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IMPACT ASSESSMENT

Accompanying the document

Proposal for a
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) No 1308/2013 and Regulation (EU) No 1306/2013 as regards the aid scheme for the supply of fruit and vegetables, bananas and milk in the educational establishments

{COM(2014) 32 final}
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LIST OF ACRONYMS

AB	Administrative burden
ACM	Accompanying measures
CAP	Common Agricultural Policy
CEPS	Centre for European Political Studies
CMO	Common Market Organisation
DG	Directorate General
ECA	European Court of Auditors
EU	European Union
F&V	Fruit and vegetables
FAO	Food and Agriculture Organisation of the United Nations
FFVP	Fresh Fruit and Vegetable Programme
IA	Impact Assessment
ISSG	Inter-service Steering Group
MS	Member State
NHA	National Health Authorities
OB	Organisational burden
PO	Producer organisation
SFS	School Fruit Scheme
SMS	School Milk Scheme
USDA	United States Department for Agriculture
WHO	World Health Organisation
WTO	World Trade Organisation

Executive Summary Sheet

Impact assessment on: Review of the CAP schemes providing agricultural products to school children

A. Need for action

Why? What is the problem being addressed?

CAP school schemes as currently implemented have certain weaknesses in their design and deficiencies in their functioning that need to be addressed, which limit their potential in achieving the objectives of promoting the consumption of agricultural products and healthy diets with school children. The problems identified concern the gap between the design of the schemes and their objectives (different educational tools under the two schemes), the lack of coordination and consistency between the two schemes and the deficiencies limiting the immediate impact of spending (high administrative and organizational burden on both schemes, budgetary under-execution of 30% in SFS, potential deadweight effect and low cost-benefit ratio in SMS). The drivers are mainly linked to the regulatory failures, different financial framework, different implementation in Member States and to some external factors.

What is this initiative expected to achieve?

In order to be able to meet the general objectives of increasing the consumption of F&V and milk products by school children (medium-term target is 15% increase in direct consumption and 5% in indirect consumption) and contribute shaping healthier diets, the following specific objectives are identified:

- Refocus the current set-up towards the long-term objectives – in addition to the consumption targets, reach 15/20% of budget spent on educational accompanying measures
- Contribute to reconnecting young citizens with food and its source – in addition to the consumption targets, reach 60% of accompanying measures dedicated to agriculture
- Unify and consolidate the separate legal and financial frameworks and increase the visibility of the EU intervention
- Increase the efficiency of spending – use the full potential dedicated to fruit and vegetables distribution; maintain and better target the current average take-up for milk

What is the value added of action at the EU level?

The action at EU level provides the funding necessary for initiatives across EU and additional sources of financing which permit Member States to expand the scope of their actions and increase their effectiveness. If Member States would have to rely exclusively on their own financial resources, most of them would not be in a position to implement ambitious initiatives. An EU framework has an added value in facilitating continuous knowledge, transparency, experience transfer and exchange.

B. Solutions

What legislative and non-legislative policy options have been considered? Is there a preferred choice or not? Why?

1 CAP 2020 – the status quo. It integrates the changes brought about by the CAP 2020 political agreement, by keeping two separate schemes and their financing arrangements while improving the strategic planning and strengthening the educational dimension for the SFS.
2 Adjustment. It aims at greater synergies between the schemes with one common strategy and communication measures, obligatory accompanying measures also for the milk schemes and synergies in different procedures. The financing models and the choice of products would be the same as under option 1.
3 New framework. It consists of a common legal and financial framework with regular distribution of fresh F&V and drinking milk and occasional distribution of other products through strengthened accompanying measures. It is based on a limited overall EU budget (with separate envelopes for fruit and vegetables and milk), no obligatory co-financing, limited fixed aid per portion and common monitoring and evaluation system. Option 3 is assessed as the preferred in terms of achieving the general objectives identified within an unchanged budget allocation and also the specific objectives. It is better set in terms of effectiveness, efficiency and coherence, with a common educational dimension, consistent approach, flexibility and targeting based on needs, lower administrative and organisational burden, enhanced impact on products that need promotion, coherence with public health objectives and highest simplification effect.

Four following options were discarded in the process: "no policy" and "discontinuation of the SMS only" (not in line with the analysis concerning the need for continued school intervention); "new framework with a focus on socio-economically disadvantaged groups only", discarded as MS are better placed to target and prioritise their intervention; and "new framework with a regular distribution of a wider choice of agricultural products", discarded based on the public consultation outcome, proportionality and potentially high implementation burden.

Who supports which option?

Representatives of the Fruit and vegetables and dairy sectors prefer option 1 with some changes for the milk scheme. As concerns Member States authorities who expressed their view (12 in total), three prefer option 2, four prefer option 3, four were in favour of option 1 and one was undecided. Feedback from schools was limited concerning the preferred option. Out of 60% of the replies received, 23% favour option 2, 21% option 3 and 16% option 1. Concerning NGOs, option 3 is the preferred one with 42%, followed by option 1 with 26% and option 2 with 21%.

C. Impacts of the preferred option

What are the benefits of the preferred option (if any, otherwise main ones)?

Option 3, "new framework" is the most balanced in progressively refocusing the school schemes regime towards the long-term goals, enabling them to better respond to the overarching problems of declining F&V and milk consumption and rising obesity, and establishing a critical link with agriculture a variety of its products. It is expected to give the greatest impact of school intervention within a constant budget and bring greater efficiency in the use of the existing potential. Simplification has been an important consideration and should be enhanced in several ways, most of which will come notably through the simplification on the basis of Commission acts where certain requirements will be merged or removed (potential reduction of 30% of quantifiable obligations with additional reduction in the organizational burden).

What are the costs of the preferred option (if any, otherwise main ones)?

No significant economic, social or environment negative impacts are expected. Potentially there could be a reduction in the quantities of milk distributed due to the overall limit on the budget and subsidy rate (if MS or private contributions remain unchanged). Compliance costs are expected to be lower due to reduced administrative and organisational burden. The preferred option is budget neutral but requires nevertheless MS contribution for more ambitious scope.

How will businesses, SMEs and micro-enterprises be affected?

Farmers' income and prices are not subject to significant impact but option 3 could bring a more level-playing field as regards the price of F&V distributed through a flat rate per portion, which could be felt by the producers if products are sourced directly from them. Short supply chains have the advantage to keep the value added within agricultural sector while bringing consumers closer to the source of food they eat. Producers and suppliers can also try alternative approaches in addition to distribution to schools and diversify their activities through their involvement in accompanying measures.

Will there be significant impacts on national budgets and administrations?

The removal of MS obligatory co-financing can be beneficial. However, it's important that MS continue to contribute with national top-ups to enlarge the scope and integrate the EU funds as they cannot fund very ambitious programmes.

Will there be other significant impacts?

The only additional impact which is expected is significant simplification in the legal, financial and procedural framework.

D. Follow up

When will the policy be reviewed?

New common monitoring and evaluation requirements will be set up. The evaluation will be carried out both at the MS level with evaluation reports covering five years of implementation of the scheme, and also at the EU level with an external EU evaluation one year after the MS evaluations.

A review of the CAP schemes providing agricultural products to school children

1. INTRODUCTION

This Impact Assessment (IA) is set to review the legal framework governing the distribution of agricultural products in schools.[1] This process follows conclusions from the 2012 Report to the Parliament and the Council on the implementation of the School Fruit Scheme[2], where the Commission announced its intention of revisiting the school schemes "*in order to assess the impact of the existing schemes and analyse if and how they should evolve in the future by considering different options, including a possibility of a new wider scheme*".

There are currently two EU-funded school distribution programmes under the remit of the EU's Common Agricultural Policy (CAP) that specifically target children in school settings, namely the School Milk Scheme (SMS) and the School Fruit Scheme (SFS). Both schemes share a mutual aim to increase, on a lasting basis, the share of these products in children's diets at an early stage when their eating habits are being formed, thus contributing to the CAP objectives, in particular stabilising markets and ensuring the demand in the long run. Additionally, the schemes are in line with the wider public health objectives as they contribute in shaping the sustainable healthy eating habits.

While the schemes are embedded in the same objectives and focus on a similar target group, they operate within separate legal and financial frameworks and have some very important differences, which in practice do not allow for many synergetic effects. The CAP 2020 political agreement on the reform of the CAP includes certain changes aimed at improving the effectiveness of the school schemes and provides for possibilities for certain, albeit limited, synergies between them.

However, recent studies that have become available since the Commission's reform proposals were adopted, in particular the external evaluations of the SFS[3] and the SMS[4], have identified the need to make further improvements to both schemes to increase their management efficiency and effectiveness. The special report of the European Court of Auditors (hereinafter ECA)[5] recommends thorough reforms to remedy the weaknesses identified if the schemes, in particular the SMS, are to be continued. With this exercise, the Commission's services have also set out to explore whether it is sufficient to address the criticisms from different reports and evaluations within the current setting, or whether a broader and more unified policy response is needed to ensure that the long-term objectives that the schemes are pursuing are met.

This report does not prejudge the final form of any decision to be taken by the Commission.

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[1] The review and a potential proposal stemming from it is set to amend Regulation 1308/2013 establishing a common organisation of the markets in agricultural products, L 347, 20.12.2013, p. 671.
[2] COM(2012) 768 final.
[3] External evaluation of the European School Fruit Scheme, 8 October 2012, AFC Consulting Group AG and Co Concept. http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/school-fruit-scheme-2012_en.htm
[4] External evaluation of the European School Milk Scheme, draft final report submitted in September 2013. Preliminary conclusions and recommendations are in Annex 4.
[5] Court of Auditor's Special report No 10 of 2011 'Are the School Milk and School Fruit Schemes effective?'.

2. PROCEDURAL ISSUES AND CONSULTATION OF INTERESTED PARTIES

2.1. Organisation and timing

To help bring together the range of expertise necessary for this assessment, an inter-service steering group (ISSG) was established. The group was chaired by DG AGRI and the following Commission services and Directorates General were involved in the exercise: LS, SG, SANCO, EAC, RTD, TRADE, BUDG, ENTR and ENV.

The work presented in this IA was conducted between October 2012 and September 2013, during which the ISSG held 7 meetings.

During the IA process, the recourse was made to public and stakeholder consultation, as summarised below.

2.2. Consultation of stakeholders

In addition to the public consultation, separate meetings and hearings were organised in the course of the IA process.

A joint ISSG and stakeholders meeting was organised on 15 March 2013. The meeting was intended to hear stakeholder's views on the consultation paper, in particular on two issues: the distribution of products and the supporting measures. Detailed minutes of the meeting are in Annex 1.

2.3. Public consultation

The preparation of this report has been preceded by a public consultation[6] which sought public response concerning the preliminary formulation of problems to tackle, objectives of the review and possible scenarios to reach the objectives. To this effect, the Commission services published a consultation paper which served as a basis for the consultation and it solicited input from the public through 9 open-ended questions. The consultation process stayed open for 12 weeks, until 22 April 2013, and was conducted on the basis of an on-line questionnaire and contributions received via email or post.

In response to its consultation, the Commission received 347 contributions from a diversified audience, in terms of stakeholder categories and geographical spread. The majority of contributions came from organizations or companies (37%), public authorities (34%) and citizens (23%). The majority of contributions originated in Poland, followed by Germany, Belgium, France and other EU or non-EU countries.

[6] http://ec.europa.eu/agriculture/consultations/school-children/contributions_en.htm

With the more detailed presentation of the outcome of the public consultation available online, the main messages which emerged from the contributions received can be summarised as follows:

- An overwhelming majority of contributions agree with the problems and challenges identified in the consultation paper. From the minority of contributions that could not go along with the Commission "diagnosis" of problems that need to be tackled, the arguments state that problems to be addressed by schools schemes appear to be too wide, moving away from the central focus of the current schemes. Few other opinions, on the other hand, believe that the analysis is too narrow, ignoring elements such as environment, health, poverty, larger dimension of food sustainability, etc.
- Several additional problems, objectives and options were put forward by the respondents, which were according to their opinion lacking from the consultation paper. Among the most frequently identified problems are administrative and organisational burdens resulting from the current schemes, which are perceived as excessive and deterrent, the unattractive participation conditions of the current milk scheme with its low subsidy level and lack of educational tools, as well as the overall lack of visibility for both schemes in the absence of an EU-wide communication campaign.

- The outcome of the public opinion on the preferred option did not yield an overwhelming support for any of the options identified in the consultation paper. On the contrary, the result was very balanced with each option receiving almost equal backing, with a slight preference for option 2 envisaging administrative synergies between the current schemes (36%), followed by option 3 suggesting a completely new framework for the school distribution (33%) and lastly option 1 based on an improved status quo (CAP 2020 reform) (31%).

- There is a broad recognition of the importance of accompanying measures since they were considered as crucial or important by 95% of the respondents. As regards to the key drivers for their success, several elements were put forward, most notably that there should be EU aid for these measures in order to increase their effectiveness; they should be evidence-based, adapted to children's interests, have a long duration and repetition and involve different stakeholders (farmers, parents, teachers, community).

2.4. Opinion of the Impact Assessment Board (IAB)

The IAB provided its opinion on the draft of this Impact Assessment on 18 October 2013, together with its recommendations for improvements. The draft report was revised along the lines of Board's recommendations. In particular the following aspects of the report were improved:

- The problem context and definition was improved and clarified in order to better reflect the achievements of the current schemes, changes brought about by CAP 2020 reform and substantiate the identified problems.

- An additional effort was made to better explain the expected evolution of problems without further EU action and the EU added-value.

- The intervention logic has been reviewed, particularly with a view of better presenting and clarifying the objectives and targets.

- The description of options has been further clarified. Efforts were made to strengthen the assessment of impacts and provide for additional quantifications to the extent

possible, in particular for the administrative burden. The comparison of options has been reviewed and substantially revised.

- Moreover, the revised report follows the Board's advice to better reflect stakeholders' opinions throughout the report.

This impact assessment serves also as an ex-ante evaluation, which is an evaluation conducted before the implementation of the intervention to make an appraisal of policy impacts.[7]

3. POLICY CONTEXT

Both the SMS and the SFS have their legal basis in the Council Regulation (EC) 1234/2007, Articles 102 and 103ga respectively. They developed independently and in different time periods. Detailed implementing provisions for the schemes are laid down in different Commission acts[8], but they contain very similar provisions pertaining to the general conditions for granting the aid, approval of applicants, payment applications, payment of aid, and controls and sanctions. Apart from these elements, the design and functioning of the two schemes is different, as illustrated in Table 1.

School Milk Scheme

The SMS was enacted in the legislation with the creation of the common market organisation for milk in 1968 and has been actually implemented since 1977. Created in the times of market surpluses (before the introduction of milk quotas in 1984), it was primarily intended to maintain or promote the consumption of milk and milk products in schools. This would in turn have a secondary effect of ensuring the consumption of a certain volume of milk products which would otherwise be added to the milk surplus and disposed of under other measures. Recital 43 of emphasises the primary goal of the scheme "*in order to stimulate the consumption of milk by young people, the Community should defray a part of the expenditure occasioned by granting aid for the supply of milk to pupils in schools*". At the level of the basic act, there have been no changes to the SMS since 2000 that would affect the basic structure and the key elements of the scheme (financing, educational tools and similar). The scheme was revised substantially at the level of the Commission act in 2008, and its nutritional and educational character was further strengthened. Recital 2 of Commission Regulation (EC) No 657/2008 specifies that the Scheme is implemented "*in the light of the fight against obesity, and in order to provide children with healthy dairy products*." The renewed version covers a wider range of dairy products, contains rules in relation to use of products in the preparation of meals and the maximum level of added sugars content, introduces a requirement for a school milk poster and is addressed to secondary schools as well.

[7] This impact assessment addresses all the following elements of an ex ante evaluation, as specified in Article 18 of the Implementing Rules (Reg. 1268/2012) of the Financial Regulation.

[8] Commission Regulation (EC) 657/2008 for the SMS and Commission Regulation (EC) 288/2009 for the SFS.

The SMS has been implemented in 26 Member States in the last years, with Greece announcing its participation in 2013. As regards the scheme's scale, the amount of subsidised products ranges between 300,000 and 410,000 tons with a minimum peak in the school years 2005/2006 and 2006/2007 and a maximum peak in the school year 2008/2009. The estimated number of children benefiting from the scheme ranges from 17 to 20 million annually. The respective annual EU expenditure for the scheme shows a similar development from about €50 million to €75 million with a maximum peak in 2008/2009. Biggest beneficiaries have been of the SMS in last years have been PL and FR with over € 11 million, followed by SE (€8.8 mio), RO (€7 mio), DE (€6.6 mio) and UK (€6.3 mio).

School Fruit Scheme

The foundations of the SFS were laid down in the context of the 2007 reform of the Common Market Organisation for Fruit and Vegetables. The Council invited the Commission to come forward with a proposal for a school fruit scheme to tackle the issue of falling consumption of F&V among children and rising obesity. Furthermore, the SFS was also mentioned in the 2007 "*Strategy for Europe on Nutrition, Overweight and Obesity-related Health Issues*"[9] as a good initiative to make a healthy option available to children. The scheme became operational from the beginning of the 2009/2010 school year. It is based on three "pillars": the distribution of F&V products in educational establishments (ranging from nurseries to secondary schools), accompanying measures (to raise awareness about the importance of fruit and vegetable consumption and to strengthen the link with agriculture), and lastly the networking, monitoring and evaluation.

The Scheme has a steady participation of 24 Member States, with the exception of UK, SE and FI. Following the initial start-up difficulties in 2009/2010, which saw a modest use of available funds (38% of €90 mio available), the uptake of the scheme and its scale has increased in the following year (65% of the budget use in 2010/2011) and has remained more or less stable. Similarly, the number of children benefiting and the schools participating have stabilised at 8 million and 54.000 respectively. The biggest beneficiaries of the scheme in terms of the annual allocations for 2013/2014 school year are IT with over € 20.5 million, followed by PL (€ 13.6 million), DE (€ 12 million), RO (€ 4.9 million), FR (€ 4.7 million), HU (€ 4.5 million), ES (€ 4.4 million) and the CZ (€ 4.2 million).

Table 1 – Key elements of the SMS and the SFS

[9] White Paper on a Strategy for Europe on Nutrition, Overweight and Obesity related health issues', COM(2007) 279 final, 30.5.2007.

	School milk scheme	School fruit scheme
Start	1977	School year 2009/2010
Legal basis	Basic act: sCMO Regulation 1234/2007, Article 102 Commission act: Commission Regulation no 657/2008	Basic act: sCMO Regulation 1234/2007, Article 103ga Commission act: Commission Regulation no 288/2009
Objectives	1. stabilise markets; 2. healthy eating habits	
Strategic documents	none	Obligatory national strategy with following elements to be specified: target group, budget, accompanying measures, list of products
Target group	To be decided by MS, eligible are all children in regular attendance of nurseries, pre-primary, primary and secondary schools	
Financing and the level of EU aid	No EU budget ceiling Fixed aid per kg €18.50/100kg or milk equivalent for processed products Max subsidisiable quantity of 0.25 litre per pupil per school day	Total EU budget ceiling: €90 mio (total around €156 mio together with MS par) Co-financing of 50%, or 75% for convergence regions Fixed thresholds for other eligible measures within MS envelopes (eg 10% for evaluation and monitoring)
Eligible products	various types of drinking milk, certain fermented milk products with fruit or fruit juice, plain fermented milk products, such as yoghurt, buttermilk, kephir, and a wide range of cheeses	All fresh F&V, processed F&V, bananas List to be approved by national health authorities No products with added sugars, fat, sweeteners, salt (in exceptional cases in limited quantities if approved by NHA)
Other eligible measures	none	Accompanying measures, communication measures, evaluation and monitoring
Publicity	Poster	Poster + communication activities (websites, leaflets, TV campaigns …)
Educational measures	Not obligatory	Obligatory accompanying measures (take the form of nutrition/health education, farm visits, gardening sessions…)
Distribution patterns	milk products included in canteen meals (but cannot be used in the preparation of meals or heated); classroom distribution free of charge; products sold at reduced rate	Distribution free of charge outside mealtimes (allowed during meal only if MS demonstrate added value and visibility)
Monitoring	Notifications on the quantities distributed, number of children, budget used, national top-ups	Obligatory annual monitoring reports following the school year
Evaluation	No obligatory national evaluations	Obligatory national evaluations: first one submitted in 2012, after that evaluation reports covering 5-year periods

4. PROBLEM DEFINITION AND SUBSIDIARITY

4.1. Problem context: is school intervention still relevant?

The school schemes were established in order to promote the consumption of F&V and milk products, which are very important sectors for the European agriculture. Milk and F&V production represents a significant share of the value of EU agricultural output, with approximately 15% each. Besides their economic importance, they are beneficial in the public health context and are suitable for the distribution to school children.

The rationale which led to the establishment of the two school schemes is still relevant in the current context of declining consumption of F&V and milk products, as explained below, exacerbated amongst others by the modern consumption trends. Despite different health and agricultural promotion efforts both at the national and EU level to increase the consumption, particularly of fresh F&V, the declining trends have not been reversed.

Overall consumption varies depending on the products

The recent overall situation in the consumption varies depending on the products and also across MS, mainly due to different traditions, eating habits and culture. More details on the consumption are presented in Annex 2.

- According to Freshfel data, the consumption of fresh F&V is on the declining trend, falling by an aggregate 9.4% for fruits and 10.3% for vegetables in the period 2005-2010. It decreased by 3% in 2011 compared to the average for the previous period.[10] Rabobank note states that in many countries the combination of health promotion, trade expansion and marketing innovation has not resulted in the expected increase in consumption. On the contrary, the average per capita F&V consumption has actually decreased in large consumers markets, such as in western Europe, as well as in the US and Japan.[11] On the other hand, according to Profel the consumption of processed F&V has been stable over recent years.[12]

- The estimated consumption of drinking milk is on the declining trend in the medium-term (despite a period of stabilisation since 2010), with a 5% decrease in the period from 2003 to 2011[13]. The estimated overall per capita consumption of milk products, expressed in milk equivalent, also decreased by 5% in 10 years from 302 kg to 286 kg in 2011, even though for certain dairy products, such as cheeses, the consumption has even increased.[14]

Consumption among children

Consumption of F&V and milk products among children is difficult to measure and this analysis relies on the data acquired from available studies and reports. Various evidence points to the declining trends across different age groups, based on the conclusions drawn

[10] Freshfel – European Fresh Produce Association www.freshfel.org.
[11] Rabobank Industry Note 384, May 2013.
[12] European Association of Fruit and Vegetable processors, www.profel-europe.eu.
[13] Eurostat: Milk collection and dairy products obtained – annual data [apro_mk_pobta]; ComExt.
[14] The estimates from SMS external evaluation and Eurostat [apro_mk_pobta]; ComExt; Eurostat [demo_pjan].

from the level of dietary recommendations met. Yet again, situation varies across age groups, MS and regions.

The results of the HELENA[15] study indicate that the average daily intake of F&V and dairy products among European adolescents is below recommendations[16] (boys reach only 30% and 40% of recommendations for fruit and vegetables respectively, while girls 35% and 50%, while for milk products 70% was reached by boys and 60% by girls). The evidence of insufficient F&V consumption is abundant. For instance, the pro-Children[17] project financed by DG RTD measures F&V intake by children in several EU Member States and found that only 17.6% of 11-year-old children reached the recommended levels. The percentage varied among sample countries between 7.8% and 24.1%. It showed that the consumption is low even in some of the Mediterranean countries.

Regarding milk products, the INRA survey demonstrates that in France an overall intake of dairy products declined between 1999 and 2007 by about 11% for children aged 3–14 years.[18] Several other studies indicate that the consumption among children is declining with age, as is the case amongst others in the UK and Norway. Norwegian research reveals that the reduction in milk consumption correlates with an increase in soft drinks intake.[19]

Emerging challenges

On-going economic and societal changes, such as urbanisation, exacerbate the shift in consumer preferences toward highly processed and convenience products, and facilitate a disconnection of consumers from agriculture in general, and from local and traditional food and environment in particular.

This tendency is expected to persist in the future, given that children particularly in urban areas are becoming increasingly disconnected from food, in particular local and seasonal, food traditions, and methods of agricultural food production. They are growing up not knowing where their food comes from – not just where it is produced, but also how it is produced with the work invested by farmers who make a living from it. F&V and milk compete with highly processed products which are promoted intensively by the food industry. This has been well described in 2005 by the FAO[20] overview of school milk programmes which points out that "*... programmes which encourage children to choose milk and milk products should not be viewed only in the light of the actual volume of milk sold, but as an investment in the future demand for milk... Indeed, this would seem to be the only way that the*

[15] Food intake of European adolescents in the light of different food-based dietary guidelines: results of the HELENA Study, Public Health Nutrition, 15(3), 2011.
[16] The Study uses the total diet concept of the Optimised Mixed Diet (OMD), developed by the German Research Institute of Child Nutrition, and the Food Guide Pyramid, developed by the US Department of Agriculture.
[17] www.prochildren.org
[18] Trends in food intake in French children from 1999 to 2007: results from INCA dietary surveys. British Journal of Nutrition (2010), 103, 585-601.
[19] External evaluation of the SMS.
[20] FAO document indicates that in many countries, the trend is for less milk to be distributed through school and in the majority of countries milk is not the leading beverage drunk by children in schools. Compared to other drinks, milk occupies a generally weak position in the survey sample: in 60% of replies, milk was consumed less than other drinks. Similarly, higher profit margins on soft drinks, and incentive payments based on the volume sold, may lead to canteens preferring competing products to milk.

milk industry can meet the challenge from competing beverages which are heavily supported by promotional campaigns".

This increasing trend towards highly processed foods which are often high in added sugars, salt and fat is likely to continue, and will be boosted by the younger age groups. The evidence from various studies shows that children in all age groups from 4-16 years and across the MS have a preference for fatty and sugary foods. A considerable increase in adolescent consumption of ready-to-eat meals, such as snacks, sandwiches or hamburgers, occurred between 1999 and 2007.[21]

Thus, this shift in the food choices by a young population towards manufactured products, brought about by a host of technological innovations, responds to and creates demand, to the detriment of basic foodstuffs and the nutritional quality of diets. This results in a problem for the EU agricultural sector with the downsizing of the market and demand for these products. Additionally, it is also a public health problem because this trend is leading to nutritionally poor diets, and consequently to obesity and/or associated diseases.

The potential of the school intervention

When assessing the relevance of school interventions and their potential impact, they should be seen as a contribution, and not a solution in itself which will alleviate overarching problems such as the market situation in agriculture or public health challenges. Solutions to these multifaceted problems need to be sought in a larger synergetic effort of different instruments and policies. Agricultural objectives, to which the schemes contribute, are pursued through different CAP instruments. Obesity – as one of the major public health issues – is a complex combination of different factors in addition to the diet, like physical activity, family outreach, education and similar. Effort to increase the consumption of F&V and milk products are pursued also through other instruments.[22]

Unless substantial measures are taken, EU producers are expected to continue losing an increasing segment of their market, both in the short- and long-term, as the children of today become managers of their households in charge of purchasing the food, and pass on the weakening link with agriculture.

[21] INRA report, "Dietary behaviours and practices, determinants, action, outcomes", June 2010.

[22] There are other initiatives at the EU level promoting the consumption of agricultural products, in particular as regards the F&V, ranging from promotion measures such as a general agricultural promotion programme and F&V promotion within the CMO, to actions initiated and implemented within the remit of DG SANCO* or DG RTD. These all play a role in increasing the consumption and shaping the diets. But the CAP school schemes are unique in their approach, as they apply a balanced approach of marrying the practice with the theory. They focus on the repeated tasting and experiencing of F&V and milk products in a school setting, paired with the nutritional education. INRA report states that in children repeated tasting increases appreciation of all foods and tastes, even those initially rejected. Sensory education, particularly at school, allows children to try a greater variety of food, increases eating pleasure and encourages social contact.

*More information on DG SANCO pilot project aimed at increasing the consumption of fresh F&V in local communities where household income is below 50% of the EU average: http://ec.europa.eu/health/nutrition_physical_activity/key_documents/tender_pilot_project_fresh_fruits_vegetables_en.htm#reports .

The schemes were designed to increase the demand through the increased consumption: **directly**, through the consumption of products distributed through the programmes, and **indirectly**, by influencing children's knowledge, attitudes and perceptions towards the products, thereby leading to an increased consumption outside the schemes (after school, on non-distribution days). Both mechanisms have a potential to create a lasting effect and **sustainable increase** in the consumption of fresh and minimally processed agricultural products **in the long-run**, and equally importantly (re)establish the critical link with agriculture and food. Additional potential impact of the schemes comes from the "**spill-over**" effect or multiplier effect that the increased consumption by children can have on parents and other adults involved in children's life.

Direct impact

The schemes are part of the market measures, as they contribute to the CAP objectives of stabilising markets by providing for a potential, stable market outlet and enhancing future demand. Given the extent of the intervention compared to the total value of F&V and milk production (€46 and €53 billion respectively), the overall impact of the schemes on the market resulting from the direct consumption through school distribution is rather limited on an aggregate level, as was confirmed by recent external evaluations (the volumes of products actually distributed in schools represent approximately 0.3% of the overall market volume for F&V and milk products). But individual impacts could be much higher, depending on the MS/region and their situation. The external SMS evaluation points out that for example in Hungary, the scheme directly increased milk consumption and helped to stabilise the dairy market. It is seen particularly as a market opportunity for small, regional dairies, as milk distributed under SMS makes up a big part in their supplies. For Romania the distribution of milk through SMS represents over 5% of the total milk supplied to dairies. This trend is confirmed by the US example where Farm to School programme reports[23] a 5% increase in income for participating farmers, resulting from its budget of 10 billion. But in individual cases these benefits can be larger, for example for one farmer in one study, sales to school district for a single popular fruit represented up to 40% of total direct sales. In addition to the income, reported benefits of the programme include increased market diversification, positive relationship with schools, parents and community, establishment of grower cooperatives to supply institutional markets, job creation.[24] From the world-wide perspective, the FAO document states that in many countries, the development of school milk programmes has been associated with the growth of the national dairy industry.[25]

[23] Joshi, Azuma and Feenstra (2008): "Do Farm-to-School Programs make a difference?"
[24] "The benefits of farm to school", National Farm to School Network; www.farmtoschool.org.
[25] FAO overview of school milk programmes from 2005 indicates that the importance of school milk within the liquid milk market of the countries surveyed varied markedly, ranging from 25% in Thailand, 9% in Japan, 7% in the United States to 4% in Norway.

Long-term impact

Over and above the immediate impact, the school schemes were conceived as a public investment in the future, as their success is embedded in the long-term and sustainable change in eating habits which would secure future demand of these products and contribute to reducing diet-related health problems. This impact is expected to be channelled through the educational dimension and influencing children's knowledge, perception and attitudes towards these products, leading to an increased demand also in the future once these children leave the programme. Ensuring and enhancing the future demand means higher sales and market opportunities for producers. As the SFS is a recent programme, it is difficult to judge if it has already had a long-term impact. The SMS has been implemented since 1977 but its recent external evaluation could not assess its long-term impact, concluding that the scheme focuses on the distribution and does not encourage other measures to form eating habits. However, the experience from the Irish Food Dudes programme which existed before the SFS and is based strongly on accompanying measures, points out to considerable and lasting increases in the consumption of F&V and generalised effects from school to home. Also the review of literature and experience from other countries demonstrate that this impact is achievable and important.[26]

Public health impact

The WHO document[27] states that by increasing the availability of F&V products, school fruit programmes can help build good eating habits, increase children's well-being and thereby promote better health. As well as promoting good health, eating at least 5 portions of F&V a day can prevent cancer, coronary heart disease and other diseases. School milk programmes, on the other hand, may play an important role in decreasing the risk of osteoporosis later in life. Most milk and dairy products provide many different nutrients, essentially protein and calcium, which ensure the development of healthy teeth and bones particularly during the adolescent growth spurt. The achievement of peak bone mass during childhood is therefore crucial to reducing the risk of osteoporosis in later life.[28] School milk can also help pupils who come to school without having eaten breakfast to maintain their concentration level and prevent hunger before lunch time, which is also relevant from the socio-economic perspective.

[26] As regards the long-term potential of these interventions, a review of the literature (De Sa and Lock, 2007) related to F&V distribution indicates that from 25 studies which had follow-up periods greater than 1 year, the evidence shows that both large and small-scale F&V schemes can have a long-term impact on consumption. Data from those studies furthermore demonstrates that 65% of school children across all age groups showed statistically significant increases in F&V intake at the follow-up. Evaluations of English and Norwegian programmes had follow-ups of 3 years and provide evidence that large scale schemes that simply increase F&V availability can have long-term impact on consumption.

[27] WHO: Food and nutrition policy for schools, Copenhagen 2006. http://www.euro.who.int/__data/assets/pdf_file/0019/152218/E89501.pdf

[28] Bonjour P. (2001) Invest in Your Bones: How diet, lifestyles and genetics affect bone development in young people. International Osteoporosis Foundation.

Moreover, the interventions promoting healthy nutrition are instrumental in helping to prevent or reverse the adverse health effects of overweight and obesity. To fight childhood obesity, schools provide an opportunity to prevent the onset of obesity and related chronic diseases in later life. The evidence of the positive role of consuming sufficient quantities of fresh F&V in the prevention and fight against overweight and obesity is universally accepted and uncontested.

However, the role of some of the dairy products, especially of full-fat and high in calories products like cheese, in the fight against obesity has been debated extensively. The SMS can be an instrument in the fight against overweight and obesity due to the fact that a lot of milk products, like yoghurt of low-fat milk and with no added sugar, have lower energy content. Dairy products can also substitute and counterbalance unhealthy choices. But the effectiveness of the SMS as regards the weight management is influenced by the way MS implement it, in particular the choice of products to be distributed, portion sizes and children's access to the products outside school.

Moreover, the schemes may contribute to the reduction of health inequalities and promote the balanced diets by socio-economically disadvantaged groups. The MS may through national strategies "target" their interventions and prioritise certain groups based on different criteria, amongst others on the basis of nutritional needs and socio-economic situation.[29]

Europe 2020 Strategy

The schemes are in line with the overall EU principles and targets as formulated in the Communication *Europe 2020: A strategy for smart, sustainable and inclusive growth*[30], through their contribution to health protection by helping shape healthy diets, to economic growth by helping to reduce health costs and to poverty reduction by providing food at schools free of charge in several economically disadvantaged regions/MS.

[29] The Commission adopted in September 2013 a Report on health inequalities in the EU (SWD(2013) 328 final). http://ec.europa.eu/health/social_determinants/docs/report_healthinequalities_swd_2013_328_en.pdf

[30] Communication from the Commission "Europe 2020 : A strategy for smart, sustainable and inclusive growth", COM(2010) 2020 final, 3.3.2010.

4.2. Problems that require action

Lessons learned

The current CAP school schemes have a unique approach in promoting agricultural products and healthy diets with school children through direct experience in tasting the products and learning[31]. As schemes with at least a medium-term perspective, they have an advantage over sporadic interventions which, according to certain scientific reports,[32] do not lastingly modify consumer preferences. As presented above, they have a potential to bring important benefits for agriculture and public health, especially in the long-run, with positive social implications.

Both SMS and SFS are popular with children and schools and also enjoy strong political backing[33]. Recent external evaluations in general confirm their relevance in achieving the stated objectives through their specific approach in reaching children in the school setting. A considerable experience with school programmes from across the world also testifies in favour of such an intervention, confirmed most recently by the evaluation of the US Fresh Fruit and Vegetable Programme[34].

However, despite this positive embedding and recognition of their potential, conclusions drawn from different reports (the ECA special report, the external evaluations of the schemes) and experience after years of implementation, point out certain weaknesses in the design and inefficiencies in the functioning of the current schemes. This merits a reflection whether the current set-up is still suitable to meet the set objectives and successfully address some of the emerging challenges that the schemes face, in particular in light of the evolution of the consumption patterns, as explained in the previous chapter. Furthermore, it needs to be seen whether such a gap in the design and functioning of the two schemes, which contributes to the fragmentation of the policy approach, weakens the effectiveness and visibility of the intervention. Finally, the efficiency of the schemes is affected by issues related to the financing arrangements and administrative complexities.

[31] They focus on the repeated tasting and experiencing of F&V and milk products in a school setting, paired with the nutritional education. INRA report states that in children repeated tasting increases appreciation of all foods and tastes, even those initially rejected. Sensory education, particularly at school, allows children to try a greater variety of food, increases eating pleasure and encourages social contact.

[32] INRA report, see footnote 16.

[33] Following its 1999 evaluation, the Commission proposed to abolish the SMS but this was rejected by the Council.

[34] Evaluation of the US Fresh Fruit and Vegetables Programme, Food and Nutrition Service, US Department of Agriculture, March 2013. There are numerous programmes around the world distributing F&V and/or milk products in schools, as is the scientific literature debating their relevance and impact. School milk is present world-wide from China, Japan, Canada, Saudi Arabia to Argentina. These programmes take many forms and vary in their scope and operation. Some programmes concentrate only on milk, whereas in others milk is only one of the elements involved. Funding varies considerably, in some cases programmes are completely funded by government, whereas in others funding is wholly private: in many countries, there is a "middle road" whereby funding consists of a mixture of public and private sources. Large F&V schemes are successfully ran, amongst others, in the US, Norway and Canada. The EU involvement followed developments in some of its MS which ran pre-existing programmes, such as UK milk scheme since 1940 or F&V schemes in Flanders, France or Ireland.

Three sets of problems have been addressed in this Impact Assessment, together with their drivers to the extent possible, bearing in mind the importance of improving the management efficiency and cost-effectiveness of instruments funded from the EU budget.

This review comes in the aftermath of the June 2013 CAP 2020 political agreement on the Commission proposal. The CAP already addresses some of the problems in the functioning and enables limited synergies, which has been taken into account in the definition of problems. It in particular addresses one of the main drivers behind the under-execution of the SFS budget, namely the low EU co-financing rate. The EU co-financing rates are increased from 50%/75% to 75%/90% (90% for less developed regions in accordance with the cohesion policy classification) in order to encourage higher take-up and improve budgetary execution. Moreover, the educational accompanying measures are added to the list of measures eligible for co-financing from the EU budget under certain conditions and within a threshold to be established by the Commission. Consequently also the overall budget was increased from €90 to €150 million per year. CAP 2020 brings limited changes to the SMS, with an obligation for MS to produce national strategies for the implementation. This to a certain extent addresses the problem related to the targeting of distribution. But it does not address significantly the problems identified below.

4.2.1. The gap between the setting and the objectives

As explained above, considering the fact that the direct "market" impact of the schemes is limited, a very important goal that both schemes are pursuing is the long-term impact and sustainable change in eating habits stemming from their educational dimension. Schemes operate in an environment which has been regarded as optimum for achieving such a change and at the age where eating habits are shaped.[35]

But despite the recognition of these objectives, they are addressed differently in the two schemes. Being a more recent intervention, the educational dimension was built into the SFS from the beginning, by making the participation in the scheme conditional on the existence of accompanying measures. On the other hand, SMS is a much older programme which has evolved over time. The educational goal of SMS was enshrined in the EU legislation in 2008 when it was reformed for the last time. **However, despite this evolution, the set-up of the scheme has not evolved simultaneously.**

Principally, the design does not provide for the compulsory use of specific educational tools. This not only impacts on its ability to reach the set objectives but it also creates greater divisions between the two schemes, especially in light of the changes CAP 2020 brings to the SFS. Furthermore, the financial arrangements of the SMS do not fully reflect the objectives, with a huge potential dedicated exclusively to the subsidising of products and no support for

[35] A school setting has been regarded by the scientific literature as key environmental setting in which to facilitate actions that promote healthy choices as a norm. Pupils learn how to choose a healthy diet through the meals and snacks provided at school and develop a range of consumer-based skills including food growing, handling, preparation and cooking. One of the key strengths of this type of schemes is the timing. It is widely accepted that sensory preferences and eating habits are shaped during early childhood and are difficult to change afterwards. Studies show that for example high consumers of F&V in childhood are most likely to remain high consumers as adults, with some variations in adolescence (the dip in consumption during adolescence recovers once this group themselves become parents). Role modelling and group experience of classroom distribution is an additional and powerful factor.

other measures (accompanying, communication, monitoring, evaluation). Also the overall size of EU funds dedicated to the SFS and the does not reflect the real needs in promoting the consumption, as explained in the previous section.

Specific problems presented below stem from the legal and financial framework of the current schemes, so the drivers for all the problems identified below are entirely regulatory.

(1) Missing specific education tools for SMS

Educational tools are important in bringing about a sustained increase in the consumption of distributed products and a change in eating habits, which are the objectives of the School Schemes. Scientific literature points out that the availability of products is crucial but is not enough - simply giving children a product few times a week or even every day may have little impact on their eating habits[36]. Evidence indicates that even traditional forms of nutritional educations in themselves are not sufficient either to bring about sustained changes (young children do not understand and react to concepts like "healthy").

The SMS legislation does not oblige MS to use specific educational measures. With CAP 2020, they are enshrined in the EU legislation but remain voluntary. Nevertheless, 12 MS have included some kind of educational activities in their programmes, but those were often occasional and without a clear concept.

On the other hand, the SFS is equipped with specific educational tools which are nevertheless implemented in a variety of approaches and levels of ambition, as there are no specific EU rules on what constitutes a satisfactory accompanying measure. This is expected to be remedied to a certain extent by CAP 2020 changes which make these measures eligible for EU co-financing. Thus, at least minimum requirements as regards their implementation will be set at the EU level.

With these CAP 2020 changes, the gap between the educational settings of both schemes will be even greater.

(2) Weak link between the scheme and the products distributed under SMS

The ECA report states that in principle, the very existence of a subsidised distribution may help to convey a message about the value of the product in question, under the condition that the scheme is visible. The report furthermore points out that in certain cases neither the subsidy nor the product distributed were clearly visible. This is particularly evident in cases where the distribution of milk products is included in canteen meals. Efforts were done by the Commission in 2008 to exclude the use of products, subsidised under the scheme, in the preparation of meals, it did not solve all problems relating to the visibility of the scheme. Apart from the obligatory poster, which has to be displayed in a participating establishment, there is no obligation to make children aware in other ways that the scheme exists or that the product has been assigned a particular status. The SMS external evaluation considers the poster to be an insufficient tool to achieve this link on its own. This problem stems from the legal framework which does not set specific rules concerning the distribution modalities (for

[36] (Hughes et al., 2012).

example outside regular meals) or information measures which would establish the link between the product and the scheme.

The SFS on the other hand obliges MS to distribute the products outside regular meals. If the distribution nevertheless takes place during the meal, the added value of the scheme has to be guaranteed.

(3) Weak evaluation and monitoring system

Monitoring and evaluation are systematic processes essential to evidence-based policies. When trying to assess the relevance of the schemes, especially in terms of their long-term impact, it has become evident that it is difficult to assess the effectiveness of the two schemes. The SFS is a relatively new intervention and it has put in place evaluation and monitoring requirements[37], but mostly uses output-based indicators monitoring the performance and not the effectiveness. Furthermore, the ECA report concludes that the SMS does not have an adequate built-in system for measuring its medium- or long-term effectiveness. It also questions the correctness of the available activity/performance indicators. This problem stems again from the legal framework which does not require national evaluations under the SMS and appropriate monitoring of outputs. Both schemes are also faced with an insufficient impact and result indicators.

4.2.2. Missing "common identity" - lack of coordination and consistency

The existing school schemes have developed independently and in general without consistency. This point was highlighted by the external evaluations, as well as the study on administrative burden performed by the Centre for European Political Studies (CEPS). They point to the lack of coordination between the existing two schemes which nevertheless pursue similar objectives and focus on similar target groups. The external evaluation of the SMS concludes that the connections between the two schemes are marginal and more coincidental than by nature. The ECA furthermore concludes that "there should be greater coordination and synergy between the two schemes in order to ensure a globally consistent approach to nutrition and that the programmes are managed efficiently".

Attempts were made in the past to consolidate the school distribution framework and find synergies, namely within the context of the recent CAP 2020 reform. The Presidency of the Council in 2012 initiated a discussion on this topic on the basis of the Presidency paper,[38] proposing modelling of one scheme on the other, which did not gain support from MS. The CAP 2020 allows for some synergies to be found in the practical implementation of the schemes (possible common strategies) but does not change the inconsistencies in the overall framework and functioning.

This type of approach does not stimulate management efficiency and has a negative impact on the effectiveness of the school schemes as a whole. . Separate systems bring about avoidable

[37] Regulation 288/2009 obliges MS to submit annual monitoring reports in November each year, containing information on the implementation of the scheme in the preceding school year. For the national evaluations, Guidelines were prepared and distributed in 2011, followed by an update in 2013 prepared by the SFS expert group.

[38] Working party on Horizontal Agricultural Questions, Working document from the Presidency, 8474/20012, 4 April 2012.

administrative burdens (see assessment and quantification in chapter 7) and costs associated with the implementation of the schemes. With CAP 2020 obligation of national strategies also for the SMS from 2015 onwards, it can be expected that the Commission will receive estimated 26 strategies for the SMS and 24 for the SFS. Additionally, the current fragmentation does not allow MS to strategically prioritise their school intervention for the products in question based on the nutritional needs (by region, age group, social status and similar) and operate their available budgets with flexibility.

The schemes are further lacking a "common identity" and are characterised by a low public visibility. This has been one of the most frequently raised elements in the public consultation process. The SFS integrates communication measures as eligible costs under the scheme but these efforts are different among MS and are often limited in their scope. This element becomes particularly important if compared to the activities linked to the promotion and advertising of "competition" products, such as soft drinks and confectionary, as explained in section 4.1 of this report.

Drivers:

The key **regulatory driver** behind this problem is the current legal setting of the schemes, with different legal provisions, distribution modalities, financing, procedures and other elements, which makes it difficult for MS to find synergies between the two programmes. In particular separate and completely different financing models act as a barrier to merge some of the procedures and reporting obligations, and they do not provide for the flexibility to MS to manoeuvre between the budgets based on their needs.

From the perspective of **market drivers**, the distribution of products in schools under both schemes is characterised by inherent differences both in products and in the supply system. Products themselves are very different, where milk products require different handling and equipment (in certain cases fridges), while F&V are highly perishable and price volatile. Similarly, the supply and distribution channels differ considerably. This cannot be solved with this review but there could be possibilities to explore whether the supply system could be integrated in the supply channel for school meals or similar, to the extent possible.

Finally, **institutional deficiencies** do not enable synergies, as in many cases MS authorities (units) managing the two schemes are different.

4.2.3. Deficiencies limiting the immediate impact of spending

(1) Execution short of its potential for the fruit distribution

While the overall dimension of the CAP school schemes is limited (compared to the total volumes produced and traded), their available potential has not been fully met. This applies especially for the SFS. Even 4 years after the start of its implementation, the SFS is still faced with a budgetary under-execution of around 30%. This lowers its potential impact on children (either in terms of a larger coverage or more intense intervention) and the volumes distributed. More details are presented in Annex 3.

The following **drivers** have been identified as being behind the sub-optimal performance:

– Financing conditions

The SFS is affected by the obligatory co-financing principle, which has been portrayed several times as one of the biggest challenges in the implementation of the scheme and a reason why certain regions within Member States have decided not to participate (for example in DE only 7 out of 16 lander participate). The situation is aggravated in MS or regions where public funds have to be replaced by private contributions. This is the case in France and Germany. Baden-Württemberg, with a public contribution of only 4%, has specific problems with regard to expanding its programme, whereas this is not the case for the neighbouring regions of Bavaria and Rhineland-Palatinate, which receive a public contribution of 50%. The CAP 2020 political agreement will significantly increase the EU co-financing rates, which is expected to improve the participation but it is not excluded that the potential will continue to remain under-executed, in particular in the present difficult economic situation.

– Administrative and organisational burden

Being a problem on its own, the administrative and organisational burden can act also as a driver contributing to the low use of potential in certain MS. This is in particular true in cases where the burden of implementing such a programme is disproportionately high compared to the level of EU aid received.

– Different implementation in Member States

As current school schemes are decentralised programmes, the practice shows that the success of a scheme often depends on the decision of MS on how to organise and implement their programme. This results in a variety of approaches and different success rates.

– Economic crisis

Notwithstanding the limits of this IA in addressing it, one of the drivers behind sub-optimal use of the potential has been associated with the economic crisis. This was especially felt for the SFS which is based on the principle of co-financing. Greece for example was forced to pull out of the SFS in 2011/2012 due to the difficulties in securing the co-financing part.

(2) Inefficiencies related to the SMS potential

On the other hand, the SMS execution has been approximately 65-75 million € per budget year. Considering the maturity of the scheme, it can be assumed that the scheme has reached its budgetary potential. But the ECA report emphasises the need to better target this potential, without increasing it. Moreover, according to the external evaluation of the SMS, this achieved potential could be compromised by the low cost-benefit ratio, caused by the low EU subsidy level in relation to the costs associated with the implementation. The ECA report points to other issues related to the low subsidy level, namely that it can in certain cases generate the "deadweight" effect as it does not permit distribution free of charge but extends only to the sale of product at a reduced rate. The latter potentially benefits children who would have chosen to buy the products even without the subsidy. In addition, it creates an additional organisational burden associated with the purchasing of products and collecting

payments from recipients. According to the SMS external evaluation, additional potential for a deadweight effect to occur can come from the distribution model where products are offered or included in canteen meals (that would have been served even if unsubsidised) and is associated also with the products with an in-elastic price elasticity of demand[39] (for example pure drinking milk).

(3) Administrative and organisational burden

The level of administrative and organisational burden associated with the implementation of both schemes is perceived to be rather high, especially if this burden becomes disproportionate compared to the level of aid received and in relation to the scale of the scheme in MS. In relation to the later, the external evaluation indicates that the average administrative costs in Slovenia for the SMS amount to approximately €13.500 who has a very low participation of schools and pupils. This gives a very high administrative cost of over €23 per child, which is very high compared to the majority of other examined MS where this cost was under €1 euro per child.

The administrative burden is high on the administrative level (ministries) and for suppliers. For authorities responsible for the management of the scheme, the burden results mainly from the procedures related to the approval of applicants, execution of on-the-spot checks, record keeping, documentation and the implementation effort to install the scheme. For the SFS there is an additional requirement of national strategies and accompanying measures. Most suppliers under the SMS evaluate the burden, like providing the securities guarantees and applying for licences, as disproportionate.

On the other hand, schools are mostly affected by substantial organisational burdens which depend on the amount of obligations imposed upon them. The difficulties most often stem from organising the ordering and distribution of products (if this is not organised by the supplier), which can be quite heavy considering huge variety of eligible products, and the collection of payments from children or parents (under SMS, if not integrated in school fees).

Drivers behind this problem are different and often combined:

Regulatory: originating from the EU rules, including the ones on the eligibility of products, and/or additional national rules (sometimes more stringent than required). Some avoidable burdens come from the separate frameworks for SFS and SMS, which causes doubling of obligations (see analysis of impacts).

Institutional: depending on the MS decision on how to implement the scheme and the level of responsibilities entrusted to schools. In certain cases schools are even entrusted with securing and managing the contracts with suppliers. In most participating Member States and regions schools are faced with tasks related to the logistics and delivery of products, as well as managing their preparation and distribution to children. This is time-consuming and requires additional manpower. There are some positive examples where MS strived to reduce the burdens in the SFS: for example, in order to alleviate logistical difficulties, the Netherlands

[39] The SMS external evaluation concludes that for certain milk products the demand increase behaves under-proportional to the price reduction. For products such as pure drinking milk the financial effort to reach a higher participation is much higher than for products with elastic price elasticity (flavoured milk).

has reduced the number of suppliers. Consequently, the administrative efforts and control costs have been reduced. Poland introduced a flat rate per portion, which has had a positive effect on simplifying and streamlining the process of granting aid.

(4) "Where flexibility comes at a cost"

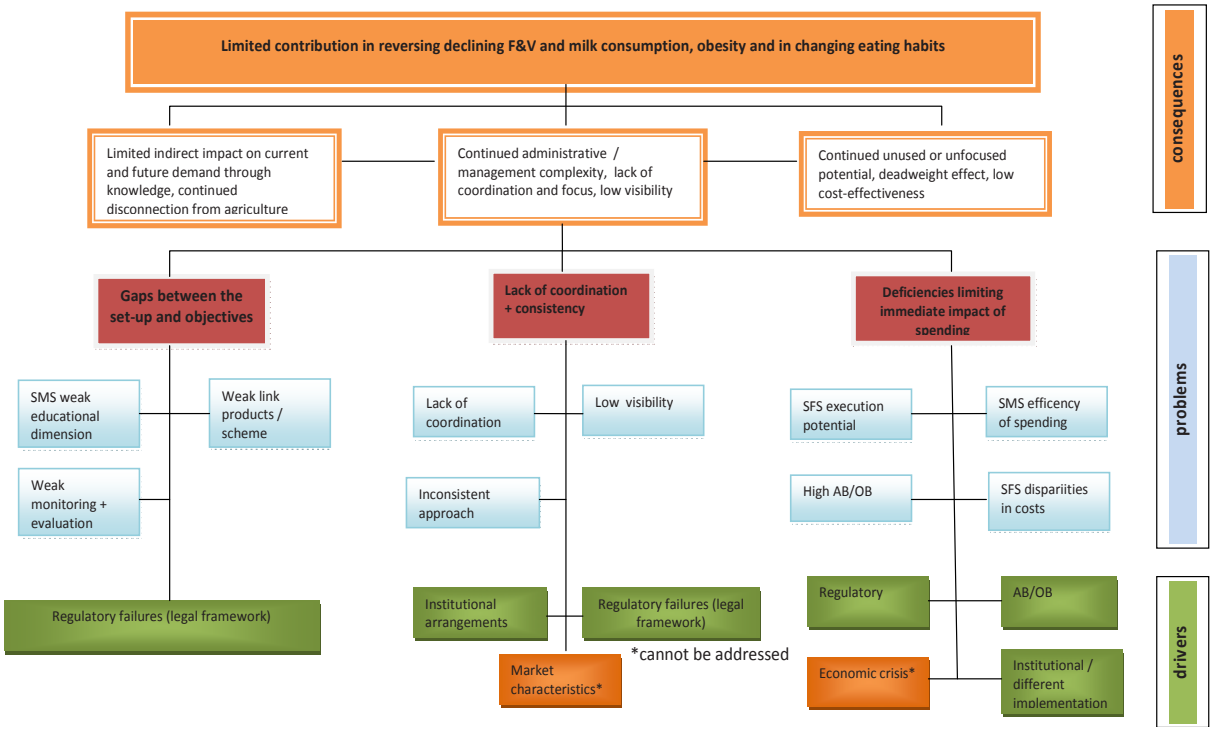
The Member States have, in line with the principle of subsidiarity, a wide margin to tailor the schemes to their needs (freedom in defining eligible products, the modalities of distribution, the frequency, accompanying measures and other parameters). But this can result in situations which hamper the functioning of the schemes. The CEPS study[40] concludes that in the case of SFS, more flexibility requires more documents, checks to ensure consistency, and most of all, financial soundness of the programme. Huge differences in approaches are reflected in particular in the price paid in individual MS/regions per portion or per kg. This review is not intended to limit the flexibility or the subsidiarity that MS enjoy, so this driver cannot be fully addressed. But the huge disparities in the prices paid under the SFS for similar products raise the question of the cost-effectiveness of distribution and the sound use of EU funds.

Example: The findings show that the ratio between the quantity of fruit and vegetable products distributed and the budgets spent varies significantly between Member States. In certain MS the price per kg of F&V distributed is €0.90, while in some other MS it can reach €6 to even €7 per kilo. The price per portion varies from €0.06 to €0.91. This price can be attributed partly to distribution costs, which vary considerably for a number of reasons such as geographical features (remote areas, islands), population density and the choice of products offered.

4.2.4 Problem tree

The following problem tree illustrates the "anatomy" of the causes and effects around the problems to be tackled:

[40] CEPS study "Measurement of administrative burdens generated by EU legislation – AB quantifications of SFs and SMS", 2011.



4.3. Who is affected, in what ways and to what extent?

A wide range of players are affected by the deficiencies in the functioning of the current schemes. Firstly, school children are affected, as final beneficiaries of both schemes, by the inefficiencies which do not allow for the potential of the schemes to be fully used or well-targeted to achieve the maximum impact within the limited funds. Additionally, children do not benefit equally under the current schemes from the educational measures and activities which bring them closer to the food and its producers.

The current system affects in particular the schools which are at the forefront of this intervention, currently implementing either one or both programmes. They are faced with high organisational, and sometimes also administrative and financial burdens.

The Member States are also affected by the lack of synergies, where separate frameworks and rigid financing systems do not allow them to increase the management efficiency, rationalise their operations and have necessary flexibility in operating the distribution of different products. They are particularly affected by the administrative and control requirements which are sometimes disproportionately high compared to the benefits coming from the implementation of the schemes.

Suppliers and producers (farmers) are affected in several ways. Firstly, they face complex procedures and administrative requirements. Due to the low visibility and attractiveness of the schemes, they are often unaware of the advantages they have to offer, especially as additional untapped market opportunities. The producers in particular do not benefit in the same way

under the two schemes from the opportunities that the educational measures offer, such as farm visits, which enable them to establish a closer link with children, parents and schools, and also to diversify their activities.

4.4. How would the problem evolve without a change in the policy?

The evolution of the identified problems in terms of economic, social and environmental impacts is assessed in chapter 7 under option 1 (CAP 2020) which represents a baseline scenario.

The continuation of the current CAP 2020 framework for the school schemes would negatively impact on the efficiency and effectiveness of the CAP school regimes, as it can be reasonably expected that the identified problems would continue to persist and would be even intensified over time.

The absence of obligatory accompanying measures will continue to weaken the effectiveness of the SMS. The educational dimension of the SFS is significantly improved by making these measures eligible for the EU co-financing which is expected to improve their quality and impact. The next wave of national evaluations in 2017 will evaluate their effectiveness and provide the results that will be used to improve the framework, if necessary. On the other hand, this would even widen the gap between the two schemes, as the SMS would continue with the voluntary accompanying measures. The evaluation system of the current SMS would not be able to provide the evidence-based results that would support the future decisions. Similarly, the low visibility will persist, to the extent that the link and recognition of the scheme will be further weakened.

The external evaluation of the SFS questions the efficiency of distribution in certain Member States, with the costs of products being even 600% or more, higher than in most of the other Member States. This problem is expected to continue if no change in the policy is foreseen. CAP 2020 increased co-financing rates for the SFs are expected to improve the use of the financial potential and reduce the under-execution.

The SMS evaluation, the ECA report and many contributions from the public consultation emphasise that the level of EU aid in the SMS covers only around 10% to 25% of the product's price (without taking into the account the costs related to the provision of services, such as transport, packaging and other logistics). In most Member States, due to slightly but continuously increasing milk prices, the share of the EU subsidy in the selling price for children has simultaneously been decreased over the last decades. In the Netherlands, the subsidy rate decreased significantly over the years, from about 27% of the price of whole milk in 1997 to about 10% of the price in 2012. Compared to the efforts and costs associated with the implementation and management of such a school programme, the cost-benefit ration for schools is very limited and is acting as a disincentive for participation. This in addition triggers the conditions for the so-called deadweight effect of the Scheme, as explained in chapter 4.2.3. This situation is expected to continue in coming years and could be even worsened should the projected milk/dairy prices increase, possibly increasing the deadweight effect and hampering the distribution to the groups with high nutritional needs.

The administrative burden associated with the management of the schemes is examined in chapter 7. The "no change" in the policy would mean the continuation with the complex

separate systems that do not allow for the management efficiency and negatively impact also on the effectiveness of the schemes.

4.5. The EU right to act and the added value

The EU right to act in this field is set out in several articles of the Treaty which make provisions for the CAP. Article 38 stipulates that "*the Union shall define and implement a common agriculture and fisheries policy*", with objectives of the CAP set in Article 39 and further provisions in Articles 40-44. Both the school fruit and school milk scheme were designed to bring young consumers to appreciate F&V and milk products, thus contributing to stabilising and enhancing respective markets in accordance with the CAP objectives.

Moreover, Article 168(1) of the Treaty requires that a high level of human health protection be ensured in the definition and implementation of all EU policies. With their health benefit potential, the current instruments are an example of the role that CAP can play in shaping a healthy diet, by integrating the health-related issues in the design and implementation of its policies.

The justification for EU action from the subsidiarity stand-point was already analysed in the IA which led to the establishment of the SFS. The analysis below demonstrates that the justification for EU action put forward at that time could be to a large extent applied also in the context of this review, **which does not entail an expansion of the EU action**. Moreover, some of the arguments in favour of the EU action put forward at that time were subsequently confirmed by the external evaluations, as explained below.

The overarching problems that underpin the action at the EU level in respect of school schemes affect many Member States. The continued declining consumption of F&V and milk products as well as the changes in consumption patterns towards highly processed products are a common phenomenon in the EU. So are the rising levels of overweight and obesity among children. These problems necessitate the EU involvement, as it has been shown in external evaluations that most MS would not be able to tackle them through their own resources, either at the national or regional level. Prior to the EU involvement in this area, some MS were implementing national programmes aimed at increasing the milk and/or F&V consumption, for example the UK milk scheme, the Irish "Food Dudes" F&V programme, "TuttiFrutti" in Flanders, and "Un fruit pour la récré" in France. The EU framework for the school interventions does not call for the abolishment or substitution of national initiatives. On the contrary, EU intervention is designed to enrich and strengthen existing national initiatives, especially through additional sources of financing which permit MS to expand the scope of their actions and increase their effectiveness. The legislative provisions provide for the clear rules that prevent crowding out of national funds for pre-existing programmes, as the EU funds cannot be used to replace funding for any existing national school schemes but can be used in order to extend or make more effective a scheme that already exists.

But a number of elements confirm that action at EU level is appropriate and provides an added value:

An EU framework provides first of all the **funding necessary** to implement valuable initiatives across the EU. If MS would have to rely exclusively on their own financial resources, most of them would not be in a position to implement ambitious initiatives,

especially "poorer" regions or MS. The latter is confirmed by the external evaluations of the current school programmes. Both the SFS and SMS evaluations conclude that almost all participating MS state that only with the common EU framework and its financial involvement it was possible to set up large-scale and nation-wide schemes. For example Germany ran a pilot project in F&V distribution in Dortmund, the Netherlands a small-scale programme from 2003-2005 but a nation-wide distribution was not feasible due to budget restrictions. The authorities in Spain, Hungary and Latvia explicitly stated that a SFS would not have been possible without EU aid. A similar situation applies also for milk, where 89% of interviewees stated during the evaluation process that the initialisation and implementation of the SMS would not be possible without the EU subsidies.

Furthermore, beyond its financial importance, the evaluations conclude that the EU framework has led to **greater credibility of programmes in MS**, visibility of the schemes, as well as an improved image and awareness of the EU.

A lack of EU action and the continuation of activities exclusively at the MS level would create a risk of discrimination between producers in those countries that do not have an access to the school schemes as a market outlet. Despite the limited direct economic impact of school schemes on the producers' income, the latter would not be able to benefit from establishing close links with schools as potential market for their products, children as consumers and future household managers and long-term benefits this connection can bring. The EU involvement gives the necessary impetus to MS to participate with its financial backing, thus providing for a more level-field access to these institutional markets. The EU regime produces additional added-value on top of already existing national schemes as it leads to a **continuous knowledge, transparency and experience transfer** among participating MS. Currently the SFS provides for this exchange via its dedicated website and annual extended stakeholders meeting (MS, sector, NGOs …).

At the same time, for the policy to be effective a certain degree of flexibility is necessary in its implementation to allow Member States to adjust the policy to local needs. The school regimes respect the subsidiarity principle, with the participation of MS in the schemes being optional and a wide discretion given to MS in designing and implementing their schemes (choosing the target groups, list of products, models of distribution and similar).

5. OBJECTIVES AND CONSISTENCY WITH OTHER POLICIES

5.1. Objectives

5.1.1. General objectives

The general objectives which were set for the schemes remain valid. That is primarily to durably increase the share of F&V and milk products in the diets of children at the stage when their eating habits are being formed, thus contributing to the CAP objectives of stabilising the markets and ensuring the demand in the long run. This increase can come directly through the consumption of products distributed under the scheme, and indirectly through out-of-school consumption on account of the knowledge acquired via educational measures. They are both expected to generate sustainable and long-term impacts. The consumption increase translates itself in the increased demand for agricultural products and income for producers.

The school schemes are also in line with the CAP general and specific objectives defined for the CAP post 2013, in particular with specific objectives of maintaining market stability whilst meeting consumer expectations, enhancing farm income, improving agricultural competitiveness and enhancing its share of value added in the food chain, and fostering innovation. Additionally, the schemes aim to contribute to the wider public health objectives of reducing overweight and obesity, and diet-related diseases by shaping the sustainable healthy eating habits.

Measurable and time-bound targets have not yet been set for the two schemes. Based on the experience acquired so far and the results of the evaluations of other international programmes, the following targets appear as attainable. The medium-term progress would be checked against the objectives after a 7- year period through an EU external evaluation, taking into account national evaluations covering 5-year periods.

– The target is to achieve a 15% increase in the direct consumption of F&V and milk products arising from the school schemes and the distribution of products. This is an attainable target and it is based on the available results from some of the national evaluations which measured the direct impact, as well as the US evaluation of their programme.[41] This target would have different impact in Member States, as the current consumption of F&V and milk varies across Member States, regions, age groups, gender and products (for example generally higher consumption of fruit than vegetables).

– The targets for the indirect consumption (out-of-school or on non-distribution days) are difficult to set, given the limited experience in measuring such impacts and given the number of external factors that contribute to consumption patterns. But according to some of the national SFS evaluations and the US experience[42], it is reasonable to expect 5% increase in indirect consumption for children participating in the schemes.

– As concerns the general public health objectives, a target cannot be directly set at this stage. However, data on public health from Eurostat, especially concerning the Body mass index and consumption patterns, will be of help when assessing the possible contribution in terms of health linked to the implementation of the school schemes.

[41] Several MS evaluations of the SFS indicate that the Scheme has led to an increased level of F&V consumption/intake in schools such as 21% increase in Poland, 65% in Italy compared to the control group. In the Irish Food Dudes evaluation also indicates an increase in fruit consumption by children of 25%. Pro-Children evaluation also reports 21% increase in three countries. Studies on school fruit schemes existing before the SFS show that children consume additional 0.14-0.99 portions of the daily recommended intake. The evaluation of the Fresh Fruit and Vegetable US Programme shows that students in FFVP schools consumed approximately 15% more F&V than students not participating in the programme.

[42] The MS evaluations indicate that this is often linked to the parents attitude on which the SFS has a positive influence, mostly with regard to their attitudes towards their children's diet – for example by providing more F&V products in lunch-boxes, variation and availability of those products at home and to a lesser degree even on their own consumption. According to the US evaluation, students in FFVP schools also consumed slightly, but statistically significant, more fresh fruits and vegetables outside of school (0.06 cups; 3%) than did students in schools not participating in the program, providing some evidence that FFVP may also indirectly increase fruit and vegetable consumption.

5.1.2. Specific and operational objectives and targets

With a view of providing an effective and efficient framework to reach the overall objectives and to address the emerging challenges identified in section 4.1, the specific objectives of the review are identified below. They can be translated into the operational objectives to be achieved through different measures.

(1) **Refocus the current set-up towards the long-term objectives**, with a view of equipping the schemes with the educational tools which are a pre-condition for reaching a sustainable impact on the consumption and bridging the gap between the educational dimensions of the two schemes**.** *The target in terms of effectiveness of the educational measures has been set under the increase in the direct and in particular indirect consumption**.** Additional target is to reach a level of 15-20% for accompanying measures out of the budget used (versus the current 5% spent on accompanying measures in the SFS and not known for the SMS).*

(2) **Contribute to reconnecting young citizens with food and its source,** thus enhancing perceptions of agriculture and its products, the CAP and the EU. *The target is to achieve increased knowledge, attitudes and preferences by reaching a target of 60% of eligible accompanying measures dedicated to agriculture and agricultural products out of the total number of measures implemented.*

These two specific objectives translate into the following operational objectives and measures:

(1) Boost and consolidate the educational dimension of the current regimes. This could be done by providing for compulsory educational tools, integrating various agricultural products and agri-related active measures (meet the farmers, etc.) within the context of educational measures and by providing guidelines on their implementation. As these measures are important in bringing about a sustained increase in the consumption of F&V and milk products and a change in eating habits, they relate directly to the public health objectives of shaping healthier diets and preventing diet-related diseases.

(2) Increase the link between the products and the scheme (the EU added value), by reviewing the modalities of distribution to increase the visibility and EU-added value and the requirements of information tools to accompany the distribution.

(3) Develop a common evaluation methodology for the EU and MS evaluations and annual monitoring of outputs, by introducing obligatory national evaluations over a 5-year period (which enables the evaluation of medium-term impacts); improving annual monitoring reports and by developing impact and result indicators to measure the long-term impact (through an ad hoc study).

(3) **Unify and consolidate the current separate legal and financial frameworks and increase the visibility of the EU intervention**, in order to ensure a globally consistent CAP approach to school distribution and maximise the management

efficiency. *The target is to have one common strategy per MS involved in the distribution of both products and to increase the visibility of the EU intervention.*

The operational objectives and measures would be to:

(1) Increase synergies between the current two schemes and their management efficiency. The objective is to encourage Member States, which are better placed to act in this area, to reflect and have better overview on how to prioritise their school intervention for the products in question based on the nutritional needs (by region, age group, social status and similar). Apart from the CAP objectives, this would contribute also to meeting the general public health objectives, in particular on reducing health inequalities.

(2) Increase the visibility of the EU schemes by designing an EU-wide communication campaign and dedicated website.

(4) Increase the efficiency of the spending dedicated to the promotion of the consumption of agricultural products in schools, where the financial potential of the schemes would be better targeted for the maximum impact and the cost-effectiveness of distribution would be increased. *In terms of the expenditure for the distribution of products, the target is to use the full potential dedicated to the F&V distribution annually. The target for the milk expenditure is to maintain the current average take-up and avoid significant decreases. The target for the reduction of administrative and organisational burden is to reduce the information obligations and processes by 30% for Member States and beneficiaries, which will increase the cost-benefit of implementing the schemes.*

Operational objectives and measures corresponding to this specific objective are to:

(1) Improve the conditions affecting the use of the budgetary potential by revisiting the financing arrangements linked to the functioning of the SFS and the SMS.

(2) Simplify the legal framework and reduce the administrative/organisational burden by reducing the number of procedures and obligations to the extent possible, by streamlining the products involved in the regular distribution, and by providing guidelines on "best examples" and the exchange of experience.

The progress towards achieving the objectives identified above would be steered using quantified impact and output indicators in the context of reforming the monitoring and evaluation framework described in section 9 of this report.

Table 2 – Intervention logic

PROBLEMS AND DRIVERS		GENERAL OBJECTIVES
Market implications of the low consumptions of F&V and milk products	**Increase the consumption and demand for F&V and milk products, contribute to meeting CAP objectives**	
Public health issues	**Contribute to public health objectives**	
The gap between the setting and the objectives	***Refocus the current set-up towards the long-term objectives*** ***Contribute to reconnecting young citizens with food and its source***	SPECIFIC AND OPERATIONAL OBJECTIVES (with measures)
Weak educational dimension	Boost and consolidate the educational dimension of the current regime	
**Missing specific educational tools for the SMS* **Different levels of ambition under SFS*	** Properly define compulsory eligible measures and their financing* ** Integrate various agricultural products and agri-related active measures (meet the farmers, etc.) within the context of supporting measures* ** Provide guidelines on their implementation*	
Weak link between the scheme and the products distributed (SMS)	Increase the link between the product and the scheme	
**distribution takes place during main meals* **limited information measures informing of the link between the products and the scheme*	** Review the modalities of distribution to increase the visibility and EU-added value* ** Review the information tools*	
Weak EU and MS evaluation and monitoring system	Develop a common evaluation methodology for the EU and MS evaluations and annual monitoring of outputs	
**No requirement of national evaluations under SMS* ** Insufficient output indicators* ** Insufficient impact and result indicators*	** Introduce obligatory national evaluations over 5 years* ** Improve annual monitoring reports* ** Develop impact and result indicators to measure the long-term impact (ad hoc study)*	
Missing "common identity" - lack of coordination and consistency	**Unify and consolidate the current separate legal and financial frameworks and increase the visibility of the EU intervention**	
Lack of coordination and consistency in approach **Different legal and financing framework* ** Lack of strategic planning and focus on priority needs*	Increase synergies between the current two schemes and management efficiency ** Introduce common strategies (planning and prioritising) and common administrative procedures*	
Limited visibility of the schemes and their link with CAP ** weak or absent external communication tools* **Different product characteristics and their supply systems* **Different institutional settings in MS dealing with both schemes*	Increase the visibility of the EU schemes ** Design an EU-wide communication campaign and dedicated website* **Cannot be addressed* **Cannot be addressed*	
Deficiencies limiting the efficiency of spending	**Increase the efficiency of the spending dedicated to the promotion of the consumption of agricultural products in schools**	
Execution short of its potential for SFS: **financing conditions (co-financing obligation)* **economic crisis*	Improve the conditions affecting the use of the budgetary potential ** Revisit the financing arrangements for the SFS* ** cannot be addressed*	
Inefficiencies related to the SMS potential ** financing and legal framework (low subsidy level, high AB/OB)*	** increase cost-benefit by reducing administrative burden* ** reduce deadweight*	
Where flexibility comes at a cost *flexibility and subsidiarity *absence of a limit on EU expenditure per product/portion	**cannot be fully addressed* **introduce a flat-rate EU contribution towards the cost of products*	
Administrative and organisational burden	Simplify the legal framework and reduce AB/OB	
** the EU and national requirements, separate frameworks* ** wide list of eligible products* **MS decision on how to implement the scheme*	** reduce the number of procedures and obligations to the extent possible* ** streamline the products involved in the regular distribution* ** provide guidelines on "best examples" and exchange of experience*	

6. POLICY OPTIONS

With the intention to meet the objectives set out in the previous section, the Commission services have analysed different policy options.

6.1. Pre-selection of policy options

A screening of different policy options has led to the identification of those policy options that are likely to meet the objectives the best and are in line with the relevance analysis from section 4.1. As a result of this evaluation, three policy options will be pursued in the impact assessment, as described in the following sub-chapter. These will be further assessed regarding their environmental, economic and social impacts.

The following policy options were, however, discarded as they were judged not to be reaching the set objectives and not in line with the analysis done in the IA so far (relevance):

– Discontinuation of the intervention at the EU level (no policy), whereby the promotion of the consumption of F&V and milk products would be pursued through other existing interventions (general AGRI promotion, F&V CMO promotion). This option was discarded based on the analysis concerning the need for continued school intervention. All of these measures have the potential to contribute to reversing the declining consumption of certain F&V and milk products but they employ different approaches and procedures. As explained in footnote 15, the school schemes are a different type of intervention than pure promotion, as they apply a balance between tasting/availability of produce and educational measures, which is scientifically upheld to be very effective. Even more importantly, they guarantee the continuity and regularity of intervention, which is important for reaching the set objectives.

– Discontinuation of the SMS programme only, whereby the only school intervention pursued would be the SFS. This option was ranked very poorly based on the screening criteria and in light of the analysis done on the relevance of continued intervention (section 4.1).

– New framework, focused exclusively on the disadvantaged socio-economic groups, which was discarded as the member States are better placed to decide on their target group according to their needs, which allows the measure to better achieve its goals.

– New framework with the regular distribution of a wider choice of agricultural products, in addition to the current F&V and milk products. This option was considered to be positive as regards the reconnection of children with agriculture and the variety of its products, but was discarded as it would be operationally difficult to implement and not proportionate (additional organisational burden for schools). Similarly, the public consultation feedback and the discussions with some MS did not show significant support for this option. In particular the MS were more interested in the occasional and limited (more educational) involvement of other products through accompanying measures.

6.2. Description of policy options selected for the detailed impact assessment

The scale and nature of all considered options are consistent with the budget allocation foreseen in the CAP reform and budgetary neutral to this. In line with general concerns expressed in the public consultation about all options, an EU-wide communication campaign would be envisaged for all options to bring visibility to the CAP school regime, bring it closer to children with communication tools, and promote EU initiatives in the area of health, food, agriculture and physical activity. Existing communication measures have been predominantly nation-wide and with a limited reach.

Option 1: CAP 2020 – the status quo

The status quo option already integrates the changes brought about by the CAP 2020 political agreement. The main elements under this option are the following:

– The current situation with two separate schemes is kept, as well as the different financing arrangements.

– The budget of the SFS amounts to €150 million per year, with higher EU co-financing rates (75%, or 90% for less developed regions). Accompanying measures under SFS remain obligatory but eligible for EU co-financing up to a limited threshold.

– The provisions pertaining to the SMS introduce a more strategic planning and approach to distribution through the obligation for MS to draw up national or regional strategies. Accompanying measures for the SMS are voluntary. The financing arrangements are kept unchanged, with the EU contribution limited to the aid per product (€18.15/100kg) and no overall ceiling on the EU expenditure.

Stakeholders' views

The main fear of the milk sector representatives and some Member States was that, under this option, the shortcomings of the current school milk scheme would persist, especially the lack of educational measures, low visibility and low level of aid. The sector representatives in particular were concerned that this would limit the development and effectiveness of the school milk scheme compared with the school fruit scheme. The representatives of F&V sector did not raise many concerns about this option, apart from a request to better define educational accompanying measures and increase the visibility of the Scheme at the EU level.

Option 2: Adjustment

This option is set to explore whether the objectives set in Section 5 could be achieved **within the current setting** but through the measures/changes aimed at bridging the gap in the educational dimensions of the current schemes, increasing the synergies between the two schemes, further simplification and improvements to the programmes beyond CAP 2020. This

option would as well maintain the separate financial and legal framework and the CAP 2020 financing arrangements, as well as the choice of products distributed. It would entail a revision of certain elements of the SMS, while the key elements of SFS would be largely unchanged compared to CAP2020 option, as the latter bring already significant changes.

Greater synergies and simplification between the schemes could be achieved by means of:

– Regulatory requirements set at the EU level, such as a requirement for a common strategy for both schemes, including obligatory accompanying measures for SMS, targeting, common communication measures (common poster, campaigns), merger of administrative requirements related to the aid applications, controls and other procedures;

– Practical synergies which Member States could achieve themselves (subsidiarity) in the organisation and logistics of distribution, controls and reporting and similar;

– Exchange of experience through joint annual meetings of authorities in charge of implementation and stakeholders, as well as through the creation of a common Group of Experts providing technical and scientific advice to the Commission (both are in place for the SFS).

This option would foresee the requirement of accompanying measures also for the SMS, with a strong educational and awareness-raising dimension, connecting children with agriculture, food, local community and producers, as well as with environment (avoiding food waste) and nutrition/health issues (balanced diet, healthy eating habits). Due to the different financing models of both schemes, where SMS aid per kg does not allow for any other measures to be co-financed, these measures would have to be financed from national funds, as was the case for SFS pre-CAP2020.

Stakeholders' views

The most frequently raised issues were difficulties in finding synergies between very different programmes and products (logistics and distribution). Many Member States and also the sector were united that option 2 does not provide for EU financing for supporting measures for the milk scheme and that the EU subsidy for milk is still low. They identified the continuation of the current school milk scheme financing model as a problem. They stated that because there is no overall envelope but aid is given per kilogram, there is insufficient flexibility in the scheme. Few national/regional administrations pointed out that some administrative procedures cannot be merged because of the different natures of the financing models for each scheme, with the risk of reducing the impact/reach of one or the other scheme.

Option 3: New framework

This option examines whether a **common legal and financial framework** should be established for the provision of agricultural products to children in schools. It would bring a more unified approach to the CAP school regimes, which would be strongly oriented towards the long-term objectives through common educational measures, while the distribution would be better focused on priority needs/products. The CAP2020 orientation to the products

coming from direct purchasing and short supply chains, taking into account elements such as seasonality and environmental considerations, would be kept. The common framework, which would be voluntary for MS and well-targeted through a national/regional strategy, could be based on the combined use of the following elements:

i) Strengthened educational dimension through common **accompanying measures** to accompany the distribution of products. The Commission would to draw up a framework (list of eligible measures and costs to ensure proper financial management and control of expenditure), leaving the Member States the choice of particular solutions that suit best their reality and fit with their educational systems. They would have a strong educational dimension, with a focus on agricultural issues (for example seasonality of products), nutrition/health (balanced diet, healthy eating habits) and environment issues (avoiding food waste, environment-friendly packaging and related environmental matters). In addition, they would provide a critical instrument to (re)connect the children with food, agricultural production, farmers and local heritage. The eligible measures and a list of limited products that could be involved occasionally in thematic measures would be defined in cooperation with the scientific expert group and left to the choice of MS (and its health authorities) based on their traditions, cultural preferences and in line with national health standards and criteria. The measures would most likely cover some of the popular measures, which are acknowledged to be effective, such as farm visits, gardening sessions, "meet the farmer" days, tasting sessions of different products to enrich children's tastes for fresh and minimally processed agricultural products, thematic days (traditional breakfast), etc. Apart from educating, these measures give children hands-on experience with agriculture, and sensory education to enrich their tastes and attitudes towards different products.

ii) Limitation of the **distribution of products** in schools to two "core products": **fresh fruit and vegetables and drinking milk only**. The fat content of drinking milk would be decided upon by national health authorities. This focus would be beneficial for several reasons:

- since the distribution would take place within the limited budget, it would reduce organisational burden for schools,

- it is in line with the need to help reverse the declining consumption trends for these two groups of products, as section 4.1. of this report establishes the declining consumption in particular for fresh F&V and drinking milk, while the consumption of cheese has increased,

- additionally, this would be in line with the overall practice, as fresh F&V products and drinking milk are the most distributed products under the current schemes in the majority of MS[43].

iii) **Common financing framework,** with:

- A limited overall EU budget dedicated to the school schemes that would reflect the CAP 2020 "acquired rights" for the schools schemes. Taking into account the

[43] As regards F&V, there are limited exceptions to this practice, such as Slovakia that has a high share of fruit juices in its SFS. For the SMS, plain milk has been a dominant product category with around 60-65% since 2008, followed by cheese with around 20-23%, flavoured plain milk 8-15% and yoghurts with around 4%.

concerns of stakeholders, the budget for F&V (€ 150 million) and milk (€80 million) would be kept separate. The limitation on the overall budget earmarked for the milk distribution is new and is justifiable based on the maturity of intervention and its stable performance over the years. Considering the differences between the products and their supply chains, as well as the different consumption situation across the MS, separate "envelopes" would be allocated to MS for F&V and milk. Certain flexibility would be provided for, where MS could transfer their "entitlements" between the envelopes based on their needs (prioritising of intervention through strategies). Within those envelopes, thresholds would be established for other eligible measures, such as evaluation and monitoring.

– Based on the experience so far, the level of EU contribution towards the cost of products would be limited through a fixed aid per portion for F&V and aid per kg for milk. This would abolish the principle of co-financing for the SFS, which would also help alleviate the huge disparities in the price for products distributed and would imply a simplification in terms of a management. The level of EU subsidy for the milk would be increased in order to reduce the deadweight effect (by enabling the distribution free of charge or close to it) and increase the cost-benefit of distribution. Within a limited overall budget, this would mean focusing the resources on a narrower target population and prioritising of intervention to maximise the impact.

Stakeholders' views:

The main concern of the sector concerning the new framework was that with the merger the distribution of one or the other product would be jeopardised and the impact of the current schemes would be reduced. This view was particularly prominent among fruit and vegetable stakeholders who feared that the newly acquired budget under CAP 2020 would be reduced on account of milk and that the "image" of fruit scheme could be compromised. Member States feared that if the budget for the new framework would be common, the F&V and milk sector would put lot of pressure on national administrations to allocate more for one product or the other. In addition, several contributions emphasised the differences between the products and the logistics of their supply.

Table 3: Overview of problems, objectives and options

PROBLEMS	*The gap between the setting and the long-term objectives*		*Missing "common identity" - lack of coordination and consistency*	*Deficiencies limiting the immediate impact of spending*
OBJECTIVE + FINANCING	**Refocus the current set-up towards the long-term objectives**	**Contribute to reconnecting young citizens with food and its source**	**Unify and consolidate the current separate legal and financial frameworks + increase visibility**	**Increase the efficiency of the spending**
CAP 2020	Better definition of SFS ACM + eligible for EU funding; SMS voluntary ACM	SFS SM + communication measures,	common communication campaign, SFS website	Some synergies possible in practice (common controls)
ADJUSTMENT	Introduce obligatory ACM for SMS (but) financed by MS	ACM for both schemes, SFS additional national communication measures,	EU communication campaign + website; merge administrative procedures as much as possible; common strategies; exchange of experience	Both: simplification to increase cost-benefit ratio; SMS: better define distribution modalities (outside meals) to reduce deadweight + targeting through strategies
NEW FRAMEWORK	Common and strengthened ACM with a separate financial envelope, common evaluation and monitoring,	Common ACM with consolidated messages and link with agriculture and products , communication measures	EU communication campaign + website; common strategies with planning and prioritising; common financing framework with built-in flexibility; common administrative procedures; exchange of experience	Higher milk subsidy level within limited budget + reduced AB/OB (avoid deadweight); no national co-financing for F&V + reduce disparities in cost of products; simplify distribution by reducing list of products distributed + overall simplification through common procedures;

7. ANALYSIS OF IMPACTS

When analysing certain impacts, in particular those arising from the consumption of products provided through the school schemes, it is difficult to fully assess their final or "real" impact. Other "competing" promotion activities, such as those for sweets or soft drinks, could be intensified and in turn counterbalance or diminish the impacts arising from the school promotion.

7.1. CAP 2020 – "status quo"

This scenario already integrates the changes which will be brought about by the CAP 2020 reform to the school distribution. Therefore, it can be considered as an improved status quo and a baseline for the assessment of other policy options.

7.1.1. Economic impacts

The economic impact of this scenario mainly comes through the immediate effect on the demand for F&V and milk products arising from the school intervention, predominantly coming from the direct consumption of products provided in schools and indirectly, by influencing children's knowledge, attitudes and perceptions towards products in question.

– *Direct and indirect impact on the demand*

School Fruit Scheme

The increased funding for the SFS to €150 million per year will likely yield a higher immediate impact on the market in terms of volumes distributed, generating the direct

increase in the demand. However, the new budget is not exclusively used to increase the scope of the scheme in terms of the volumes distributed, especially due to the eligibility of accompanying measures for EU co-funding and the raise in the EU co-financing levels.

The table in Annex 5 illustrates the likely impacts of the CAP 2020 reform in financial terms and consequently impacts on the market in terms of the volumes distributed. The calculations show that the potential output is around 75 400 tons. It can be assumed that the uptake of funds (and consequently the output) will be better under this option, given that CAP 2020 addresses some of the drivers identified as hampering the uptake (SFS co-financing rates). The majority of these funds and volumes will be channelled to fresh F&V, which are predominantly distributed under the SFS. However, the impact depends on a case by case basis. The share of processed F&V varied from approximately 1 % in North Rhine-Westphalia to 62 % in Slovakia.

An additional impact is expected to come "indirectly" though increased consumption of F&V outside of school and on days outside of distribution due to the acquired experience and knowledge (via accompanying measures). The recent US evaluation of FFVP concludes that students participating in the programme consumed slightly, but statistically significant, more fresh F&V outside of school (0.06 cups or 3%) than did students in schools not participating in the programme, providing some evidence that such programmes may also indirectly increase fruit and vegetable consumption. What should not be neglected in the analysis of potential impacts of the school distribution is the potential to create spill-over effects or the multiplier effect. The impact of the school distribution can go beyond the participating children and have a positive influence on parents, mostly with regard to their attitudes towards their children's diet – for example by providing more F&V products in lunch-boxes, variation and availability of those products at home and potentially even on their own consumption.

Furthermore, given that CAP2020 orients the distribution towards the products of EU origin[44], to the extent practicable, and particularly to local purchasing, local markets and short supply chains, it is possible that the above impact would be felt more prominently by local producers which could find an additional "niche" for their products in these institutional markets. This depends to a large extent on the decisions of MS and schools on how to implement this provision and the organisation of the sector. Local producers might not always have capacities to supply fully and all year around the needs of schools. But this could be an incentive for a better organisation and cooperation where suppliers could work through cooperatives to serve these markets. There are several possibilities under other CAP instruments which provide support for this type of cooperation (fruit and vegetables Common Market Organisation, rural development instruments).

School Milk Scheme

Given that the CAP 2020 does not bring any changes to the financing arrangements for the SMS, the potential of the scheme in terms of volumes distributed and budget spent most likely will not change substantially, considering that the conditions for participation remain broadly unchanged, especially the current subsidy levels. However, with unchanged subsidy level

[44] The concept "to the extent practicable" is not yet defined in detail at the EU level but in practice it would mean that produce which is not generally EU grown may still be purchased.

which in general covers only around 10% to 25% of the product's price, the attractiveness of the scheme could decrease if the projected milk/dairy prices increase, reducing even further the EU participation towards the cost of the product and the cost-benefit of participation.

The introduction of the obligation for MS to draw up national strategies also for SMS may be considered by some as an additional administrative burden and a deterrent for participation. This risk is bigger for those MS that use the scheme at a rather low level. The introduction of this obligation could thus result in a reduced use of the SMS and corresponding EU spending. For those MS that already have national strategies, the new obligation should not result in any change.

Based on the current practice, it is likely that a majority of these funds used under the SMS will continue to go to the distribution of drinking milk with or without flavour (73%), followed by cheeses other than fresh (around 16%), fresh cheese (around 6%) and fermented milk products (around 5%), for which the consumption trends are increasing.

– *Long-term impact on the demand*

As regards the SFS, CAP 2020 boosts accompanying measures which are designed to bring about a sustainable increase in the consumption even when the school distribution is terminated. This would thus enhance future consumption and demand for the F&V products. Higher consumption is in turn beneficial for producers since increased demand could mean higher sales (assuming that the consumption is not only increased through waste reduction and/or imports), positive impact on the local economy and cooperation. Similarly as above, this impact is not limited only to children but can also have a spill-over effect on parents and/or teachers.

Impacts on the long-term demand depend also on the proactive and business oriented approach of farmers, suppliers, cooperatives and producer organisations (POs) in approaching schools as a potential long-term market outlet and exploring alternative ways of increasing the consumer base.

The CAP 2020 does not bring significant changes to the educational dimension of the SMS, which means that this aspect will be left up to the discretion of the MS, schools or suppliers to provide non-obligatory measures. This has been done currently by almost a half of the MS in different forms and with different concepts. This will likely continue in the future.

– *Consumption*

As demonstrated above in the analysis of impacts on the demand of F&V products arising from the SFS, it is likely that the direct and indirect consumption of F&V products will increase[45]. With education and change in eating habits, this increase could be significantly higher in the long run if these habits become sustainable.

It is difficult to assess at this juncture the long-term impact of this option because the scheme is still relatively "young". An evaluation and monitoring system, which is in place for SFS,

[45] It is assumed that the increased consumption in school setting would not have a substitution effect as regards the products consumed out-of-school due to increased knowledge and more favourable attitudes towards products.

enables the monitoring of impacts over a longer period. The next wave of national evaluations is foreseen for 2017, which is a suitable intervention period to assess more long-term impacts (after 8 years of implementation). The recent evaluation of the US Fresh F&V Programme (FFVP) indicates that the programme increased average F&V consumption among students in participating schools by approximately 1/3 of a cup per day which represents an increase of 14.6% over F&V consumption levels in the absence of the programme.

The current setting of the SMS does not include the compulsory monitoring and evaluation of the impacts that the scheme has on consumption. Given that the trend in the distribution (volumes, budget) has been rather stable, it is assumed that the consumption resulting from the school distribution will remain stable. In MS where overall dairy consumption is still well below the EU average, there is still room for catching up and the SMS may play a role in this respect by changing eating habits in the early years of life.

In addition to the two CAP schemes, the promotion of the consumption of F&V and milk products takes place also through other EU and national instruments and campaigns.

– *Farmers' income and prices*

Current school schemes do not have the potential to create a significant impact on the prices or farmers' income, given the limited budget and quantities of products involved compared to the total value of respective sectors.

When it comes to the income, the greater the increase in the demand (immediate or long-term), the bigger the impact will be. As regards SFS, the impact on the income of individual producers involved in the distribution to schools (if direct sourcing) could vary significantly among regions or MS. Some can make high profits where a kilo of F&V can reach even €7, while in other cases it is €0.90. Given that CAP 2020 does not bring any changes in this regard, this situation will likely continue. On the other hand, the subsidy level under SMS is fixed per 100 kg of milk or milk equivalent, therefore no change is expected from this aspect.

The CAP 2020 orientation towards products of EU and/or local origin for SFS has the potential to bring more benefits to the EU producers, especially local producers, if products are sourced directly. Giving priority to the local supply chains has its advantages as well. The shorter the chain, the greater the transparency about how the final price has been created, which could be beneficial also in the light of the weak bargaining position of producers in the food supply chain. Short food supply chains furthermore help keeping the value added within agricultural sector while at the same time bringing consumers closer to the source of the food they eat.

Producers or suppliers have also a possibility under both schemes to stimulate their income through alternative approaches, in addition to the distribution directly to schools. This depends to a large extent on their business orientation and proactive approach. A concrete example can be given of suppliers of the Dutch SFS which offered to parents voluntary contracts for the supply of products outside the regular school distribution.

– *Innovation*

Both schemes have the potential to foster innovation and research for the creation of specific products that are suitable for school distribution. Examples include attractive and ecological packages, vending machines for the F&V or milk distribution, as well as innovative products

in child-friendly sizes. Concrete example comes from the Polish implementation where small (0.2l or 0.25l) and colourful packages were produced exclusively for the purpose of the SMS (before introducing the SMS, milk was not produced in such small packages in Poland).

– *Trade with third countries*

CAP 2020 is in line with the EU's international trade obligations. In addition, the impact arising from the school schemes on the trade is not significant, considering the small quantities involved and the sourcing of products (mostly local/regional both for SMS and SFS).

7.1.2. Social impacts

– *Public health*

Both schemes bring an increase in the consumption of products of high nutritional value, both immediately through school distribution and in the long run, which is beneficial from the public health point of view. With strengthened SFS accompanying measures, better preconditions are put in place for having a more significant impact on the sustainable change in eating habits. Even a small increase in the consumption of F&V products may confer health benefit and is important because population dietary changes are generally small and incremental.

The provision of a compulsory prior strategy by Member States under the CAP 2020 for the SMS may enhance thorough reasoning for a better targeting of the scheme with regard to eating habits among children, with the expected longer term benefits when they become grown-ups.

Milk and milk products contain important micronutrients which are beneficial for the health. Under the CAP 2020 option, a wide variety of milk products would continue to be eligible for aid, where their impact on the weight management depends on the way MS implement the scheme (choice of products, portion sizes, frequency). Health benefits of nutrition being dependent on a balanced diet, those of milk products distributed under the SMS will also depend on the accompanying measures that the Member States may decide to take.

– *Social and territorial balance*

The CAP 2020 option is expected to ensure the continued impact of school distribution on social and territorial balance. The current schemes can play a role in addressing the Europe 2020 objective of reducing poverty and social exclusion by providing access to economically disadvantaged schools or children to healthy and nutritious food through school distribution. This aspect could gain increased importance in the current economic and financial context. It is established that children from socioeconomically disadvantaged families tend to have the lowest intakes of products with high nutritional quality, such as fruits and vegetables or dairy products. Clear differences in behaviours as regards food choices subsist between consumers depending on levels of revenue or education, and social class (reinforced by gender).[46] In line with the principle of subsidiarity, MS will continue to have the possibility to specifically focus their schemes on more "vulnerable" groups through national strategies, if they consider it appropriate.

As concerns the balance among MS and regions, the CAP 2020 provides for higher EU co-financing rates of the SFS for less developed regions (90% compared to 75% for other regions) and this aspect is taken into account also in the calculations of allocations per MS. This change is in general positive for the less developed regions which will make it easier for them to implement the scheme. However, this impact has yet to be ascertained. With the continuation of compulsory national co-financing, MS or regions in severe economic difficulties could struggle in meeting these obligations (even if they are lower). There is a potential risk that some regions will nevertheless continue not to participate and that maybe additional regions/MS will pool out because of this obligation if they have difficulties in securing the national part to enable the school distribution in time. In case MS decide to substitute the public contribution with private sources, possibly also through parental contributions, this may shift the financial burden on the family income. Currently in most of the MS or regions (20), however, the distribution of products under SFS is completely free of charge for children and their families, but it cannot be said with certainty that this will continue.

On the other hand, the SMS does not impose co-financing, which allows MS to participate without an obligation of providing a national top-up. So the basic level for participation is ensured which is beneficial for MS who have economic difficulties, where children can get access to dairy products in schools. Given that the EU subsidy level is very low, this nevertheless implies that in many cases a high private contribution (mostly parents) is required which can contribute to social exclusion where parents cannot afford to bear the costs.

– *Employment and job creation*

Current schools schemes do not have a potential to create a significant impact on employment and job creation.

Should there be a significant increase in the demand for F&V and milk products resulting from the school distribution, this could potentially imply an increased labour demand.

[46] INRA report, p 8 and 12.

Depending on the business orientation of producers, there is a potential that cooperation with schools could lead to a diversification of activities, for example by offering farm visits for schools or setting up of school gardens within the context of accompanying measures.

7.1.3. Environmental impacts

Under this option, the management of both schemes remains decentralised. Therefore, the environmental impacts depend to a large extent on how the schemes are implemented by national/regional authorities and schools.

As regards SFS, the CAP 2020 not only preserves the elements which were encouraging MS to take into account environmental considerations when choosing the list of products to be distributed (such as seasonal or organic products), but it even strengthens them. Namely, stronger orientation is given towards the distribution of products coming from local purchasing, short supply chains and local markets that may have positive environmental impacts.

However, the Study on short food supply chains[47] reveals that to minimize the negative impact on the environment, short food supply chains should at the same time be local, be seasonal, use ecologically sound production methods and take into account a low carbon footprint. Combining local and seasonal characteristics reduces storage needs, while ecologically sound production methods may also contribute to reduced use of pesticides, soil and water pollution and soil degradation, and enhance biodiversity and sustainable water usage.[48] In many MS, portions of F&V are distributed to children in packages (often because of hygienic concerns), which might have negative environmental considerations. However, many MS use reusable or at least recyclable packages.

Accompanying measures provide for a possibility to integrate environmental concerns in their design, for example teaching children about environmentally-friendly aspects of the schemes (production, packages, transport) and/or about avoiding food waste by not discarding products which have minor imperfections but are of good quality otherwise. This is particular important for fresh F&V which generates a significant degree of food waste.

The CAP 2020 does not bring new elements for SMS as regards environmental considerations. Due to the hygienic requirements and production characteristics, the SMS cannot stimulate direct local purchasing. Nevertheless, the products distributed under the scheme mostly come from the local or national dairies, especially if they are fresh, therefore avoiding long transports routes and carbon emissions associated with it.

7.1.4. Budgetary impacts

Under status quo option, the impact on the EU budget will remain as estimated for the CAP2020 reform.

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[47] JRC scientific and policy reports, Study "Short Food Supply Chains and Local Food Systems in the EU. A State of Play of their Socio-Economic Characteristics"
http://agrilife.jrc.ec.europa.eu/documents/SFSChainFinaleditedreport_000.pdf

[48] Report from the Commission to the European Parliament and the Council on the case for a local farming and direct sales labelling schemes, COM(2013) 866 final, 6.12.2013.

The budget dedicated to the SFS amounts to €150 million, with EU co-financing rates of 75%, or 90% for less developed regions. Under this option, the risk of crowding out national or private sources is not excluded, as the SFS co-financing rates are increased. Calculations show that approximately € 30 million out of the total € 150 million is necessary to cover the increase in the co-financing rates. For regions and/or Member States that currently have difficulties in providing the required national part, it is likely that their contribution will not be higher than what is necessary. For some other MS that have well-running schemes, there is a possibility that they will continue providing the same amount of funds as in the previous budgetary context, where the substitution effect would not occur. Private or parental contribute is quite limited under the SFS, so this is not expected to change with the CAP 2020. Additionally, the EU budget allocated to the SFS in CAP2020 reform will also allow to co-finance accompanying measures, which were so far financed from national funds only. It is supposed that the higher co-financing rates will enable MS to fully use their envelopes.

The financial arrangements for the SMS remain unchanged and the impact on the EU is expected to remain neutral, even though theoretically the absence of an overall ceiling on the EU contribution could be seen as an element of uncertainty. Should the uptake of funds increase significantly, this could not be accommodated by the limited amounts available for the market measures in the EU budget 2014-2020. This is however unlikely to happen, considering that the conditions for participating in the scheme have not fundamentally changed. The impact on Member States' budgets depends on their involvements, as national top-ups are optional. For those not providing national top-ups, the budgetary impacts are negligible (limited to the administration of the scheme). In such cases, the financial burden is borne by private sources (mainly the children's parents), since the EU subsidy is too low to fully cover the cost of the products. Conversely, more than half of the Member States provide national top-ups, some of them being quite significant (over € 24 million in PL). The more Member States provide for national top-ups, the more pressure mounts on Member States' budgets and the less pressure is put on private contributions.

7.1.5. Administrative costs and burden

The administrative burden linked to the school schemes and its possible reduction is examined in detail in Annex 6 of this report. The sources used to assess this burden consist of the most recent external evaluation reports dealing with the school schemes that are considered as reliable in terms of mapping of the baseline and methodology used[49].

Conclusions from the CEPS report on the administrative burden within the SFS and SMS show that annual administrative burden per school and per pupil ranges from €32.9 (SFS) and €34 (SMS) and from €0.22 (SFS) and €0.28 (SMS) respectively, which is confirmed in the AFC reports on SFS, while the AFC report on the SMS estimates the cost at 0.35€/child.

[49] The main data sources for CEPS report as well as for the AFC reports on SFS and SMS were provided by DG AGRI (MS strategies, monitoring and evaluation reports, legislation) integrated with interviews with MS competent authorities and stakeholders. The mapping of information obligations was also provided by DG AGRI. The Standard Cost Model was applied to the largest extent possible and integrated with other methodology that also involves recommendations and good practice examples within the Commission's framework for impact assessments and evaluations. AFC reports chapters on administrative burden are based on the CEPS study that made also use of the EU database on AB and the AB calculator. For the SFS in particular, AFC report contains a case study on AB.

Total administrative costs for the SFS are estimated at 1.08 million Euro, while for the SMS they are around 5.27 million Euro. The number of quantifiable obligations for the MS and the beneficiaries of the schemes subject to possible reduction is estimated at 54 information obligations.

7.2. Adjustment option

The main impacts arising from this option are expected to come through the strengthening of SMS educational dimension and synergies in the implementation of both schemes, whilst keeping the current separate setting.

7.2.1. Economic impacts

– *Direct and indirect impact on the demand*

The potential of the schemes in terms of volumes distributed is expected to be the same as for option 1. But with significant reductions in the administrative burden and a single framework for administrative procedures with SFS, it is possible that this could be an incentive for participation and better use of the schemes' potential. With the introduction of obligatory accompanying measures for SMS, this is likely to increase the indirect impact on the consumption of milk products outside the school distribution and spill-over effect.

– *Long-term impact on the demand*

This option would in particular increase the long-term potential of SMS with the introduction of compulsory accompanying measures. These measures not only increase children's knowledge and tastes but also allow farmers to establish links with the school and its environment (children, parents) through for example school visits. This contributes to reconnecting children with the source of their food and laying foundations for the future demand for agricultural products.

– *Consumption*

With the introduction of accompanying measures, the direct and indirect impact on the consumption is expected to be greater. As established by the US evaluation concerning the F&V distribution, nutrition education and promotion activities in schools are one potential mechanism through which the programme may affect student attitudes, leading to increased fruit and vegetable consumption.

– *Impact on farmers income and prices*

In addition to impacts presented under option 1, accompanying measures for both schemes could contribute to the diversification of activities and additional income for farmers (directly and indirectly) through measures such as farm visits, meet the farmer days and similar.

– *Innovation*

As presented under option 1, both schemes have the potential to foster innovation and research for the creation of specific products that are suitable for school distribution.

– *Trade with third countries*

Same as option 1.

7.2.2. Social impacts

– *Public health*

Impacts associated with the increased consumption of F&V and milk products, arising both from the direct school distribution and indirectly through knowledge acquired through educational measures, are expected to be beneficial from the public health perspective. Compared to option 1, impacts could potentially be higher due to the introduction of accompanying measures for SMS which comprise also nutritional education.

– *Social and territorial balance*

Impacts should be similar to those of option 1.

– *Employment and job creation*

Impacts are expected to be similar as under option 1.

7.2.3. Environmental impacts

Environmental impacts of both schemes are expected to be similar to those described under option 1. However, with the introduction of accompanying measures for SMS, there is more potential to include certain environmental topics, such as avoiding food waste, environmentally friendly production and similar.

7.2.4. Budgetary impacts

This option is budget neutral compared to CAP 2020 and does not foresee any changes to the financing systems of current schemes. It is assumed that the trends described under option 1 as regards national or private participations would continue. If the expected reduction of administrative burden would increase the attractiveness of the SMS, there could be an uncertainty as regards the EU budget, as there is no overall envelope that limits the EU expenditure.

7.2.5. Administrative burden and simplification

The administrative burden in option 2 compared to CAP 2020 status quo is mainly represented by the accompanying measures. Since they become obligatory also for the SMS, this entails an additional administrative and organisational burden linked to their design and implementation, notwithstanding the fact that existing experience from the SFS could be of help. In fact, the designing and implementation of this type of measures requires co-ordination among Ministries, suppliers and schools as well as a performing organisation. In particular, the administrative and organisational burden will be much higher for schools in case they would be responsible for their implementation, while in case of procurement the burden would be mainly administrative and lie on the public administration.

Within the SFS these measures are eligible for the EU aid under CAP 2020 while national financial resources will become necessary for them also under the SMS. This could be a challenge especially when schools are responsible for their implementation.

This increase of burden is counterbalanced by its reduction in other obligations linked in particular to the strategy, aid applicants and aid payments, administrative and on-the-spot checks and information about the schemes.

Under option 2 one strategy is required instead of two. Since the obligation for a strategy is set also for SMS in CAP 2020 framework, this entails a reduction in obligations concerning the drafting, MS internal approval, notification and translation as they will apply to one document instead of two. Moreover, the previous experience gained from SFS and SMS will be of help.

A burden could come from the effort required to coordinate the different bodies involved in the drafting and implementation of the strategy but normally the same Ministries (Agriculture, Health and Education) are involved in SFS and SMS and the strategies normally represent a one-off cost, especially when they are multiannual.

In case common procedures would be set for the selection/approval of aid applicants, distribution of products, aid payment, administrative controls, on-the-spot checks and information about the schemes, this would also entail a reduction in the burden even though not quantifiable since it depend on the MS choice regarding the implementation (centralised/decentralised). So, for instance, the burden would vary if some suppliers are responsible for the distribution or each participating school has to manage this activity. The same for the information about the schemes that can be centralised with one poster/other tool used in all participating schools or decentralised, with a wide range of tools used.

As concerns monitoring and evaluation, they remain separate under the two schemes so there is no impact in terms of administrative burden.

Option 2 will not entail additional burden for the European Commission but will require more services co-ordination, as the management of the schemes would remain internal.

In conclusion, the reduction of administrative burden for Option 2 can be only estimated in terms of number of quantifiable obligations and could be 30% (from 54 to 39 obligations) compared to status quo, in case common procedure would be established for some activities as explained above.

7.3. New framework option

7.3.1. Economic impacts

– *Direct and indirect impact on the demand*

Given that this option is budget neutral compared to CAP 2020, its impact in terms of the volume of F&V products directly distributed in schools will most likely be similar as under other options, if it is assumed that MS will continue providing similar or even higher amounts of national top-ups due to the increased attractiveness of the programme and reduced

administrative/organisational burdens. So the abolition of obligatory national co-financing for the F&V will most likely not have an impact on the overall funds available and consequently the volumes of products distributed. Milk scheme started also as a co-financed programme in 1977, but this was abolished in 1983 as it was not functioning well. This has brought a positive development, as currently even in the absence of obligatory national co-financing, national top-ups under milk scheme have been high (even though not for all MS). They currently represent 77% of the EU contribution (€54 mio of national top-ups vs €70 mio of EU funds in 2011/2012). Furthermore, due to its increased visibility, it is expected that producers/ suppliers would take greater interest in the scheme and contribute either financially or in kind (with free products).

The direct impact of distribution is expected to be higher on the volumes of fresh F&V and drinking milk distributed, as the available funds would be focused and impact would not be dispersed on other products. However, the volume of other products currently eligible under CAP2020, such as processed F&V and some dairy products like cheese and yoghurts, will be lower, as they would be excluded from the regular distribution. But this impact is expected to be limited in the majority of MS, as these products do not represent the most frequently distributed products.

It is expected that that there will be no negative impact on volumes of milk distribute because of limited overall budget, as the budget foreseen for milk under this option corresponds to the actual expenditure of the SMS in the last years. But the increase in the EU subsidy level for products will likely bring a reduction in the quantities of volumes distributed, if national top-ups remain unchanged. It is likely that a more attractive and visible programme would trigger the MS or private sources (e.g. dairies) to increase their contribution or start contributing financially, especially those who currently do not provide any top-up, thus allowing to maintain or increase the scale of intervention. The indirect impact is expected to be significantly higher with enhanced educational dimension to accompany the distribution, which is in turn expected to increase the spill-over effect.

Similarly as option 1, the orientation of the scheme towards local products is likely to bring more direct benefits to the EU and local producers, especially for F&V. Increased visibility and attractiveness of the scheme will likely generate more interest from the producers and consequently encourage different forms of cooperation, if schools are perceived as an interesting market opportunity. This could in turn add to other effort CAP is investing in encouraging cooperation and organisation under the sCMO Regulation or other instruments.

- *Long-term impact on the demand*

With a strong orientation towards educating and reconnecting children with food and agriculture, in turn establishing closer links between producers and schools, there is a bigger potential to increase the consumer base and demand for fresh and minimally processed products in the future. This brings benefits to the producers through increased sales and also direct feedback from consumers concerning their products, contributing to the product development.

- *Consumption*

The impact on the consumption of fresh F&V and drinking milk is expected to be slightly higher than in other options through the focused distribution. A common strategy furthermore

enables MS to better target their intervention based on nutritional needs, as the situation in consumption is not the same across MS, as seen in section 4.1. On the other hand, this narrower focus could have an impact on the diversity of products offered, especially other dairy products. However, supporting measures offer certain possibilities where children could occasionally taste different products as a part of educational approach.

– *Impact on farmers' income and prices*

This impact is expected to be similar as under the other options, albeit slightly higher with greater possibilities of diversification of activities and involvement in the supporting measures.

The introduction of flat rate per portion for fresh F&V will bring a more level playing field as regards the price of products distributed under the scheme, which could be felt by the producers if products are sourced directly. If an average price per portion currently paid under the SFS across 24 MS is used (€ 0.30 for 120gr), this can nevertheless give enough margin and profit for the producers in case of direct sourcing.

– *Innovation*

Same as for options 1 and 2.

– *Trade with third countries*

Same as option 1.

7.3.2. Social impacts

– *Public health*

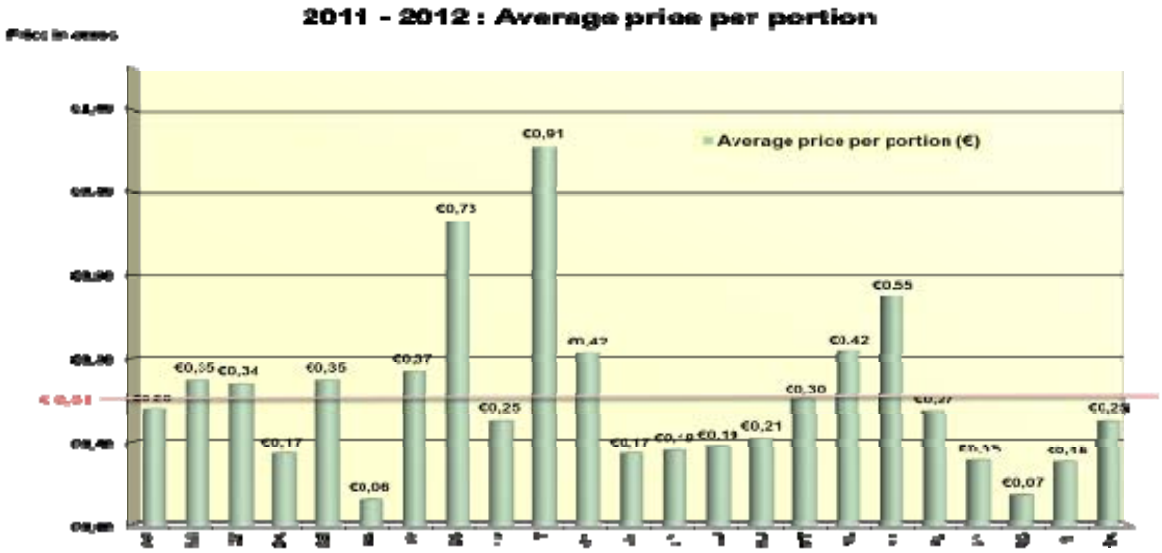
This option is expected to have a greater impact on the public health with a limitation of the regular distribution only on fresh F&V and drinking milk, which is more consistent with the weight management and the prevention of overweight and obesity. The involvement of national health authorities in the approval of all the products included in the scheme is an additional positive element, as is the possibility of targeting through national strategies. The latter can be done based on different criteria, amongst others on the basis of nutritional needs and socio-economic situation in order to reduce health inequalities. This is clearly a subsidiarity issue.

Impacts that this option could have on the consumption of other products, like a substitution effect where F&V or milk replace chips, chocolates or soft drinks, is difficult to estimate but possible through increased knowledge. The school schemes operate under a limited budget compared to the advertising of other "competing" products. Such advertising has a particularly strong influence on the preferences, diets, and purchases of children, who are the targets of many marketing efforts.[50]

[50] Institute of Medicine, 2013). http://frac.org/initiatives/hunger-and-obesity/why-are-low-income-and-food-insecure-people-vulnerable-to-obesity/

– *Social and territorial balance*

The overall impact as expected to be similar to the other options. However, the abolition of obligatory national co-financing also for F&V is likely to be beneficial for regions/MS in economic difficulties. Moreover, despite the abolition of the co-financing rates, which are higher for less-developed regions, the flat rate per portion is expected to be favourable for most of the less developed regions where products tend to be cheaper, especially if it is set at the level of the current average price per portion.



Additionally, if the EU subsidy level for milk is increased, this will potentially put less burden on private (parental) contributions but it could lower the scope of intervention (less children can benefit).

– *Employment and job creation*

These impacts will likely be similar as in option 1 but with greater potential for diversification of activities through supporting measures.

7.3.3. Environmental impacts

Same as for previous options. In principle, there could be a reduction in the waste from packaging and energy needed for the storage of products that could arise from the fact that the range of products is reduced to the group of two products. Therefore, the storage of products, such as yoghurts, fruit juices, cheese, would not be required in relation to the distribution. Member States remain responsible for the implementation of the programme and any efforts aimed at reducing waste and the inclusion of environment-related topics under the accompanying measures.

7.3.4. Budgetary impacts

This option will be budgetary neutral for the EU and will remove uncertainties by introducing the overall limit on the EU expenditure for the school schemes.

As regards the impacts on the national funds, the abolition of the co-financing principle will be beneficial. However, the EU funds cannot fund very ambitious programmes, therefore there is a need for MS to continue providing national top-ups in order to enlarge the scope and/or the intensity of their intervention.

7.3.5. Administrative burden and simplification

For Option 3 similar considerations as for Option 2 can be expressed concerning the design and implementation of the accompanying measures. This key element of the framework designed to reach long-term objectives would entail additional burden especially in the conceptual part. However, since they'll be financed by the EU aid this would allow to involve companies specialised in this area. In this case the burden will concern more the procurement part than the implementation of the measures itself. The biggest effort is expected in the first setting up although it can benefit from SFS experience, representing a one-off cost/burden for the MS.

The same considerations as for option 2 apply also to procedures concerning the strategy in terms of reduction of administrative burden. Moreover, within option 3 there are a number of other procedures and information obligations that will be substantially reduced with one scheme to implement instead of the existing two. In particular, selection/approval of aid applicants, distribution of products, aid payment, administrative controls, on-the-spot checks and information will have one single legal basis and one single strategy to comply with. While under option 2 these procedures are potentially subject to synergies, under option 3 they are part of a single coherent framework so that the reduction is more certain than in option 2.

An important reduction in administrative burden will also concern the distribution element, because of the limitation to two products instead of the wide choice possible within SFS and SMS, especially in case of common delivery to schools. This simplification entails a greater reduction of burden for applicants both in practical terms but also as concerns the aid application procedure, the keeping of records, checks and controls, information to be notified to the EU through monitoring and evaluation reports.

The introduction of fixed aid per portion for F&V and aid per kg for milk together with the abolition of co-financing for F&V would also imply a simplification in the management of the scheme.

Therefore for option 3 the reduction of administrative burden estimated in terms of number of quantifiable obligations would be likely 30% (from 54 to 39 obligations) compared to status quo, because of the common procedures established in the common legal basis.

8. COMPARISON OF OPTIONS

This section compares the impacts of each of the three policy scenarios on the basis of the analysis of impacts in the previous chapter and assesses the potential of each option in meeting the objectives set in chapter 5.

8.1. Effectiveness

When comparing the expected effectiveness of different options, under option 1 there will be a continued gap in the educational dimension and consequently long-term impacts between the two schemes. It has also a limited contribution in providing a uniform and visible EU intervention. With the changes aimed at strengthening the SFS, it addresses some of the shortcomings which limit the use of its full potential but it has no impact on other drivers behind a suboptimal performance of both schemes.

Option 2 provides a better contribution to the long-term objectives of the schemes through the strengthened educational dimension of the SMS (accompanying measures). It is also positive as regards the increased synergies but these are limited due to different financial arrangements which do not enable a full "merger". It does, however, have a limited impact on the other deficiencies in the functioning, in particular those limiting the immediate impact of spending and the use of potential. These could be partially addressed only through the expected reductions in the administrative burden.

Option 3 has the greatest potential in terms of effectiveness in reaching the set specific and operational objectives of the review and maximising the impact of School Schemes within a constant budget:

- it puts a strong focus on the long-term objectives, where with the new common framework and educational tools the school regime is more likely to be more effective in sustainably changing the consumption,
- it eliminates the gaps in the educational dimension between the current schemes,
- with a unified legal and financial framework, the school regime would be able to better respond to the overarching problems of declining F&V and milk consumption and rising obesity, as it encourages planning and prioritising,
- with increased visibility and targeted communication it can also help counterbalance the effects of the societal shifts in the consumption patterns and (re)establish the critical link between children, food and agriculture,
- can increase the efficiency of spending for F&V distribution with the new financing arrangements (price per portion), addresses the deadweight effect for milk, increases the visibility of distribution.

Table 4: Summary table – comparison of options in terms of achieving the objectives of the review (effectiveness)

OBJECTIVES		*Option 1*	*Option 2*	*Option 3*
General objectives	Contribute to increasing the consumption of selected agri products (↑ demand, market opportunities, income)	0	+	+
	Public health (contribute to reducing obesity and diet-related diseases, help shape healthy diets)	0	+	++
Specific objectives	Refocus the school regime towards long-term objectives	0	+	++
	Contribute to reconnecting young citizens with food and its producers	0	+	++
	Unify and consolidate current separate framework and increase the visibility of EU intervention	0	+	++
	Increase the efficiency of spending dedicated to the school schemes	0	0+	++
Operational objectives	**Boost and consolidate the educational dimension**			
	Provide for specific educational tools, define eligible measures and financing, integrate various agricultural measures and products…	0	+	++
	Develop a common evaluation methodology and annual monitoring of outputs			
	Introduce obligatory national evaluations, improve annual monitoring reports, develop impact and result indicators …	0	0	++
	Increase the link product/scheme			
	Review modalities and information tools linked to the distribution to increase the visibility of EU-added value	0	+	++
	Increase synergies between the current schemes and management efficiency			
	Approximate the systems, introduce common strategies and administrative procedures	0	+	++
	Increase the visibility of the EU schemes			
	EU wide communication campaign and website	0	0	0
	Improve the conditions affecting the use of budgetary potential			
	Improve the use of SFS potential by revisiting the financing conditions (within the constant budget), reduce disparities in the cost of products distributed, reduce deadweight…	0	0+	++
	Simplify the legal framework and reduce AB/OB			
	Reduce the number of procedures and obligations, streamline the products in regular distribution…	0	+	++

0 = neutral impact; + = positive impact; ++ = strong impact

8.2. Efficiency

Limited changes to the financing arrangements and the level of administrative/organizational burden under option 1 will continue the low cost-benefit ratio linked to the implementation.

Strong variations in the efficiency of distribution under the SFS are likely to continue due to high disparities in costs of products, while the issues limiting the SMS efficiency will persist (such as potential deadweight).

Option 2 is budgetary neutral but contains small uncertainties as regards the SMS funding (as there is no overall limit on the EU funds). The expected reduction of the administrative burden will likely bring more benefits and increase the cost-benefit ratio. However, the SFS distribution will continue to be marked by strong variations in efficiency due to high disparities in costs of products and the SMS with continued potential deadweight effect.

Option 3 brings a greater cost-effectiveness with the focused distribution, lower administrative and organizational burden and changes in the financing conditions. It eliminates the uncertainties linked to the EU budget, as it sets a fixed annual limit for the school intervention, which reflects the current (CAP 2020) absorption potential. With improved financing arrangements and conditions for participation, the existing potential could be used with greater efficiency, in particular regarding the cost of distributed F&V products. Changes to milk subsidy could potentially reduce the scope of the scheme but increase the impact (smaller groups with strong, targeted and intensive messages) as compared to the higher coverage with limited impact.

8.3. Coherence

All three options have satisfactory level of coherence as concerns the economic, social and environmental impacts. In particular the economic impacts are comparable, as all options operate within the CAP 2020 budgetary context.

Option 1 is coherent with CAP objectives but has a more limited potential to tackle evolving societal changes (consumption patterns). It provides limited contribution to the horizontal objectives of better regulation and simplification. While on the other hand, it can make a positive contribution to the public health (especially health inequalities) through the possibility of targeting the schemes through national strategies on the groups with higher nutritional needs.

Option 2 brings about an important simplification effect, so it has a greater contribution to better regulation and simplification. It also has a better contribution to the public health objectives through the strengthened educational dimension of both schemes, which also helps in addressing the wider problems of changing consumption trends towards highly processed products.

Option 3 has a higher economic impact on products that need promotion (fresh F&V and drinking milk) but lower impact on other dairy and processed F&V products. It is more in line with public health objectives (weight management, health inequalities). It also has the highest simplification effect. With its enhanced educational dimension, it can be a strong instrument to deal with the wider societal changes and disconnection from agriculture.

8.4. The preferred option

The comparison of various policy options and the characteristics of the underlying specific measures show that the policy option 3 "new framework" has the greatest potential for achieving the identified objectives within an unchanged budget allocation. This option is

better set to meet the general objectives, while at the same time effectively meet all the specific objectives set out in section 5.

This option shifts the focus of the current school regime towards a set-up with measures that better fulfil the long-term objectives of the schemes and it bridges the gaps in the design that currently exist between the F&V and the milk scheme. With a unified legal and financial framework, the school regime would be able to better respond to the overarching problems of declining F&V and milk consumption and rising obesity. With increased visibility and targeted communication it can also help counterbalance the effects of the societal shifts in the consumption patterns and (re)establish the critical link between children, food and agriculture.

It furthermore gives greater flexibility to MS to manage the school programme and focus their actions based on the priority needs (either on certain age groups, more emphasis on certain products, targeting based on the social status, agricultural development of regions and many other), with a necessary budgetary flexibility to operate between different financial entitlements and respond to changing situations.

Furthermore, it is designed to give the greatest impact of school intervention within a limited budget. It eliminates the uncertainties linked to the EU budget, as it sets a fixed annual limit for the school intervention, which reflects the current (CAP 2020) absorption potential. With improved financing arrangements and conditions for participation, the existing potential could be used with greater efficiency. This implies the need for better targeted actions, perhaps on a narrower population, as the EU budget is limited. But the EU financial intervention should be seen as a catalyst for action, while a more ambitious scope could only be achieved with additional public and/or private funds (like sector participation). With a better design and visibility, the school intervention is likely to become more attractive and stimulate the sector to use the advantages that it has to offer beyond the distribution of products (diversification of activities, alternative connections and building of the consumer base…).

8.5. Stakeholder's opinion

As presented in section 2.3, the public consultation did not yield a clear decision as regards the preferred policy option, with option 2 (adjustment) receiving a very small advantage over the new framework option. However, the opinion of individual groups of stakeholders or interests differs. It is clear that the representatives of the sector (F&V and milk) would prefer the status quo, with some changes to the SMS. On the other hand, from 12 MS authorities who participated in the consultation, the majority is favourable towards the changes to the current system, either through administrative synergies (3 for the adjustment option) or through a completely new framework (4 for option 3), while 4 were in favour of a status quo and 1 undecided. Feedback from schools was limited concerning the preferred option but out of 60% of those who replied, the majority chose either the adjustment option (23%) or the new framework (21%), while the status quo was the least preferred option (16%). NGOs on the other hand clearly favoured a new framework option with 42%, while status quo ranked second with 26% and lastly the adjustment option with 21%.

9. EVALUATION AND MONITORING

In the light of the conclusions and recommendations by the external evaluations of the two schemes, it is necessary to improve the monitoring and evaluation system of the schemes. The SFS already has a system in place but it needs improvements. The evaluation and monitoring tools should also be specifically developed for the SMS. However, it is worth to be mentioned that current financing system for the SMS does not allow covering evaluation and monitoring costs from the EU budget, while under the SFS MS can spend up to 10% of their annual envelops for these activities.

9.1. Monitoring

As concerns the general arrangements for the monitoring process, data should be collected each year from MS regarding the implementation of the programme, in particular on the budget used, the number of school/children participating and the share of the total number of school/children of the target group, the distribution frequency, duration, time and system, the average weight and price per portion, the average consumption per child and the total quantities distributed. Furthermore, the accompanying measures should be carefully monitored as concerns the methods used and their cost, frequency, participating school/children, involvement of stakeholders, products distributed.

A monitoring form should be designed based on the current form in use in the SFS and SMS (see Annex 7) as integrated with any other necessary information, having in mind that data collected during the annual monitoring exercise will constitute the basis to measure the immediate outputs but also to contribute in measuring the long-term impacts in terms of sustainable consumption and healthy eating habits (in addition to other tools such as food diaries, surveys, food recall etc). As it was the case for the monitoring forms used for the SFS, they should be presented and discussed with MS to make sure that the task does not constitute an excessive burden.

9.2. Evaluation

As far as the evaluation process is concerned, the evaluation should be based on the arrangements in use under the SFS and should consist of:

– MS evaluation reports after 5 years of implementation of the scheme. This would allow to measure medium-term impacts

– an external EU wide evaluation one year after the MS evaluations to assess the implementation of the scheme at MS and EU level and assess overall effectiveness, efficiency, coherence and relevance in accordance with Commission evaluation standards and guidelines. It can be considered that the evaluation requirements for the school schemes are integrated in the implementation regulations of Art.110 [CAP 2020 Regulation] regarding the Common Monitoring and Evaluation Framework.

– an EU Group of experts to provide MS and the Commission with advice on implementation, monitoring and evaluation. The Group will also contribute to the preparation of the tender specifications for the external evaluation.

– in addition to this an external study on long-term impact indicators could be envisaged.

The arrangements for the evaluation should take into account recommendations from the SFS and SMS external evaluations reports.

With regard to the SFS, the external evaluator concludes that there is a need to set up a common format for the MS evaluation reports (as it is already the case for the monitoring reports) in order to simplify them (reports vary from 50 to 300 pages) and to reduce the burden for MS and making a more stringent link with the strategies (these should also be harmonised in their structure). The MS evaluations should also be made into useful tool to evaluate longer term effectiveness of the scheme. Therefore, the evaluator recommends building the basis for a better evaluation by setting some standards concerning the evaluation methods and indicators to be used by MS and unifying the structure of the evaluation reports.

With regard to the SMS, the external evaluation recommends that a set of monitoring and evaluation indicators should be defined to allow as assessment of the performance and the impact of the SMS and on its contribution to the fight against obesity and overweight. Clear monitoring and evaluation obligations should be introduced at the MS and the EU level, with defined parameters to gain all relevant information.

Based on this experience, the Commission should work together with the Group of experts and the MS on a common format for the evaluation reports and on appropriate indicators to evaluate the implementation, relevance, effectiveness and efficiency of the school schemes. In particular, as concerns the product intake it is appropriate to consider also the family context and the consumption of energy food by children and parents, as well as their preference and conduct towards the products.

The link with MS strategies is also very important. They should provide a clear identification of the objectives and targets pursued and show how they fit into the EU scheme.

The following table illustrates the key indicators that will be used to assess progress made towards achieving the objectives pursued by the review:

Overall objectives	**Indicators**	**Sources of data**
Contribute to meeting CAP objectives of stabilising markets, ensuring market outlet, ensuring future demand, promoting earning in agriculture	Change in direct and indirect consumption of fresh F&V by children after 5 years of intervention Change direct and indirect consumption of drinking milk by children after 5 years of intervention	MS strategies MS evaluations (with zero measurements, control groups, food diaries and recalls etc) and External evaluation
Contribute to public health objectives by improving diets (thus in the long term reducing chronic disease, increasing healthy life years, sustainable healthy eating habits, reduce diet-related diseases and obesity)	Improvement in overall dietary quality	Eurostat data on the consumption MS strategies and evaluations

Specific objective	**Indicators**	**Sources of data**
Refocus the current set-up towards the long-term objectives	% of the budget available spent on accompanying measures	MS strategies and annual monitoring reports
Contribute to reconnecting young citizens with food and its source	% of supporting measures implemented related to agriculture and agricultural products Enhanced awareness of the CAP and school schemes	MS strategies and annual monitoring reports Surveys
Unify and consolidate the current separate legal and financial frameworks and increase the visibility of the EU intervention	Enhanced awareness of the CAP and school schemes	MS evaluations Survey
Increase the efficiency of the spending dedicated to the promotion of the consumption of agricultural products in schools	Efficiency level as assessed by the EU-wide external evaluation after five years of intervention based on: - rate of spending (%) = actual use of funds allocated to MS - average relative cost per portion (%) = actual cost per portion/cost per unit of product (index=100)	MS and External evaluation
Operational objective	**Indicators**	**Sources of data**
Boost and consolidate the educational dimension of the current regimes	No and quality of accompanying measures implemented in MS Variety of products distributed within accompanying measures No of children involved in accompanying measures an share of total participating MS No/type of agri-related accompanying measures	MS strategies and annual monitoring reports
Increase the link between the products and the EU scheme (EU added value)	Modalities for regular distribution (frequency, duration, type, variety, quality, etc) No/kind of information tools on distribution	MS strategies and annual monitoring reports
Develop a common evaluation methodology for the EU and MS evaluations and annual monitoring of outputs	- Common set of performance indicators developed - system of information collection, record and maintenance for the compilation of indicators set at MS level - system of MS notification to the Commission of output indicators set - evaluation at MS level made - evaluation at EU level made	MS and External evaluation

Increase synergies between the current two schemes and their management efficiency	Results of the EU-wide external evaluation after five years of intervention (Indicators to be developed by an ad hoc study)	MS and External evaluation
Increase the visibility of the EU schemes	EU and MS No/type of communication actions on the school schemes Enhanced knowledge of the EU school schemes	MS strategies and monitoring reports Survey
Improve the conditions affecting the use of the budgetary potential	Subsidy level for milk, flat rate per portion or average cost per portion for F&V No of participating MS, schools and children and share of total Budget spent (public, private) Volumes of products distributed at school (n. of portions) and share of total marketed products Variation in cost of portions compared to the EU average cost per unit of these products	MS including strategies and monitoring reports
Simplify the legal framework and reduce AB/OB	Change in No of obligations for MS/beneficiaries after five year of intervention Change in No of requests for interpretation of legal framework	Commission data

10. LIST OF ANNEXES

Annex 1 - Minutes of the ISSG and the CAP Advisory Group meeting

Annex 2 – Consumption and market situation for F&V and milk products

Annex 3 – Details on the implementation of the SFS and the SMS

Annex 4 – Conclusions and recommendations of external evaluations (draft version)

Annex 5 – Analysis of impacts: CAP impact in financial terms and volumes

Annex 6 – Analysis of administrative burden

Annex 7 – Monitoring and evaluation

Annex 8 – Bibliography

ANNEX 1 – MINUTES OF THE ISSG AND CAP ADVISORY GROUP MEETING

EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate C. Economics of agricultural market and single CMO
C.2. Olive oil, Horticultural products

Brussels, 14/06/2013
DDG2/C2/GK/pmc (2013) 2276796

MINUTES OF THE 4TH MEETING OF THE ISSG ON THE REVIEW OF THE EU SCHOOL SCHEMES 15TH MARCH 2013

Participants: members of the Advisory Group on CAP, members of the ISSG on the review of the EU school schemes and members of the SFS Group of experts

The meeting was intended to hear stakeholders views on the consultation paper published on 28th January, in particular on two issues: the distribution of products and the supporting measures. The meeting took place within two parallel workshops although some of the participants asked for having a common discussion instead of choosing one workshop or the other. In the spirit of compromise it was decided to have shorter workshops than scheduled in order to allow longer common discussion. In view to have a wider representation of different sectoral interests, the Advisory Group on CAP was invited but only F&V (Freshfel) and dairy (EDA) sectors were represented.

Before splitting the participants in two groups, preliminary considerations were raised by participants concerning the IA process and the consultation paper which was presented in the meeting in order to recall its main elements and the aim of the IA (need to address problems inherent to the two current school schemes, the criticisms from the Court of Auditors, the opportunity to look for synergies and simplification):

- the core objective of the future programme is not very clear, whether it would be exclusively health (in which case any other product than F&V is controversial) or rather a combination of health, reconnection of children with agriculture, local farmers and marketing chains, environmental sustainability (one programme cannot fix all the problems);

- the impact assessment timing seems inappropriate and premature given that the School Fruit Scheme exists since three years only and the long term effect expected. There is a risk to undermine its potential if other objectives/products are added. In addition, the results of the on-going School Milk Scheme evaluation should be taken into account. The impression is that the IA process is going too fast and too far;

- it would be difficult to discuss supporting measures without knowing what would be the products to distribute. In fact, supporting measures should be tailored on products. Moreover, broad discussions on effective supporting measures concerning the School Fruit Scheme, have not lead to clear conclusions so far (the annual SFS stakeholders meeting on 14th March focused on that), which seems even more difficult when speaking about a new initiative whose features are not clearly set.

The main conclusions from the two workshops were the following:

1) Distribution of products

- both school milk and school fruit scheme are important and their continuation should be ensured, together with a mutual learning and exchange of experience;

- despite of this, there was no support for the full merger of the current schemes, including their financial models, because the schemes are there to address specific and different problems and it would be premature to change them with the CAP2020 reform still on-going;

- as regards the distribution and the logistics, several stakeholders reiterated that the distribution is complex and cannot be easily merged because the products involved are different, there is a huge variety and perishability of F&V products, while milk products are more homogenous;

- the logistical capacities for the distribution of different products were questioned and some participants called for the full flexibility which should be given to MS because it is not possible to have "one-size-fits-all" approach;

- there was no consensus on the orientation towards the local products and short supply chains and some participants requested that this issue should continue to be pursued through the rural development policy;

- the budgetary aspect of the review was raised, especially the fear that if new products are added and the budget is not proportionally increased, this could weaken the impact of the current schemes (there would be less impact);

- no new product was mentioned.

2) Supporting measures

- general consensus was expressed on these measures as an important tool to make a school scheme successful;
- it is very difficult to clearly identify best supporting measures since they are currently implemented almost exclusively in the framework of the School Fruit Scheme and, in the absence of clear guidance, they can be indeed very different;
- school gardening is one of the measures identified as good experience also in terms of bringing children closer to agriculture but more modern measures should also be considered;
- since children eat more and more in schools and many of them skip breakfast, these measures are seen as important tools for nutritional education and behavioural change;
- they can be used as an opportunity to taste new products;
- they should be proportional to the behavioural change to be achieved and need continuity in time. Their impact can be assessed only after a few years;
- a range between 15 and 30% of total budget would seem appropriate to implement effective supporting measures. For smaller schools and in order to ensure that a certain financial amount is dedicated to supporting measures, a minimum amount should maybe be fixed;
- as many stakeholders as possible should be involved in the design and implementation of supporting measures, most of all teachers but also parents, farmers, school administrations, etc.

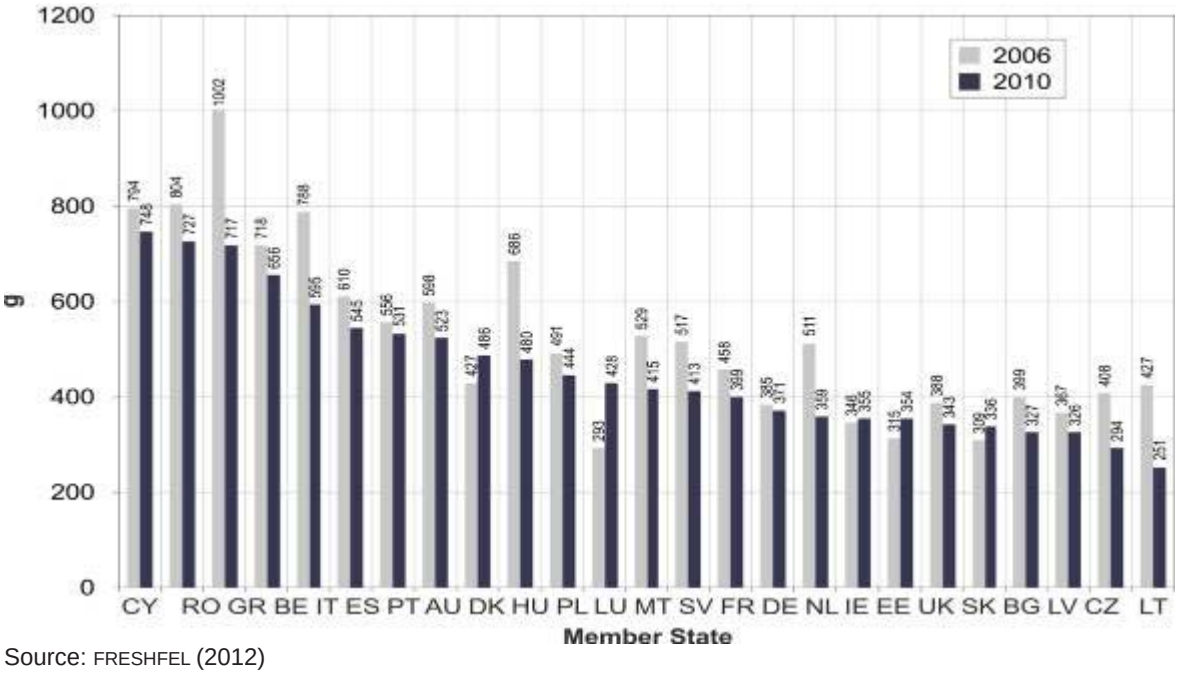
ANNEX 2 - DETAILS ON THE CONSUMPTION OF F&V AND MILK PRODUCTS[51]

FRUIT AND VEGETABLES – consumption

The European health and nutrition report[52] points to a higher availability for fruit and vegetables in southern Europe, more significant for fruit. Whereas high vegetables availability is noticed for Cyprus and Greece, it is less for Portugal and Spain.

An increase in the availability of fruit and vegetables juices is indicated for all European countries. The fruit and vegetables consumption under-achieves the WHO-recommendation of a daily intake of 400g in 10 Member States. The low consumption "[…] *is unfavourable for the energy density of the diet*"[53]. In addition, a small fibre intake is noticed throughout Europe. Freshfel presents a per capita fruit supply of 85.8 kg in the EU 27 for 2010, which is 7.6% below the average of the previous five years (2005-2009.) Per capita vegetable supply declined by 8.3% compared to the average of the previous five years and reaches 81.2 kg in 2010.

Figure 1: Development of fruit & vegetables consumption 2006/2010 (gram per capita/day)



Source: FRESHFEL (2012)

Figure 1 shows the fruit and vegetables consumption for the 24 Member States participating in the SFS and UK in 2006 and 2010 based on the data provided by Freshfel. Portions of fruit and vegetables in the daily diet vary from country to country. Cyprus (748g), Romania (727g), and Greece (717g) have the highest fruit and vegetables consumption per capita. Lithuania (251g), Czech Republic (294g), Latvia (326g) and Bulgaria (327g) are the Member States with the lowest per capita consumption of fruit and vegetables.

[51] Source: external evaluation of the School Fruit Scheme and draft evaluation of the School Milk Scheme
[52] ELMADFAR (2009): „European Nutrition and Health Report 2009 - Forum of Nutrition", Vol. 62
[53] WHO (2007): "The challenge of obesity in the WHO European Region and the strategies for response", p. 74

Within the European health and nutrition report fruit and vegetable consumption is reported to be remarkably below the average for northern Europe (Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Sweden) reaching 129g and 140g, respectively per day. Fruit consumption in Western Europe (Belgium-Luxembourg, France, Ireland, The Netherlands, United Kingdom) reaching 113g/day, is even lower. A higher availability of fruit in Italy, Spain and Portugal is interpreted as reference to consumption preferences. Elmadfar concludes that "[…] *on average, only four countries (Poland, Germany, Italy, Austria) have met the recommendation of consuming at least 400g of fruits & vegetables per day.*"[54]

Regarding the **development of the total fruit and vegetables per capita consumption** from 2006 to 2010, variations can be observed for all Member States. Since these consumption data are based on theoretical calculations of market balances, the per capita consumption can only be interpreted as rough estimation. However, tendencies become obvious. With the exception of Denmark and Luxembourg, fruit and vegetables consumption figures have declined from 2006 to 2010. Unfortunately comprehensive scientific research on the decline in fruit and vegetables consumption is missing so that reasons for this development remain unclear.

Citizens of Spain eat most frequently fruit daily (70%). Estonia (57%), Romania (46%) and Bulgaria (45%) are found at lower ranks. With the exception of Estonia and Bulgaria data do not correspond well with the average daily per capita consumption; especially for Slovenia self-assessment refers to much higher fruit consumption. The French and Belgian populations eat more often vegetables than fruit. Habitual daily vegetables consumption is reported from the interviews to be 86% for Belgium, 77% for France and 75% for Slovenia. Approximately half of the Estonian (52%), Maltese (51%) and Slovakian (51%) interviewees quote to eat vegetables daily. Again data do not correspond well with per capita consumption.
Children's fruit and vegetables consumption has been analysed for girls and boys aged 11 to 15 years in the *Health Behaviour in School-aged Children (HBSC)* survey in 2005/06. In general girls eat more fruits and vegetables than boys. With the exception of vegetables consumption in Italy and Latvia, **younger children (11-year-old) eat more fruit and vegetables than older (15-year-old)**. Children like fruit more than vegetables:

Among 11-year-old girls, 28-56% eat at least one piece of fruit per day but, neglecting the high vegetables consumption in Belgium (61%), only 14-42% consume vegetables daily[55]. Among the 15-year-old girls, 23-46% eat one piece of fruit per day and 19-50% vegetables, again leaving Belgium (61%) out. Highest fruit consumption rates among girls are observed for Denmark, Portugal and Slovakia. Girls coming from Central and Eastern European States, e.g. from Slovakia, Estonia, Lithuania and Latvia, report the lowest fruit consumption.

The share of boys aged 11 that consume at least one piece of fruit per day is at 21-48% and 12-46% for vegetables. Consumption decreases in most Member States for 15-year-old boys, among which 36-15% consume fruit and 8-34% vegetables daily, neglecting the high vegetables consumption in Belgium (46%). Portugal, Malta, Romania and Belgium are the Member States with the highest fruit consumption rate for boys. Again, like for the girls, Slovakia, Estonia, Lithuanian and Latvia show the lowest fruit consumption rates. For both sexes vegetables consumption is more common in Belgium, the Netherlands and France and less popular in Latvia, Austria and Malta.

The European health study "Health at a glance: Europe 2010" points out that children's fruit consumption depends on various factors. It is influenced by socioeconomic factors like the

[54] ELMADFAR (2009), p. 5
[55] WHO (2008): "Inequalities in young people's health, HBSC International report from the 2005/2006 survey", p. 190

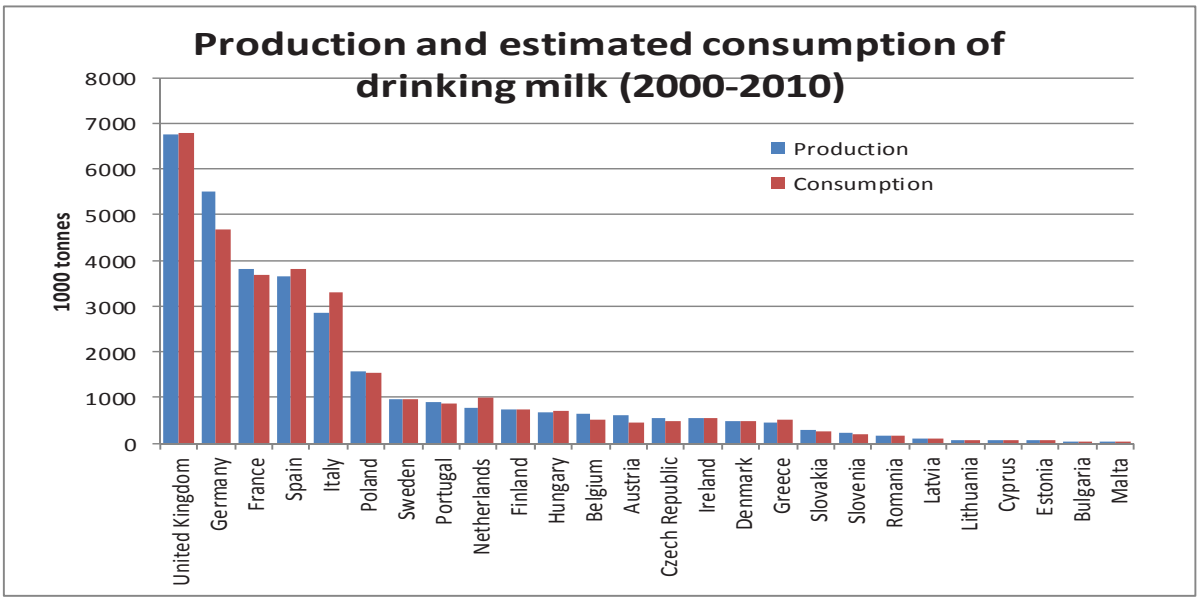
family's income and parents' consumption habits, by geographical factors like climate, economic factors like opportunity costs and by availability of fruit and preparation time. According to a EUROSTAT estimation almost 10% of the EU-27 households are not able to provide children with fruit on a daily basis, thereof 4.4% due to the fact that the household cannot afford it. Fruit provision in EU-27 households is particularly rare for poor (17% without daily fruit provision for children) and materially deprived (24% of population).

MILK AND MILK PRODUCTS – consumption

Although 26 countries of EU27[56] participate currently in the EU SMS, the dietary role of milk and milk products varies among them. Reasons can be seen in regional consumption habits, in diversified traditional food patterns, in milk production and availability of milk and milk products.

One can observe that the per-head-consumption of drinking milk and milk products in Europe shows a declining trend for that period, however since 2010 it has stabilised. By contrast, the consumption of cheese shows a slightly increasing trend in this period. According to the OECD Agricultural Outlook 2012-2021 the demand for milk and dairy products in Europe is expected to stay at a high level for the next 10 years. The consumption of cheese in developed countries is even expected to be 15% higher compared to the base period 2009-2011. In general the main drivers of the increasing demand are increasing populations, increasing income levels and the growing popularity of dairy products, particularly in the developing world but also government programmes which promotes the consumption of dairy products[57].

Figure 2: Consumption estimates and production of drinking milk per year (2000-2010)



[56] Greece applied this year.

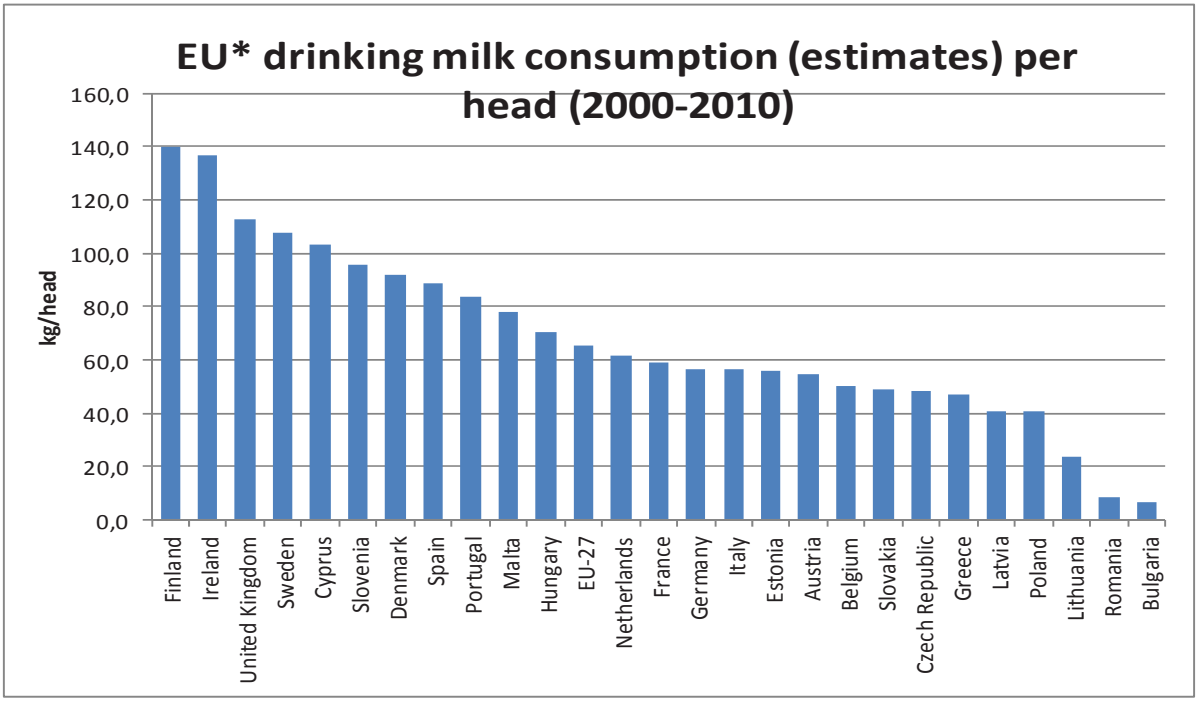
[57] OECD-FAO (2012): Agricultural Outlook 2012-2021. http://www.keepeek.com/Digital-Asset-Management/oecd/agriculture-and-food/oecd-fao-agricultural-outlook-2012_agr_outlook-2012-en. Download 20.01.2013

Source:Illustration (EU27 without LU) based on Eurostat (2013): Eurostat - Milk collection (all milks) and dairy products obtained - annual data (apro_mk_pobta); Eurostat - Population on 1 January by age and sex [demo_pjan]

Figure 2 shows the absolute estimated consumption (and production) of drinking milk per year as an average of the years 2000 to 2010 measured in 1000t for most participating Member States[58].

As one can observe the five biggest consumers of drinking milk in Europe - in an absolute manner - are the United Kingdom, Germany, France, Spain and Italy, while Bulgaria, Latvia and Cyprus show the lowest absolute consumption.

Thus, the estimated consumption relative to a country's population (kg/head) is more useful to get information of the citizen's average intake of drinking milk.



*EU27 without LU

As expected, the ranking of the Member States changed within this approach. Finland shows the highest consumption per head, followed by Ireland, UK, Sweden, and Cyprus. Those populations situated in the north, north-west of Europe (e.g. Finland, Ireland, Sweden,) consume more drinking milk (between 100 – 140 kg/head and year) than other Member States (between 50 – 100 kg/head and year). Cyprus, Slovenia, Spain and Portugal from the south consume between 80-100 kg/head. The average estimated consumption per head (kg per year for 2000-2010) of cheese is on a high level in Denmark, France, Italy, Greece and Malta.

The target group of the SMS are pupils, hence children and adolescents. For this purpose it is useful to collect data on children's consumption of dairy products. However, **collecting of harmonized food consumption data by age-group on European level is very difficult** as secondary data is rare. One on-going approach is the EFSA[59] *Comprehensive European*

[58] Eurostat (2013): http://epp.eurostat.ec.europa.eu/portal/page/portal/agriculture/data/database. Download: 04.01.2013

[59] EFSA = European Food Safety Authority

Food Consumption Database which started in 2005. A direct country-to-country comparison is not available yet as the database comprises data collected by different methodologies and / or independent surveys[60]. **Table 1** shows the results of various studies considered by EFSA which have been carried out to specify chronic consumption of milk and dairy products differentiated by age-class in 14 Member States. The selected age classes are defined by the EFSA as followed:

1. **Infants**: up to and including 11 months
2. **Toddlers**: from 12 up to and including 35 months of age
3. **Other children**: from 36 months up to and including 9 years of age
4. **Adolescents**: from 10 up to and including 17 years of age

For a general impression of the consumption patterns, country rankings by age group and most current survey results may be helpful. **However, it has to be mentioned that those comparisons allow only a rough impression which is not scientifically valid as the methodology underlying the single studies differs.** As one can observe in **Table 1**, Spain, Belgium, the Netherlands, Finland, Italy, Bulgaria and Germany show the highest consumption levels of milk and milk products in the age-class *toddlers*. The biggest consumers in the age class *other children* come from Finland, followed by Denmark, Spain, Sweden, Belgium, the Netherlands, Greece, France, Czech Republic, Germany, Italy, Bulgaria and Latvia. Finally, the highest reports in the group *adolescents* are found for Denmark, Spain, Sweden, Czech Republic, France, Italy, Cyprus, Belgium, Germany and Latvia.

Based on the data provided in **Table 1** illustrates the consumption of milk and milk products for children and adolescents it becomes apparent, that in general children consume more milk and milk products than adolescents. Similar results have been found for pupils of different age groups.[61] Milk consumption is also influenced by other factors, e.g. taste preferences.

Table 1: Consumption of dairy products differentiated by age-group (grams/day)*

Country	Survey	Period	Age-class	FoodExL1Name	N	Mean
Spain	enKid	1998-2000	Toddlers	Milk and dairy products	17	519,6
Belgium	FPDS_1	2002-2003	Toddlers	Milk and dairy products	36	446,2
Netherlands	VCP_kids	2005-2006	Toddlers	Milk and dairy products	322	407,8
Finland	DIPP	2003-2006	Toddlers	Milk and dairy products	497	383,1
Italy	INRAN_SCAI_2005_06	2005-2006	Toddlers	Milk and dairy products	36	345,4
Bulgaria	NUTRICHILD	2007	Toddlers	Milk and dairy products	428	253,3
Germany	DONALD_2008	2008	Toddlers	Milk and dairy products	84	243,3
Italy	INRAN_SCAI_2005_06	2005-2006	Infants	Milk and dairy products	16	419,6
Bulgaria	NUTRICHILD	2007	Infants	Milk and dairy products	860	139,2

[60]EFSA (2011a): Use of the EFSA Comprehensive European Food Consumption Database in Exposure Assessment.
http://www.efsa.europa.eu/en/efsajournal/doc/2097.pdf. Download 22.01. 2013: "The collection of accurate and detailed food consumption data derived from a harmonized methodology across Europe is therefore still a primary long term objective for EFSA and has been recognized as a top priority for collaboration with the EU Member States". Therefore, a project proposal, called ―What's on the Menu in Europe? was launched in 2010 (EFSA-Project EU MENU).

[61] Cooke, Lucy J. and Wardle Jane (2005): "Age and gender differences in children's food preferences", British Journal of Nutrition (2005), 93, p. 743f.

61 Øvrebø, Else Marie (2010): „Food habits of school pupils in Tromsø, Norway, in the transition from 13 to 15 years of age", online publication, http://munin.uit.no/bitstream/handle/10037/3806/article.pdf?sequence=3

Finland	DIPP	2003-2006	Other children	Milk and dairy products	933	588,3
Denmark	Danish_Dietary_Survey	2000-2002	Other children	Milk and dairy products	490	528,5
Spain	NUT_INK05	2004-2005	Other children	Milk and dairy products	399	487,3
Sweden	Riksmaten_barn	1997-1998	Other children	Milk and dairy products	1473	469,7
Belgium	FPDS_1	2002-2003	Other children	Milk and dairy products	625	428,2
Netherlands	VCP_kids	2005-2006	Other children	Milk and dairy products	957	416,4
Greece	Regional_Crete	2004-2005	Other children	Milk and dairy products	839	359,9
France	INCA2	2005-2007	Other children	Milk and dairy products	482	308,5
Czech Republic	SISP04	2003-2004	Other children	Milk and dairy products	389	281,0
Germany	DONALD_2008	2008	Other children	Milk and dairy products	223	265,6
Italy	INRAN_SCAI_2005_06	2005-2006	Other children	Milk and dairy products	193	259,2
Bulgaria	NUTRICHILD	2007	Other children	Milk and dairy products	433	234,0
Latvia	EFSA_TEST	2008	Other children	Milk and dairy products	189	163,0
Denmark	Danish_Dietary_Survey	2000-2002	Adolescents	Milk and dairy products	479	501,8
Spain	NUT_INK05	2004-2005	Adolescents	Milk and dairy products	651	455,9
Sweden	Riksmaten_barn	1997-1998	Adolescents	Milk and dairy products	1018	441,7
Czech Republic	SISP04	2003-2004	Adolescents	Milk and dairy products	298	270,8
France	INCA2	2005-2007	Adolescents	Milk and dairy products	973	260,5
Italy	INRAN_SCAI_2005_06	2005-2006	Adolescents	Milk and dairy products	247	230,1
Cyprus	Childhealth	2003	Adolescents	Milk and dairy products	303	228,7
Belgium	Diet_National_2004	2004-2005	Adolescents	Milk and dairy products	584	212,7
Germany	National_Nutrition_Survey_II	2005-2007	Adolescents	Milk and dairy products	1011	185,2
Latvia	EFSA_TEST	2008	Adolescents	Milk and dairy products	470	154,9

Source: EFSA (2011): Chronic food consumption statistics[62]
*Note: N=Number of consumers; Mean=Average intake of milk and milk products in g/day over the respective survey period. The submitted consumption data by each MS is classified by a hierarchical system named FoodEx, "based on 20 main food categories that are further divided into subgroups up to a maximum of 4 levels"[1]. Within the food category "milk and milk products" the considered subgroups are cheese, concentrated milk, cream and cream products, fermented milk products, liquid milk, milk and dairy products (unspecified), milk and milk products imitates, milk based beverages, milk derivatives and whey and whey products (excluding whey cheese).

Market situation

Looking at the production side Europe is currently the biggest producer of milk worldwide, followed by India, the USA, China and Russia. Although the majority of (raw) milk has been produced in the developed world, developing countries, in particular India and China have reached also high production levels.[63]

The EU milk quota system - introduced in 1984 - has been defining a limit (quota) on production quantities for milk in the EU for a long time. Hence, the total EU production remained relatively constant over the last decades. Within the EU milk market liberalization the European milk quota regime is currently phasing out and will be expired by 2015. This has led to the development that the EU production quantities have increased continuously in the last years. Furthermore, "[…] *EU milk production is projected to continue increasing from 2012 onwards at a moderate growth rate but to remain below the potential growth rate provided by the phasing-out of the milk quota regime. Due to an annually increasing size of the milk quota, in most EU member-states the milk quota-price is decreasing towards zero or*

[62] EFSA (2011b): Chronic food consumption statistics reported in grams/day. http://www.efsa.europa.eu/en/datexfoodcdb/datexfooddb.htm. Download: 22.01.2013
[63] OECD-FAO (2012): Agricultural Outlook 2012-2021. http://www.keepeek.com/Digital-Asset-Management/oecd/agriculture-and-food/oecd-fao-agricultural-outlook-2012_agr_outlook-2012-en. Download: 20.01. 2013

already at a level of zero. Therefore it seems to be predictable that for most EU countries a 'soft landing' will be feasible" [64].

Six countries, namely the UK, Germany, France, Spain, Italy and Poland account for approximately 75% of the total drinking milk production. The biggest producers of cow's milk in 2011 were Germany, France, the Netherlands, Italy, Poland and Spain.

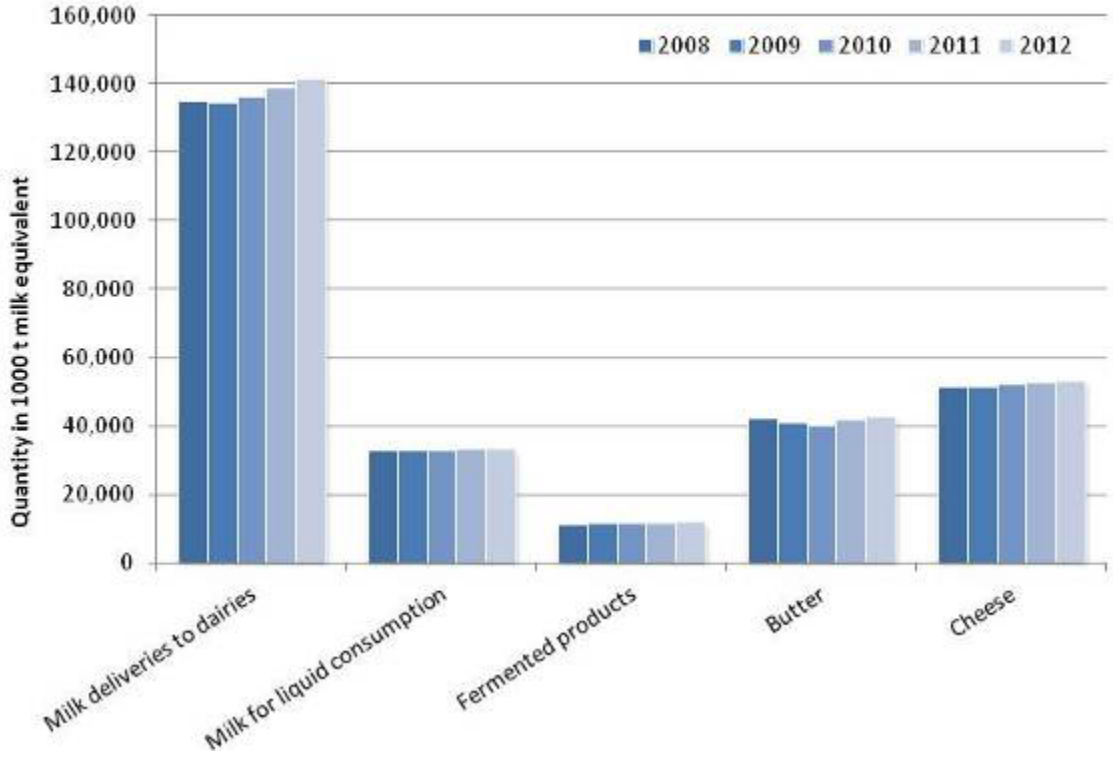
The main producers of cheese within the EU are Germany, France, Italy, the Netherlands, Poland and the UK with a share of 77% on the total cheese production. Overall, according to the OECD–FAO Outlook the EU will continue to dominate over the next decade the global cheese production with a share of 44% of total global production.

An overview on production of different milk products differentiated for the years 2008 – 2012 in the EU27 is given by Figure 3. To provide a comparable picture across the different milk products they are measured in 1000 t of milk equivalent.

The drinking milk produced in the EU is mainly used for domestic consumption. In the period 2000 to 2010 the EU27 produced on average about 32 million tonnes of drinking milk per year. The EU27 is net exporter of dairy products.

Milk production and milk prices have been linked closely in the EU. In the long-term view the development of the EU milk market depends on a large number of uncertain determinants such as political or economic drivers.

Figure 3: EU27 production of dairy products (2008 – 2012)*



[64]EU COM (2013b): Evolution of the market situation and the consequent conditions for smoothly phasing out the milk quota system - second "soft landing" report. http://ec.europa.eu/agriculture/milk/quota-report/com-2012-741_en.pdf. Download: 16.01.2013

Source: Own illustration based on EDA (2013)[65]

*Note: The initial data was measured in tons of product weight. For a better comparison across the different products the production quantities are transferred into tons of milk equivalent. For simplification standardised conversion coefficients were used for each dairy category.

[65]European Dairy Association - EDA (2013): Major issues – 1st semester 2012, Volume 25 http://www.euromilk.org/upload/docs/EDA/EDA_MI_EN25-Website.pdf. Download: 30.01.2013