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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}
{SWD(2014) 29 final}

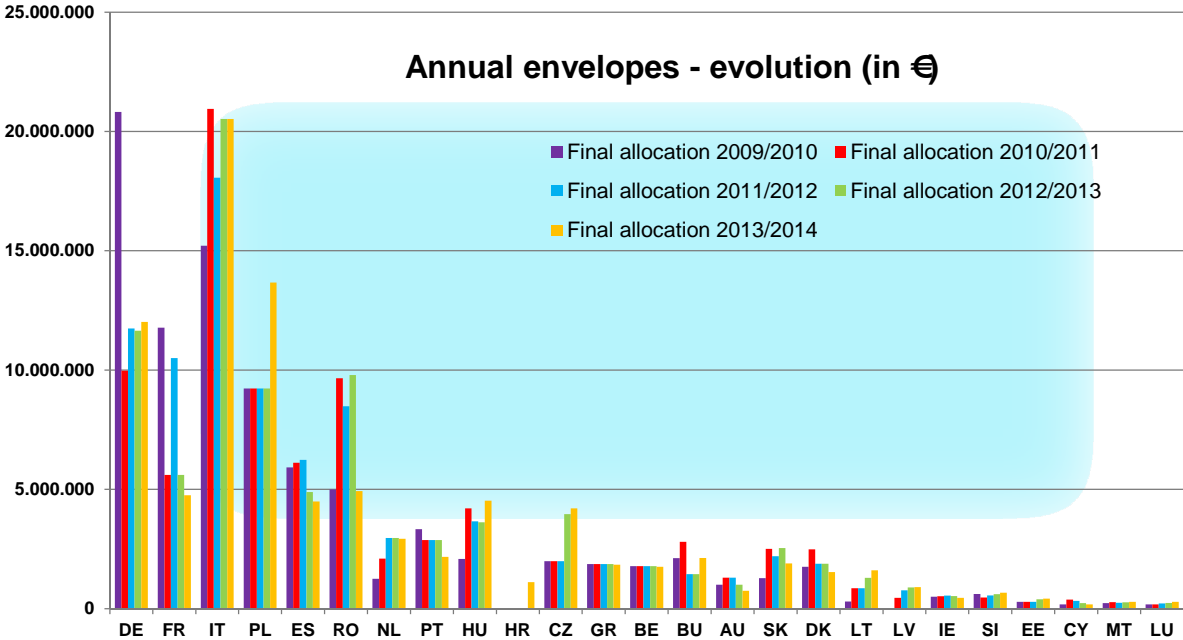
ANNEX 3 - PROGRAMMING AND IMPLEMENTATION OF SCHOOL SCHEMES

1. SCHOOL FRUIT SCHEME

The Scheme is implemented on the basis of rules laid down in Commission Regulation (EC) No 288/2009 to ensure proper financial management and control of expenditure. However, a great deal of flexibility is left to Member States to establish tailor-made programmes that fit local and cultural needs, but which nevertheless must meet the basic requirements with respect to accountability when using public money.

Programming

When establishing the Scheme, the indicative total budget needs were calculated at €156 million, based on the cost of €0.20 per portion of products supplied, the purchase and distribution of 30 portions of fruit and vegetables during the school year to the core group of 26 million children (aged 6-10 years). The maximum EU budget was set at €90 million per school year, together with a ceiling on the EU contribution to eligible related costs. The indicative allocation of the EU funding to Member States (fixed in Annex II of Commission Regulation (EC) No 288/2009) is calculated on the basis of objective criteria, based on the number of children aged 6-10 years, with a minimum level of funding of €175 000 per Member State.). The definitive allocation is calculated on the basis of the indicative allocation, taking into account the allocations requested by the Member States and reallocating the aid not requested by some Member States among the Member States willing to use more than their initial allocation.



IMPLEMENTATION OF THE SCHEME IN MEMBER STATES

Strategies

The main requirement for Member States that wish to implement the Scheme is to submit a strategy prior to the period of implementation, which has to contain the key elements referred to in Article 103ga(2) of the Single CMO.

Within the Member States, the Scheme has been implemented at a national or regional level. National schemes are based on a uniform approach and are centrally developed and administered. This has been the case for the vast majority of participating Member States. On the one hand, regional schemes are exclusively developed and managed on a regional level under the responsibility of regional bodies, as in Belgium and Germany where regions submitted their own strategies. On the other hand, some regional schemes are integrated within a national framework where one national strategy is submitted for several regions but with regional impact and management, as is the case of Spain. In certain Member States with a regionalised structure, such as Germany¹, for example, not all regions took part in the Scheme.

Some Member States were already running their pre-existing national schemes, such as the 'Food Dudes' programme in Ireland or 'Tutti Frutti' in Flanders. These were later extended or strengthened by participating in the EU-wide Scheme.

In its first year of application in the 2009/2010 school year, 24 Member States notified their strategies. Latvia, Sweden and Finland decided not to submit strategies and the United Kingdom decided not to apply the scheme at a later stage. With Bulgaria and Greece not being able to implement their strategies, the actual implementation of the Scheme was reduced to 21 Member States. In subsequent school years (2010/2011, 2011/2012, 2012/2013), stable implementation was registered in 24 Member States, with the exception of Finland, Sweden and the United Kingdom.

Participating schools and children

The second year of implementation saw a significant increase and an expansion of the Scheme across participating Member States compared to the start-up phase in the 2009/2010 school year. In 2010/2011 around 8.1 million children benefited from the Scheme, which represents an increase of over 70 % compared to the 4.7 million children receiving fruit and vegetable products in 2009/2010. A similar trend is seen when it comes to the number of schools taking part. In the 2010/2011 school year 54 000 schools registered their participation compared to 32 000 schools in 2009/2010. In subsequent years, this trend remained stable but did not increase.

¹ Only 7 out of 16 federal states in Germany participate in the Scheme, namely Baden Wurttemberg, Bavaria, North Rhine-Westphalia, Rhineland-Palatinate, Saarland, Saxony-Anhalt and Thuringia.

Target group

Member States are free to determine the age group of the children they will target by their Scheme. The data from annual monitoring reports shows that all the Member States decided to target predominantly children in primary schools in the age group 6 to 12 years. However, some Member States extended their target group to cover pre-primary level as well with children younger than 6 years and/or secondary schools over 12 years of age.

Products and methods of distribution

The Scheme's distribution parameters are only partially determined by legislation. Therefore, it is largely left up to Member States to work out the most appropriate distribution method. This pertains in particular to the list of products, number of portions to be distributed, their weight/size, distribution frequency and the period of distribution. All Member States distributed fresh products, with apples, oranges, bananas, carrots and tomatoes being among the most popular. Some processed products were also used, such as unsweetened juices and compotes, raisins, dried fruits and the like. The share of those products varied from approximately 1 % in North Rhine-Westphalia to 62 % in Slovakia. The most widely used distribution pattern was once or twice per week for over 20 weeks, while the average weight of the portions distributed was 100 g or more. The average price per portion was calculated at €0.31. In the vast majority of Member States the products were distributed under the Scheme outside the provision of regular school meals.

Accompanying measures

Although they are not co-financed from the EU budget, accompanying measures are an obligatory element of the Scheme. Given Member States' wide leeway to tailor these measures to their budget and educational systems, the type, frequency and strength of the accompanying measures implemented vary a great deal. These measures could be classified into prevailing measures directly linked to agriculture, such as farm visits, gardening sessions or market visits. These were followed by educational measures with a number of seminars, lessons and pedagogical kits being offered, and finally other popular measures such as rewards, competitions or exhibitions.

Budget implementation

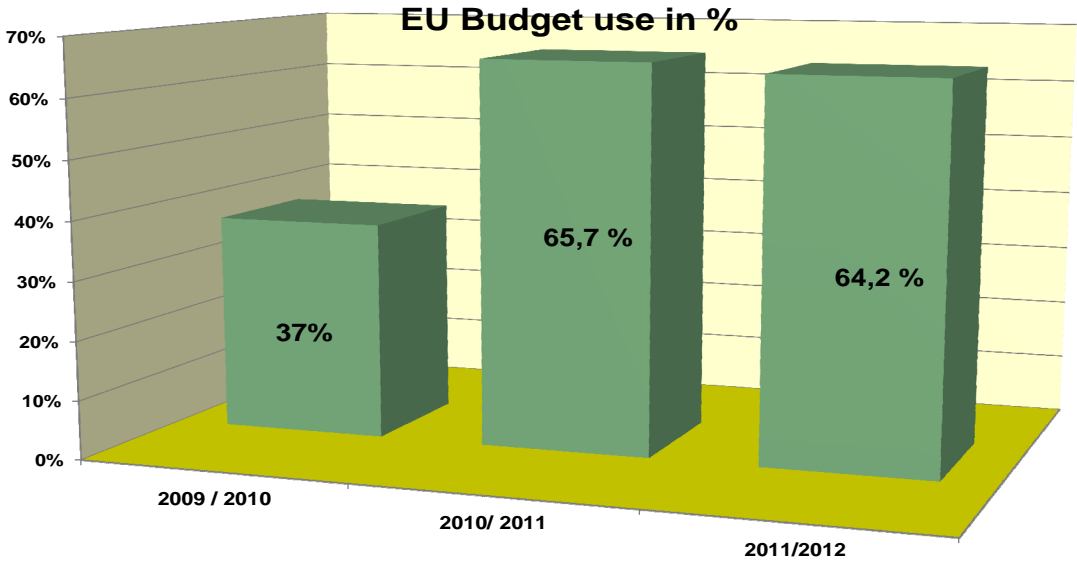
For the first school year 2009/2010, the final expenditure amounted to €34 million representing 38 % of the €90 million EU budget allocated to the Scheme. The main beneficiaries in terms of final allocation were Germany, Italy, France and Poland, while Hungary, Slovakia, Italy and Ireland had the highest uptake in terms of the actual use of funding.

For the school year 2010/2011, €58.3 million had been spent, equal to 65.7 % of the available budget. For 5 Member States (Austria, Bulgaria, France, Lithuania and Portugal) the expenditure rate remains below 30 % of their allocation while 6 Member States are between

30 % — 60 % and 13 are between 60 % and 100 %, with Luxembourg using up its entire envelope.

The final expenditure for the school year 2011/2012 until July 2013 is around 64.2 %. This is slightly lower than the previous school year.

This slight decline in the performance appears to be mainly due to the low performance in some member states representing a significant part of the budget and to the inability of one Member State (GR) to implement its program.



2. SCHOOL MILK SCHEME

PROGRAMMING

The SMS is implemented on the basis of the Commission regulation No 657/2008 that contains detailed rules for the application of the Council Regulation (EC) No 1234/ 2007 as regards Community aid for supplying milk and certain milk products to pupils in educational establishments. The CAP 2020 reform introduces the obligation for the MS to submit national strategies (new element) but detailed rules about their content, deadlines etc will be set by the Commission at a later stage.

Beneficiaries of the aid shall be pupils of nursery- or other preschool establishments, primary and secondary schools which are recognized by the Member State's competent authorities.

Products that are eligible to obtain the aid are listed in Annex I of the Regulation No 657/ 2008. Member States may apply stricter rules for the eligibility of products.

The aid rates are set out in Annex II of the Regulation No 657/ 2008. The aid rate that is valid at the first day of a month keeps its validity even if there are alterations of the rate during the month. The coefficient 1.03 is used to convert "litre" of milk into "kg".

The maximum quantity of milk eligible for aid is 0.25 litres per school day and pupil. Various conditions have to be taken into account such as different categories of products, the number of school days or the fact that milk used for meal preparation cannot benefit from the aid.

The applicants that are listed in Article 6 of the Regulation are suitable for the supply of milk products. They have to be approved by the competent authority of the Member State. In order to receive the approval applicants have to commit (in a written form) to distribute promoted products only to pupils/ establishments that are entitled, to repay any unduly payments, to keep records of payments and to submit to any audits decided by the Member States competent authority.

If an applicant does not fulfil its obligations the approval can be suspended for one up to 12 month or withdrawn depending on the gravity of the irregularity. Exceptions are irregularities of minor importance or those, based on force majeure.

The payment application must follow the Member State's specifications and has to include at least the information about the quantities distributed and the contact data relating to educational establishments or authorities. Certain deadlines set up by the Member State's authorities have to be obeyed by the applicants in order to receive the aid. Detailed accounting of the amounts of money shown in the application form is requested. Further requirements have to be met by certain applicants in order to receive the aid.

Member States are committed to take care that the amount of the aid is duly reflected in the price paid by the beneficiaries. Member States take all necessary measures to ensure

compliance with this regulation, including on-the-spot checks, checks of book-keeping records and much more. Educational establishments participating in the School Milk Scheme have to install a poster at the main entrance in accordance with requirements (EC Reg. 657/2008, Annex III)

Member States notify each year the Commission and provide with various information: the quantities of milk and milk products, the approximate number of participating pupils, the national top-up and the EU aid, the maximum subsidisable quantity and due to the amendment of 2013 also the approximate number of all pupils in the establishments that participate in the SMS, the approximate number of pupils in all eligible establishments in the country. Furthermore, MS inform about participating applicants, on-the-spot checks carried out and other related information.

IMPLEMENTATION OF THE SCHEME IN MEMBER STATES

The SMS has been implemented in 26 MS in the last years. Greece started preparation to the implementation in 2013 and intends to join soon. Once a Member State completed to set up the system and apply the law in the respect of the SMS, can join the programme by sending the payment request.

Within the last decade the overall scale of the SMS on EU27 level in terms of total amount of subsidised products and total expenditure increased, with a maximum peak in the school year 2008/2009. However, this peak is primarily based on two facts.

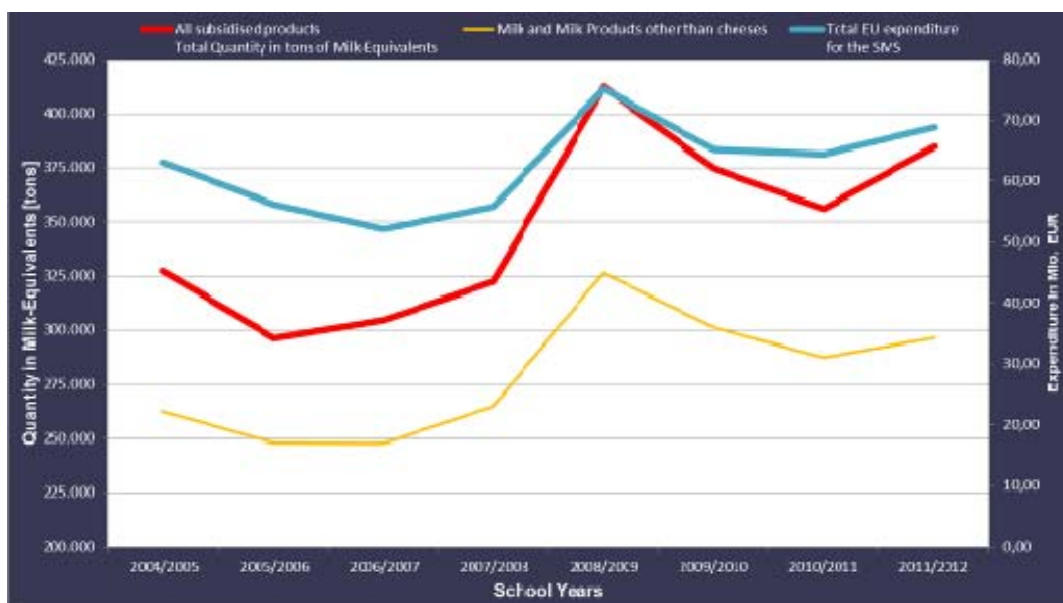
1) Some additional Members States (Cyprus, Romania, Malta and Bulgaria) entered the SMS between 2007 and 2008 which did not participate before (+ 25,000 t) and 2) three Member States significantly increased the scheme's scale in this time frame, namely France (+30,000 t), Italy (+ 8,000 t) and Poland (+ 35,000 t).

The scheme's scale shows an increase since 2006 with a peak in 2008/2009 to drop down by 13% in 2010/11. However the last year (2011/12) showed back an increase of around 10% for the quantities of milk (in milk equivalent).

Figure illustrates the development of total subsidised products (measured in milk equivalents) and total expenditure for the scheme between the school years 2004/2005 and 2011/2012. It can be observed that the amount of subsidised products range 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 respective EU expenditure for the scheme shows a similar development from about 50 million EUR to 75 million EUR with a maximum peak in 2008/2009.

In the school year 2011/2012 almost 70 million EUR were spent on the scheme.

Figure: Development of SMS implementation in the EU27 (2004 - 2012)



Source: SMS external evaluation 2013

Development of subsidised milk products under the SMS (2004-2012)

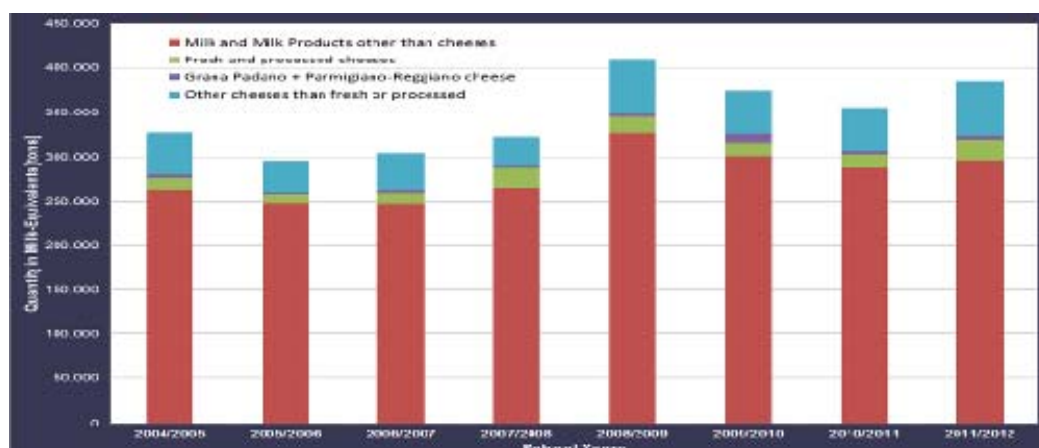
Total EU expenditure for the SMS in Mio. EUR	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
BELGIUM	1,00	0,87	0,72	0,72	0,79	0,76	0,68	0,75
BULGARIA	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
CZECH REPUBLIC	0,72	0,51	0,53	0,58	0,31	0,47	0,42	0,39
DENMARK	2,00	2,00	1,47	1,15	1,78	1,51	2,04	1,79
GERMANY	10,10	8,82	8,82	9,19	7,17	6,48	6,33	5,62
ESTONIA	0,51	0,40	0,43	0,45	0,55	0,60	0,64	0,68
GREECE	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
SPAIN	2,20	2,10	2,20	1,50	1,54	1,21	0,70	0,42
FRANCE	13,89	9,89	9,66	7,96	13,53	9,07	10,72	14,13
IRELAND	1,05	0,90	1,15	0,91	0,85	0,49	0,46	0,47
ITALY	1,75	0,73	1,69	0,65	1,69	2,07	1,62	1,99
CYPRUS	0,00	0,00	0,00	0,14	0,24	0,25	0,25	0,24
LATVIA	0,00	0,06	0,30	0,34	0,28	0,02	0,10	0,31
LITHUANIA	0,00	0,10	0,13	0,44	0,14	0,23	0,30	0,64
LUXEMBOURG	0,03	0,03	0,03	0,02	0,02	0,02	0,02	0,02
HUNGARY	1,90	2,40	0,99	0,80	0,80	1,05	1,08	1,36
MALTA	0,00	0,00	0,00	0,05	0,09	0,02	0,02	0,02
NETHERLANDS	1,10	0,10	0,08	0,43	0,63	0,65	0,51	0,55
AUSTRIA	0,80	0,80	0,69	0,64	0,70	0,71	0,71	0,71
POLAND	1,60	2,40	2,22	9,35	14,06	11,43	9,41	9,56
PORTUGAL	1,30	2,60	1,20	0,00	2,32	1,52	1,29	2,67
ROMANIA	0,00	0,00	0,00	1,05	4,48	8,09	8,92	8,29
SLOVENIA	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,01
SLOVAKIA	0,03	0,10	0,16	0,20	1,27	0,55	0,54	0,57
FINLAND	3,80	3,10	3,40	3,20	4,60	3,70	3,67	3,68
SWEDEN	9,46	8,70	7,80	8,20	9,03	8,69	8,78	8,96
UNITED KINGDOM	9,80	9,60	8,43	7,84	8,21	5,60	5,23	5,05
TOTAL EU 27	63,04	56,21	52,10	55,81	75,09	65,18	64,44	68,86

Source: SMS external evaluation

Products

The amendment of the Commission Regulation in 2008 widened the range of eligible products under the scheme. The wider range of eligible products since 2008 did not lead to a wider diversification of products but rather followed well established tastes varying among MS and regions. Plain milk has been the dominant product category in the scheme with a share of around 60% -65% since 2008, followed by cheese around 20%- 23%, flavoured plain milk (8-15%), yogurts 4%. As regards the fat content of drinking milk, the share of lower fat plain remains around 85%.

Figure: Subsidised products within the SMS (2004 – 2012) - absolute numbers



Target group

Member States participating in the School Milk Scheme focus rather on primary schools. In most Member States secondary schools and kindergartens and preschools are also taken as target groups for the scheme. Other schools contain school forms like boarding schools, vocational schools or schools for children with special needs. These forms of schools as well as nursery schools have not been included in the programme by the majority of Member States.

Distribution modalities

In most cases the distribution takes place in the morning or during the morning breaks, but there are as well several countries in which milk products are served at lunch in the canteens.

Table: Consumption time during the day and supply models on school level

	Consumption time (multiple answers)			Way of supply in schools		
	Morning / Morning Break	Lunch/ Afternoon	Throughout the day	School team (teacher, caretaker, etc.)	Canteen	Self service/ vendor machines
No. of countries	17	9	5	18	15	8
Answers to this question	23			21		

Communication and educational measures applied

Next to the obligatory poster, some countries use different other communication measures relating to the School Milk Scheme. Austria, Belgium, Latvia, Lithuania, the Netherlands and Poland and Slovenia regularly inform the schools and the parents of participating schools, mainly via web sites, in the Netherlands via a circular and in Cyprus via a hand-out for the parents. In Lithuania this offer is enriched with phone consultations. Austria, Latvia, Lithuania and Slovenia offer seminars and workshops for schools and educational establishments. In Slovenia, the School Milk Scheme was “presented in certain radio and TV shows” and in Latvia there was certain mass-media coverage as well. Austria informed schools about the programmes at the fairs. Additionally educational measures are applied in Austria, Cyprus, Ireland, Poland, Germany and Belgium.