, social-economy intermediaries, science parks, universities, firms, clusters and public buyers. Coordination cannot be achieved solely through formal alignment between programme documents.
- **Current monitoring systems record spending and completed infrastructure more readily than changes in how products and materials are used.** They may also understate early procedural progress. The Sicily case shows that harmonised financial data may lag behind planning, negotiated procedures, selection and contracting, so pipeline indicators are needed alongside commitment and spending rates. At the same time, procedural progress should not be reported as completed infrastructure or as a circular economy outcome. Across all five cases, prevention, repair, reuse, business-model adoption, behavioural change, secondary-material uptake, social inclusion and market formation remain less consistently measured than conventional infrastructure outputs.

8. CONCLUSIONS AND IMPLICATIONS OF THE PROPOSED 2028–2034 MFF FOR CIRCULAR ECONOMY

The proposed 2028–2034 Multi-Annual Financial Framework (MFF) will determine whether circular economy remains a visible territorial investment priority or becomes absorbed into broader environmental, clean-transition and competitiveness envelopes. This distinction matters because CE is already only partially visible within Cohesion Policy and remains concentrated in selected parts of the value chain, particularly downstream waste-management and recovery functions.

The decisive issue is not whether circular economy remains formally eligible for EU support. It is whether CE investment remains traceable, becomes more balanced across the product and material life cycle, responds to territorial conditions, can be effectively delivered and is monitored through indicators appropriate to different circular functions.

This chapter draws together the evidence from the study and assesses the implications of the Commission's proposals for the 2028–2034 Multiannual Financial Framework.

What the evidence from this study shows

The assessment of the proposed architecture is grounded in five main findings from the report.

1. **Circular economy is visible, but not yet systemic.** The 2021–2027 Cohesion Policy portfolio allocates EUR 12.7 billion in programmed resources to CE across the ERDF, Cohesion Fund and Just Transition Fund, equivalent to 3.3% of the combined portfolio covered by the mapping. Support is also functionally imbalanced: downstream recovery accounts for 48.4% of programmed CE resources, compared with 32.9% for upstream activities, 11.7% for research and innovation and 7% for the secondary raw materials component. Cohesion Policy therefore finances important circular components, but not yet a balanced system connecting prevention, value retention, recovery and market creation.
2. **The value-chain imbalance is particularly visible in the use phase and in the actual uptake of secondary raw materials.** Product-life extension is explicitly identifiable in only 1.3% of the programmes reviewed, dedicated reuse and repair infrastructure in 7.2%, and circular business models in 3.9%. These figures measure programme visibility rather than financial weight, but they show that repair, reuse, refurbishment, remanufacturing and service-based models are rarely formulated as autonomous and monitorable priorities. Similarly, the financial analysis can identify resources associated with producing or preparing secondary raw materials, but not whether these materials are actually used. Effective recirculation also requires quality, certification, procurement, industrial demand and functioning market relationships.
3. **Slow implementation is part of the circular economy policy problem.** By March 2026, 50.8% of programmed CE resources had been committed and 8.6% recorded as expenditure, compared with 57% and 11.8% for the overall ERDF/CF/JTF portfolio. Implementation also differs across functions: upstream measures recorded a 82.7% commitment rate, compared with 30.1% for downstream measures and 29.6% for the secondary raw materials component. Programme evaluations link these differences to intervention design and project pipelines, administrative and procedural constraints, and beneficiary, market and territorial-system readiness.
4. **The current EU support architecture is useful, but selective.** Circular economy has become larger, more visible and more diversified than in the 2014–2020 period, although part of the

apparent increase reflects improved classification. The RRF adds a strong national reform and investment lever, particularly for governance reform, waste-system upgrading and selected industrial-transition measures. It is less suited for repair, reuse and territorially embedded service ecosystems. It therefore complements rather than replaces Cohesion Policy's role in place-based investment, regional capacity-building and local value chains.

5. **Territorial evidence confirms the need for investment pathways adapted to regional starting points, clear governance roles and adequate delivery capacity.** The regional case studies show that circular economy support takes different forms according to waste-system maturity, industrial structure, innovation capacity, geography, market size and institutional conditions. West Sweden represents an innovation-led pathway; Sicily and Açores illustrate waste-system modernisation and territorial-service needs; and Grand Est and Łódzkie connect circular economy with industrial restructuring and just transition. These are not stages in a single linear sequence. Depending on territorial conditions, infrastructure modernisation, value-retention services, enterprise transformation and market development may need to proceed in phases or in parallel.

Taken together, these findings provide the benchmark for assessing the proposed 2028–2034 architecture. The question is whether the new framework can address the functional imbalance, weak use-phase visibility, limited market uptake, differentiated delivery constraints and territorial-governance gaps identified in the current period.

The proposed 2028–2034 architecture: three tensions for circular economy

The Commission proposes bringing together several EU funds implemented by Member States and regions under a more integrated architecture centered on National and Regional Partnership Plans (NRPPs). The plans would combine investments and reforms within a more streamlined framework, accompanied by a horizontal expenditure-tracking and performance system. The Commission presents this architecture as simpler, more flexible and better adapted to national and territorial needs.

For circular economy, the implications can be understood through three tensions:

1. integrated planning may improve coherence across policy domains, but may reduce the visibility of CE as a distinct investment field;
2. greater national flexibility may facilitate adaptation, but may weaken territorial delivery if regional and local actors do not exercise an effective role;
3. stronger green mainstreaming and greater standardisation may improve comparability, but may obscure the different functions and results of CE interventions.

These tensions do not imply that the proposal is inherently favourable or unfavourable to circular economy. Its effects will depend on the final regulatory provisions and their implementation.

Tension 1: Integrated planning – more coherence, but weaker CE visibility

Integrated planning could connect environmental infrastructure, enterprise transformation, innovation, skills and territorial strategies that are currently divided across programmes and authorities.

An NRPP could place these functions within one strategy, reducing institutional fragmentation.

The current framework nevertheless provides a degree of CE visibility that should be preserved. In the 2021–2027 programming period, circular economy can be identified through Specific Objective RSO2.6, “Promoting the transition to a circular and resource-efficient economy”, through specific objectives supporting enterprise transformation and innovation, and through intervention fields covering environmentally friendly production, recycled materials, waste management and CE-related research and innovation.

The current system remains incomplete: use-phase and market-enabling functions are difficult to isolate, and material recovery is recorded more consistently than actual uptake. It nevertheless permits CE resources and several functions to be identified.

Under the proposal, CE measures may be spread across broader environmental, industrial, competitiveness and territorial headings, improving integration but weakening traceability and balance assessment.

Rather than a separate programme or rigid earmark, integrated planning should identify CE reforms, investments, resources, functions and territorial coverage.

Tension 2: Greater national flexibility – but a risk of weaker territorialisation

NRPPs are presented as locally tailored partnership instruments, but formal consultation does not determine how responsibilities and influence will be distributed.

The REGI-commissioned study *Navigating the European Commission’s MFF Proposal for 2028–2034*²¹ notes that territorial influence may depend on national arrangements. Regional and local actors therefore need an effective role in preparation, allocation, implementation, monitoring and revision.

This is particularly important for circular economy because many circular functions are organised and delivered at territorial level. Municipal waste services, repair and reuse networks, construction-material loops, public procurement, food-waste systems, industrial districts, reverse logistics and local secondary-material markets depend on local and regional actors and conditions. Their feasibility is shaped by geography, market size, economic structure, infrastructure, administrative capacity and the availability of local actors.

The cases illustrate distinct needs: project preparation and waste-system modernisation in Sicily; small-market and inter-island solutions in Açores; industrial value chains in Grand Est and Łódzkie; and innovation intermediaries in West Sweden.

National flexibility can accommodate these conditions only if calls, financial instruments and delivery arrangements can be adapted to different territories and beneficiaries. A single standardised call, financing instrument or delivery model is unlikely to meet the needs of municipalities, SMEs, social-economy organisations, research bodies, public buyers, waste operators and industrial firms across very different territories.

Territorial differentiation also concerns the type of implementation support required. Infrastructure may need planning, technical design, authorisations and procurement assistance. SME transformation may require advice, grants, financial instruments and testing. Repair and reuse networks may need accessible facilities, intermediary capacity and stable partnerships. Innovation ecosystems may need pilots, demonstration environments and routes to market uptake. This assistance does not necessarily

²¹ Rubio, Eulalia & Cinzia Alcidi. 2026. *Navigating the European Commission’s MFF Proposal for 2028 2034 – Mapping Risks and Opportunities for Cohesion Policy and Regional Development*. Brussels: European Parliament, Policy Department for Regional Development, Agriculture and Fisheries

need to come only from national actors: depending on the function, it may be provided by national or regional authorities, programme bodies or specialised intermediaries.

National flexibility supports CE only where regional and local actors have clear delivery roles and arrangements reflect territorial conditions.

Tension 3: Green mainstreaming – stronger formal integration, but a risk of statistical flattening

The proposed green-mainstreaming architecture—the systematic integration of climate and environmental objectives into spending decisions, tracking and performance reporting—is potentially favourable to circular economy. The Commission’s performance proposal establishes an overall climate and environmental spending target of at least 35% of the EU budget and proposes programme-level contributions of 43% for both the NRPPs and the European Competitiveness Fund. It also introduces a common tracking methodology based on intervention fields and EU coefficients. These percentages remain elements of the proposal rather than adopted requirements.

Circular economy could benefit from a larger environmental and competitiveness envelope, particularly where it is connected to industrial transformation, resource efficiency, construction, bioeconomy, clean technologies, strategic autonomy and secondary-material markets.

Climate and environmental mainstreaming does not, however, automatically constitute CE mainstreaming. A broad green target could be met while providing limited support for prevention, repair, reuse, product-life extension, circular business models or material uptake.

The current system is divided across objectives and intervention fields, but it provides some functional differentiation. The combination of RSO2.6, “Promoting the transition to a circular and resource-efficient economy”, other specific objectives and intervention fields allows upstream activities, downstream recovery, R&I and an explicit secondary raw materials component to be distinguished, although use-phase and market-enabling functions remain poorly captured.

The proposed horizontal performance framework could improve consistency by using a common list of intervention fields, territorial codes and output and result indicators across EU programmes. Standardisation could facilitate comparison and reduce duplication. However, it could also produce statistical flattening if broad intervention fields record only whether expenditure contributes to climate or environmental objectives, without showing what circular function it performs. A treatment facility, repair network, industrial-symbiosis platform and recycled-input scheme may all contribute to environmental objectives, but intervene at different stages and require different implementation and performance indicators.

Performance-based delivery may favour easily verified facilities and calls over business-model change, repair ecosystems, market formation or industrial uptake; milestones must therefore reflect intervention characteristics.

Monitoring should match the function: project maturity and material flows for infrastructure; services and products prepared for reuse; verified material savings and secondary inputs in firms; pilots and market uptake for innovation; and buyers and actual use for secondary-material markets.

Monitoring should distinguish planning, authorisation, selection and contracting from expenditure, completed facilities and circular outcomes.

A common framework is useful only if it preserves functional differentiation and avoids allowing easily counted outputs to shape the portfolio.

Circular economy and total resource consumption: some general comments

Circular economy can reduce material intensity, waste generation and dependence on virgin or imported resources. However, it does not automatically reduce total resource use—that is, the total volume of primary and secondary materials consumed by the economy—because efficiency gains, recycling and longer product lifetimes may be offset when production and consumption grow more rapidly than the material savings achieved.

This limitation is reflected in current indicators. A higher circular material use rate can coexist with high primary-material consumption, while a high recycling rate does not necessarily imply strong waste prevention or product-life extension. Circularity should therefore be assessed not only through recycled inputs and recovered materials, but also through prevention, durability, material footprint and whether economic activity becomes less dependent on additional extraction.

This does not imply constraining territorial economic development. Circular economy can support competitiveness, employment and resilience. The objective is to achieve these benefits with lower material pressure and more efficient use of products, components and resources.

Overall assessment of the MFF proposal

The overall assessment is mixed: the proposed architecture offers opportunities for circular economy, but the outcome depends on how the framework is designed and implemented:

- The architecture could support CE by connecting infrastructure, enterprise transformation, innovation, skills and territorial services while keeping resources and functions visible.
- It would be less favourable if CE lost traceability, territorial actors lost influence, or standardised performance rules favoured conventional outputs.
- Its effect will depend on whether NRP plans identify CE support, cover the life cycle, connect recovery to demand, assign territorial roles and distinguish delivery stages from results.
- Integration requires visibility; flexibility requires territorial accountability; and performance-based delivery requires function-specific arrangements.

The proposed 2028–2034 architecture can therefore support a stronger circular transition only if broader integration preserves circular-economy traceability, national flexibility is matched by effective regional and local participation, and standardised performance arrangements are complemented by function-specific indicators and milestones. The operational safeguards required to achieve this are set out in Chapter 9.

9. POLICY RECOMMENDATIONS FOR THE NEXT 2028–2034 COHESION POLICY FRAMEWORK

Chapter 8 assessed the implications of the proposed 2028–2034 MFF architecture for circular economy. This chapter translates that assessment into eight operational recommendations for the European Parliament, the Commission, Member States and managing authorities. At the end, some recommendations are provided for the upcoming Circular Economy Act.

The recommendations do not prescribe a uniform circular economy portfolio for every Member State or region. Territorial starting points differ substantially, and investment in waste collection, sorting, treatment and recycling remains necessary in many less developed, island and infrastructure-constrained territories. The common requirement is that circular economy support should remain traceable, become more balanced across the product and material life cycle, respond to territorial conditions, and be supported by delivery and monitoring arrangements adapted to different circular functions.

1. Ensure explicit programmatic visibility for circular economy

Circular economy should remain clearly identifiable within the National and Regional Partnership Plans (NRPPs), even where relevant reforms and investments are distributed across environmental, industrial, competitiveness, innovation and territorial priorities. The objective is not to establish a rigid earmark or require a separate circular economy programme. It is to ensure that policymakers, managing authorities and stakeholders can identify which interventions contribute to circular economy, how much support is planned, where it will be implemented and which part of the circular economy it primarily addresses. Main operational levers:

- Require each NRPP to include a clearly identifiable cross-cutting overview of circular economy, supported by a standardised table listing the relevant reforms, investments, planned allocations and territories concerned.
- Require CE interventions and their planned allocations to be classified using a common framework according to their principal circular function — upstream prevention and production transformation, use-phase value retention, downstream recovery or enabling conditions — and their territorial coverage and, where relevant, by sector or material stream.

2. Rebalance support across the full life cycle through territorially adapted investment pathways

Future Cohesion Policy should move beyond an interpretation of circular economy centred mainly on waste management. Collection, sorting, recycling and treatment remain necessary, particularly where infrastructure gaps persist, but they should be connected to prevention, repair, reuse, refurbishment, remanufacturing, circular business models, industrial symbiosis and secondary-material uptake. This does not require every region to support all circular functions in the same proportions or sequence. Infrastructure, value-retention services, enterprise transformation and market development should be combined or phased according to territorial needs, project maturity and implementation capacity. Main operational levers:

- Ensure that prevention, repair, reuse, preparation for reuse, refurbishment, remanufacturing, product-life extension and circular-service models are clearly eligible,

identifiable through appropriate intervention fields and reflected in programming guidance;

- Use call design and project-selection criteria to favour downstream investments connected to preparation for reuse, repair services, improved material quality, digital traceability, accessible local services or identifiable users of recovered materials;
- Promote integrated territorial circular economy approaches through sustainable urban development strategies, community-led local development, Integrated Territorial Investments or equivalent place-based instruments, linking infrastructure with value-retention services, enterprise transformation and circular-market development.

3. Create demand for secondary raw materials and circular products

The next framework should treat secondary raw materials as an industrial and market-development issue, rather than solely as a waste-management issue. Investment in collection, sorting and recovery will not result in effective material recirculation unless recovered materials meet consistent technical and quality requirements and firms and public buyers generate sufficient demand. Cohesion Policy can contribute by promoting circular public procurement and by supporting the conditions needed for functioning secondary-material markets, including quality assurance, certification, traceability, market information and links between suppliers and industrial users. Main operational levers:

- Require or incentivise the use of relevant and proportionate circular criteria in procurement financed or co-financed by Cohesion Policy, and provide regional and local public buyers with guidance, model clauses, training and specialised advisory support.
- Finance testing, certification, traceability systems and technical assistance to help secondary-material suppliers demonstrate compliance with applicable quality and End-of-Waste requirements, while strengthening the capacity of competent authorities to apply and verify those requirements.
- Support material-exchange platforms, market information and brokerage services, facilitate the preparation of voluntary long-term supply arrangements between secondary-material suppliers and industrial users, and support firms in adapting production processes to incorporate qualifying secondary materials.
- Where interventions explicitly aim to increase secondary-material uptake, monitor the quantities actually purchased or incorporated into production alongside the quantities of recovered materials produced.

4. Make multi-level governance operational rather than merely consultative

Circular economy depends heavily on territorial delivery systems. Repair and reuse networks, municipal waste services, construction-material loops, reverse logistics, industrial symbiosis and local secondary-material markets cannot be designed and implemented effectively through a national programming logic alone. Where circular economy support has a significant territorial dimension, NRPPs should set out clear regional and local implementation arrangements. These should identify the territories concerned, planned allocations, circular functions, responsible authorities, delivery instruments, intended beneficiaries, implementation timetables and monitoring and review responsibilities. Regional and local authorities should have a defined role not only in consultation, but also in the preparation, implementation, monitoring and revision of territorially relevant CE interventions, in accordance with the applicable institutional and partnership arrangements. Main operational levers:

- Where CE support has a significant territorial dimension, include dedicated regional or territorial implementation arrangements specifying territories, allocations, responsible authorities, delivery instruments, intended beneficiaries, timetables and adjustment mechanisms.
- Clearly assign responsibilities within each territorial intervention or investment package for project preparation, calls, project selection, beneficiary support, implementation oversight and monitoring.
- Ensure the effective participation of relevant regional and local authorities, economic and social partners, representative organisations of SMEs, circular economy practitioners, environmental organisations and social-economy actors in monitoring and review arrangements, in line with applicable partnership rules.

5. Coordinate EU and national instruments around territorial circular economy pathways

Circular economy interventions are likely to draw on multiple EU, national and regional funding sources covering research, demonstration, capacity-building, infrastructure, enterprise transformation and market development. NRPPs should explain how these sources will perform complementary functions and avoid gaps, overlaps and conflicting implementation timetables. Effective coordination should connect the different stages of the investment pathway, from research and experimentation to territorial deployment and market uptake, while avoiding competition for the same beneficiaries, projects or administrative capacity. Main operational levers:

- Prepare a functional map identifying the role of the main EU, national and regional funding sources in supporting infrastructure, innovation, skills, enterprise transformation, value-retention services and circular-market development.
- Identify funding gaps, overlaps and potential complementarities during plan preparation and implementation reviews, and clarify how different instruments will be combined or sequenced.
- Coordinate or clearly demarcate calls, eligibility conditions, territorial coverage and implementation timetables where several instruments target the same territories, beneficiaries, sectors or material streams, supported by effective coordination arrangements among the responsible authorities.

6. Build differentiated delivery pathways and financing arrangements

Circular economy interventions face different implementation conditions. Infrastructure, SME transformation, repair and reuse services, industrial symbiosis and secondary-material markets differ in project maturity, investment scale, revenue-generating capacity, institutional complexity and beneficiary readiness. Future programming should therefore distinguish between three main types of delivery constraint: weak intervention design, operationalisation and project pipelines; administrative and procedural barriers; and limited beneficiary, market or territorial-system readiness. Each requires different forms of support, delivery arrangements, funding instruments and implementation milestones. Main operational levers:

- Provide project-development and technical assistance for complex or system-based CE interventions, including feasibility studies, technical design, permitting, procurement preparation, market analysis and coordination among territorial and value-chain actors.

- Differentiate the use of grants, financial instruments and blended support according to project maturity, revenue-generating capacity, investment risk and beneficiary capacity.
- Use staged milestones for innovative or complex interventions, covering project preparation, partner mobilisation, testing, contracting, investment or service deployment and market uptake; where justified, allow implementation schedules and support arrangements to be adjusted in response to evidence emerging during delivery, without weakening the agreed objectives.

7. Link circular economy investment to skills, the social economy and territorial inclusion

Circular economy should be treated not only as an environmental and industrial transition, but also as a labour-market, social and territorial transition. Repair, reuse, refurbishment, reconditioning and maintenance can generate locally embedded employment, retain value within communities and improve access to affordable goods and services. These benefits are not automatic and need to be incorporated into programme design. Different circular functions require different combinations of technical, vocational, digital, managerial and administrative skills. Social-economy organisations and other territorial intermediaries can also play an important role in organising local repair, reuse, refurbishment and reconditioning services and in connecting firms, citizens, social services and public authorities. Main operational levers:

- Combine CE investment, where relevant, with skills-needs assessments, vocational education and training, reskilling and work-integration pathways tailored to the needs of firms, workers, public authorities and territorial service providers.
- Support repair, reuse, refurbishment and reconditioning networks as local service ecosystems, including the staff, coordination capacity of intermediary organisations and partnerships needed to organise material flows and service delivery.
- Where relevant to the intervention, apply project-selection criteria and proportionate monitoring indicators addressing job quality, participation of disadvantaged groups, affordability, territorial service coverage and access for citizens and SMEs.

8. Introduce a proportionate minimum circularity monitoring module

Where NRPPs identify significant support for circular economy, the performance framework should include a limited common reporting module that builds on the classification established at the programming stage. The module should preserve the visibility of different circular functions without imposing identical indicators or reporting requirements on every intervention. Monitoring should distinguish upstream transformation, use-phase value retention, downstream recovery and enabling conditions. It should also follow the progression from project preparation and procedural advancement to financial implementation, completed outputs and achieved results, rather than measuring performance mainly through expenditure, facilities or installed capacity. Main operational levers:

- Build on the CE information recorded at the programming stage and report implementation progress against planned allocations by principal circular function and territorial coverage and, where relevant, by sector or material stream.
- Clearly distinguish project-pipeline maturity and procedural milestones from commitments and expenditure and distinguish both from completed outputs and achieved results.

- Use a common menu of function-specific output and result indicators, selected according to the type and scale of intervention, covering areas such as material savings and verified secondary-material uptake; repair, reuse and preparation for reuse; waste prevention and recovery; circular procurement; skills; and market development.
- Where relevant to the intervention, monitor waste prevented and the quantities of secondary materials actually purchased or incorporated into production separately from the quantities collected, sorted, recovered or produced.
- Disaggregate results territorially where aggregate figures could conceal significant differences, while keeping reporting requirements proportionate to the scale and type of intervention.

Taken together, these recommendations aim to ensure that circular economy remains visible within the proposed integrated architecture and becomes more balanced, territorially grounded and operationally deliverable. The central test is not merely whether circular economy remains eligible, but whether EU rules, investment instruments and territorial governance can translate circular objectives into functioning regional systems.

What the Circular Economy Act could include – and how Cohesion Policy could support its implementation

The planned Circular Economy Act is particularly relevant to Cohesion Policy because it is expected to shape the regulatory and market conditions within which territorial circular economy investments operate. Cohesion Policy, in turn, can finance the infrastructure, capabilities and local ecosystems needed to translate these common conditions into practice.

The Commission's 2025 public consultation and call for evidence focused particularly on strengthening the Single Market for secondary raw materials and increasing the supply of and demand for high-quality recycled materials. In light of this policy process and the findings of the report, the Act could usefully include:

- More consistent rules for secondary raw materials, including clearer and more harmonised approaches to quality, certification, traceability and End-of-Waste conditions.
- Stronger measures to create demand for secondary raw materials and circular products, including circular public procurement, material-exchange platforms and long-term purchasing arrangements between recovered-material suppliers and industrial users.
- A broader value-chain approach, giving adequate attention not only to waste valorisation and recycling, but also to prevention, repair, reuse, refurbishment, remanufacturing and product-life extension.
- Proportionate implementation support and appropriate monitoring, particularly for SMEs and territories with weaker technical, administrative or market capacity.

These elements would complement the 2028–2034 Cohesion Policy recommendations by linking common EU rules with investment tailored to regional needs. Cohesion Policy could help SMEs access testing and certification services and adopt traceability systems to demonstrate compliance with requirements for secondary raw materials. It could also fund training and advice to help regional and local authorities include criteria such as recycled content, durability and repairability in tenders for co-financed projects. Support for material-exchange platforms could help suppliers of recovered materials find firms able to use them in production.

This support could be combined with funding for local repair and reuse services, skills and project preparation. Regional and local authorities would help identify investment priorities and monitor results, including the actual use of recovered materials. Support could be adapted to the needs of less developed regions and territories with weaker technical, administrative or market capacity.

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This study examines how Cohesion Policy supports the circular economy, mapping allocations, implementation progress and territorial investment patterns. Drawing on EU policy analysis, programme data and five regional case studies, the study identifies delivery gaps and sets out recommendations for the forthcoming Circular Economy Act and the 2028–2034 Multiannual Financial Framework.

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