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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

**on the application of the budget allocation criteria and on the impact of the budget
transfers on the effectiveness of the EU School Fruit, Vegetables and Milk Scheme**

TABLE OF CONTENTS

1. Introduction.....	2
2. Allocation criteria	2
2.1. Legal background.....	2
2.2. Methodology for fixing indicative allocations of Union aid per school year after 1 August 2023	3
2.2.1. Data sources	3
2.2.2. Calculations.....	4
2.3. Outcome of the application of allocation criteria.....	5
3. Impact of transfers	6
3.1. Legal background.....	6
3.2. Transfers incurred over the implementation period 2017-2023.....	6
4. Conclusions.....	8

1. INTRODUCTION

Under Article 225(e) and (f) of Regulation (EU) No 1308/2013 of the European Parliament and of the Council¹, this report fulfils two of the Commission's related reporting obligations to the European Parliament and to the Council on the EU school fruit, vegetables and milk scheme ('the EU school scheme').

The first obligation concerns the application of the allocation criteria referred to in Article 23a(2), where a set of objective criteria are laid down in order to allocate the overall amount of EU aid for the EU school scheme among the Member States.

The second obligation concerns the impact of the transfers referred to in Article 23a(4) on the effectiveness of the EU school scheme in relation to the distribution of school fruit and vegetables and school milk. These provisions allow Member States to transfer once per school year up to 20% of either one or the other of their indicative allocations, that percentage could be increased up to 25% in duly justified cases².

2. ALLOCATION CRITERIA

2.1. Legal background

According to Article 23a(1) of Regulation (EU) No 1308/2013, the overall amount of EU aid for the EU school scheme is fixed at EUR 220 804 135 per school year, of which EUR 130 608 466 for fruit and vegetables and EUR 90 195 669 for milk.

The amounts are allocated among Member States based on the following objective criteria.

- a) The number of 6–10-year-old children in the Member State concerned. As it is considered crucial to increase durably the share of those products in the diets of children at the stage when their eating habits are being formed. Thereby contributing to the achievement of the objectives of the common agricultural policy (CAP) in stabilising markets and ensuring the availability of both current and future supplies (see Recital 24 of regulation (EU) No 1308/2013).
- b) The degree of regional development within the Member State concerned to ensure that a higher level of EU aid is allocated to less developed regions and to the smaller Aegean Islands in line with Article 1(2) of Regulation (EU) No 229/2013.
- c) The historical use of EU aid to supply milk and milk products to children in addition to the criteria referred to in points (a) and (b).

(¹) Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007.

(²) Member States with outermost regions listed in Article 349 TFEU and in other cases including where a Member State needs to address a specific market situation in the sector covered by the school scheme, its particular concerns regarding low consumption of either one of the groups of products, or other societal changes.

Based on those objective criteria, the Council set the indicative EU aid allocations by Member State from 1 August 2017 to 31 July 2023 in Council Regulation (EU) No 1370/2013³.

The third subparagraph of Article 5(4) of that Regulation provides that, as from 1 August 2023, the Commission must fix the indicative EU aid allocations by school year to each Member State. The EU aid must follow the same allocation criteria and take into account the minimum amount that Member States are entitled (EUR 290 000 for school fruit and vegetables and EUR 193 000 for school milk) so that Member States with a limited demographic size can implement a cost-effective scheme.

On this basis, the Commission has fixed the indicative allocations for the six-year period running from 1 August 2023 to 31 July 2029. This covers the period of implementation set out in the strategies that Member States must submit to the Commission by 30 April 2023, in line with Article 2(3) of Commission Delegated Regulation (EU) 2017/40⁴.

2.2. Methodology for fixing indicative allocations of Union aid per school year after 1 August 2023

2.2.1. Data sources

- a) **The number of children aged 6-10 years old** was extracted from the latest Eurostat data ‘Population on 1 January by age and sex’. The total number of children aged 6-10 years old in EU-27 increased by 2% in 2021 compared to 2012. The largest increases (in the range of +20%) were registered in Slovenia, Sweden, Malta, Luxembourg and Czech Republic. The census dropped by 13% in Portugal, between 5 and 8% in Romania, Netherlands, Denmark, Italy and Hungary, and by 4% in both Greece and Croatia.
- b) **Less developed regions:** categories are defined in the ‘2021-2027 Cohesion policy legislative framework⁵. These are the regions at NUTS2 level in which GDP/head (in PPS - Purchasing Power Standard) is less than 75% of the EU-27 average. **Smaller Aegean Islands** are defined in Article 1 of Regulation (EU) 229/2013⁶ as all islands in the Aegean Sea except the islands of Crete and Evia (these correspond to the region at NUTS2 indicated as Greece 42, Notio Aigaio and are taken into account as the other less developed regions).

(³) Council Regulation (EU) No 1370/2013 of 16 December 2013 determining measures on fixing certain aids and refunds related to the common organisation of the markets in agricultural products.

(⁴) Commission Delegated Regulation (EU) 2017/40 of 3 November 2016 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council with regard to Union aid for the supply of fruit and vegetables, bananas and milk in educational establishments and amending Commission Delegated Regulation (EU) No 907/2014.

(⁵) <https://cohesiondata.ec.europa.eu/2021-2027-Finances/2021-2027-IJG-Categories-of-NUTS2-regions/uxj2-277b/data>

(⁶) Regulation (EU) No 229/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in favour of the smaller Aegean islands and repealing Council Regulation (EC) No 1405/2006.

c) **The historical use** is extracted from Member States' monthly declarations of expenditure sent to the Commission according to Commission Implementing Regulation (EU) No 908/2014⁷ (budget items 05 02 18 and 08 02 03 04). The figures used are the average of EU expenditure made by each Member State for school milk in the last complete four school years: 2017/2018, 2018/2019, 2019/2020 and 2020/2021. Compared with the period 2012 to 2014, a notable increase in expenditure (above 100%) is observed for Bulgaria, Czech Republic, Ireland, Italy, Luxembourg, Malta, and Slovenia. Slovakia increased expenditure by 71%. However, the use dropped sharply in France (-96%) and in Belgium (-54%). The total rate of historical use at EU level shows an increase by 3%⁸.

2.2.2. Calculations

For **school fruit & vegetables**, the total amount of EU aid (EUR 130 608 466) was initially allocated to Member States, in proportion to criterion a) number of children aged 6-10 years old.

Subsequently, a bonus of up to 20% was calculated proportionally to the share of children aged 6-10 years old in the less developed regions/smaller Aegean Islands in each Member State (criterion b). This approach results in a weight of almost 5% for this criterion (bonus of EUR 7 028 176 on a total of EUR 137 636 642).

The indicative EU aid allocations resulting from the sum of the amounts calculated based on criteria a) and b) were proportionally reduced to fit to the total amount of EU aid of EUR 130 608 466.

The indicative EU aid allocations to each Member State were also adjusted to comply with the requirement that each Member State is to receive at least EUR 290 000. Cyprus, Luxembourg and Malta received an additional amount. The indicative EU aid allocations for all other Member States were reduced proportionately to respect the total amount.

As for **school milk**, based on criterion a), 60% of the total amount of EU aid was allocated to the Member States in proportion of their number of children aged 6-10 years old. Based on criterion b), 5% of the total amount of EU aid for school milk was allocated to the Member States in proportion to the number of children aged 6-10 years old in less developed regions/smaller Aegean islands.

In addition to these two criteria, 35% of the total amount of EU aid for school milk was allocated to Member States with an average expenditure of EU aid per child above the EU average in proportion to the historical use of EU aid in those Member States, in line to criterion c). These are Bulgaria, Czech Republic, Denmark, Estonia, Cyprus, Luxembourg, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Finland, Sweden.

(⁷) Commission Implementing Regulation (EU) No 908/2014 of 6 August 2014 laying down rules for the application of Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to paying agencies and other bodies, financial management, clearance of accounts, rules on checks, securities and transparency.

(⁸) The related working tables and calculations for the three criteria are set out in Annex I.

The indicative EU aid allocations for school milk resulting from the sum of the amounts calculated based on criteria a), b), and c) were adjusted to comply with the requirement that each Member State receives an amount of at least EUR 193 000. Luxembourg and Malta received an additional amount. The indicative EU aid allocations for all other Member States were reduced proportionately to respect the total amount (detailed calculations in Annex II).

2.3. Outcome of the application of allocation criteria

For 10 Member States (Denmark, Estonia, Greece, Croatia, Italy, Lithuania, Hungary, Netherlands, Portugal and Romania), the new indicative EU aid allocation for **school fruit and vegetables** is lower than for the previous period. The reduction is less than 5% for Greece, Lithuania and Hungary, ranges from 5% to 10% for Denmark, Estonia, Croatia, Italy, Netherlands, and Romania, and is 15% for Portugal.

For 14 Member States (Belgium, Bulgaria, Czech Republic, Germany, Ireland; Spain, France, Latvia, Austria, Poland, Slovenia, Slovakia, Finland, and Sweden), the new indicative EU aid allocation for **school fruit and vegetables** is higher than for the previous period. The increase is less than 5% for Bulgaria, Germany, Spain, France, Latvia, Austria, Poland and Finland, ranges from 5% to 10% for Belgium, Czech Republic, Ireland, and Slovakia, is 19% for Sweden and 20% for Slovenia.

The main driver for the decrease or increase in the indicative EU aid allocation is the change in the number of children aged 6-10 years old in the Member States concerned, and for Estonia in the status of recognised less favoured areas.

For Cyprus, Luxembourg and Malta, there is no change in the indicative allocation, which results from the *de minimis* requirement (i.e., each Member State is to receive an amount of at least EUR 290 000).

As for **school milk**, 15 Member States (Belgium, Germany, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Netherlands, Austria, Portugal, Slovenia, Finland, and Sweden) have received lower indicative EU aid allocations than in the previous period.

The reduction is less than 5% for Belgium and Spain, ranges from 5% to 10% for Germany, Ireland, Greece, Netherlands, Austria, Slovenia and Sweden, is 14% for Italy, goes from 20 to 30% for France, Croatia, and Finland, is 41 % for Portugal and 49% for Cyprus. Portugal experienced a 13% drop in its number of children aged 6-10 and its historical use decreased significantly. Cyprus had received for the previous period a higher amount of aid than it would have been entitled to with a strict application of allocation criteria, as part of the interinstitutional discussions.

Overall, changes in the indicative allocations for **school milk** are more significant than the changes for **fruit and vegetables**. This is due to the third criterion of historical use of EU aid (some Member States saw a marked fall in the use of EU aid under the new scheme).

When looking at the total indicative EU aid amount (fruit and vegetables, and milk), three Member States saw a sharp drop: Cyprus (-31%), Portugal (-25%) and Finland (-19%), none of which managed to use 100% of the indicative allocation in the last four school years.

3. IMPACT OF TRANSFERS

3.1. Legal background

The EU school milk scheme and EU school fruit and vegetables scheme were separate schemes until they were merged into a common legal and financial framework under Regulation (EU) No 2016/791⁹. The European Parliament and the Council considered that a common approach would allow Member States to maximise the impact of distribution within a fixed budget and increase management efficiency. However, in order to take into account differences between the schemes (and their supply chains) certain elements, such as the respective budgets remained separate.

Since 1 August 2017, Member states wishing to participate in the school scheme have submitted every year their request for EU aid specifying the amount requested for the school fruit and vegetables and the amount requested for the school milk. As mentioned above, Regulation (EU) 1308/2013 gives Member States the possibility to transfer once per school year up to 20% of either one or the other of their indicative allocations to better adjust to their priorities and needs in implementing the scheme. Transfers may be made either:

- (a) before the fixing of definitive allocations for the following school year, between the Member State's indicative allocations; or
- (b) after the start of school year, between the Member State's definitive allocations, where such allocations have been set for the Member State in question.

3.2. Transfers incurred over the implementation period 2017-2023

The evaluation of the EU school scheme from 2017/18 to 2020/21 showed that the possibility to transfer EU aid between the two parts of the EU scheme was used by 14 Member States (based on a review of working documents presented to the Member States' delegates in the Committee for the Common Organisation of the Agricultural Markets, animal products). It was mainly used to transfer funds from milk to fruit and vegetables (in 10 Member States out of the 14 using transfers). The main reason for the transfer was to accommodate higher demand for fruit and vegetables, in parallel to an underuse of the milk budget¹⁰.

Transfers from the milk allocations to the fruit and vegetables allocations for the 10 Member States concerned was not requested every year and the use of the budget transferred varied from one year to the other, as shown in the table below.

(⁹) Regulation (EU) 2016/791 of the European Parliament and of the Council of 11 May 2016 amending Regulations (EU) No 1308/2013 and (EU) No 1306/2013 as regards the aid scheme for the supply of fruit and vegetables, bananas and milk in educational establishments.

(¹⁰) Detailed table of transfers of Union aid between school fruit and vegetables and school milk, is in Annex III.

MS	YEAR TRANSFER WAS MADE	% USED OF TRANSFERRED AMOUNT
Belgium	2017/2018- 2020/2021	0%
Denmark	2020/2021	0%
Germany	2018/2019	100%
	2017/2018, 2019/2020 and 2020/2021	0%
Ireland	2017/2018	60%.
Spain	2017/2018	30%
	2018/2019 and 2019/2020	0%
Cyprus	2017/2018	0%
	2018/2019	82%
	2019/2020	0%
	2020/2021	60%
Luxembourg	2017/2018- 2020/2021	100%
Malta	2017/2018	0%
Netherlands	2017/2018	27%
	2018/2019	70%
	2019/2020 and 2020/2021	0%
Austria	2017/2018-2018/2019 and 2019/2020	0%

Transfers from the fruit and vegetables allocations to the milk allocations have been used by a limited number of Member States (France, Portugal, Romania, Sweden), but the amounts transferred are higher. Each year, Sweden uses this possibility since the EU school scheme for fruit and vegetables is not applied there; however, the transferred sum is not actually used. France transfers close to EUR 4.5 million each year to have equally sizable budgets for both milk and fruit and vegetables. However, both allocations remained largely unused over the four-year-implementation period covered by the evaluation. Only in the case of Romania, the amount transferred was used in full, thanks to an increased frequency in distribution (daily).

4. CONCLUSIONS

The criteria laid down in Regulation (EU) No 1308/2013 to allocate the overall amount of EU aid for the EU school scheme among Member States were applied by the Council when adopting Council Regulation (EU) No 1370/2013 (for the period from 1 August 2017 to 31 July 2023), and by the Commission by means of Implementing Decision (EU) 2023/106 (for the period from 1 August 2023 to 31 July 2029). The latter was adopted following a positive opinion of the Committee for the Common Organisation of the Agricultural Markets of 15/12/2022, where 24 Member States, representing 83% of the EU population, expressed their support. In other words, the application of the criteria was endorsed by an ample majority.

The criteria remain relevant as they encompass three key principles: proportionality (number of pupils in each Member State); cohesion (degree of development of the regions); and effectiveness (historical use). The ongoing review of the EU school scheme might consider extending the scope of the third criterion (historical use) to school fruit and vegetables, as it is currently limited to school milk.

The possibility to transfer the EU aid was mainly used from the school milk to the school fruit and vegetables. This was done to cope with an increasing demand for fruit and vegetables, which appears to be consistent with the upward trend in the number of children participating in the fruit and vegetables part of the EU school scheme and the downward trend in the number of children participating in the milk part of the EU school scheme¹¹.

In practical terms, the amounts transferred were only effectively used up to 15% for the transfers from milk to fruit and vegetables, and 12% for transfers from fruit and vegetables to milk. However, the possibility allowed Member States to make better use of the allocated EU aid where needed to increase coverage in terms of quantity and frequency of distribution. The ongoing review of the EU school scheme might consider simplifying the approach by allowing Member States to use their national allocations according to their needs and as described in their national strategies.

⁽¹¹⁾ Overall, in the period 2017/18-2020/21 the number of children benefiting from the F&V part dropped by 2.5% (largely linked to health restriction measures to limit the spread of COVID-19 pandemic). However, the number of children benefiting from the milk part of the scheme shows a steady drop since 2017/18.