



## **THE REVIEW OF THE CAP SCHEMES PROVIDING AGRICULTURAL PRODUCTS TO SCHOOL CHILDREN**

### **PUBLIC CONSULTATION ON POLICY OPTIONS AND THEIR IMPACT ASSESSMENT**

#### **I. CONTEXT**

Under the CAP, there are currently two programmes specifically targeting children in schools. European School Milk Scheme (SMS) has been providing school children with dairy products for over three decades, while the more recent School Fruit Scheme (SFS) co-finances the distribution of fruit and vegetable and banana products since the 2009/2010 school year. The schemes pursue similar objectives - by providing products in schools, the schemes give children direct experience of consuming these products, with positive implications on developing healthy consumption habits in the context of increasing obesity and malnourishment.

As such, while the school schemes are part of the CAP measures designed to promote the consumption of selected agricultural products, they have in addition important health and social implications. Both schemes are well accepted by the wider public and very popular with the school children who benefit from them, as identified recently by the external evaluation of the SFS<sup>1</sup>.

The Commission's CAP 2020 proposals<sup>2</sup> include a number of changes aimed at improving the effectiveness of the school schemes. In particular, increased funding is proposed for the SFS, including for the accompanying measures, which as highlighted in the recent evaluation can make a positive contribution to the effectiveness of the scheme. For SMS it is proposed that participating Member States should draw up a strategy to help focus the implementation of the scheme, as it is already the case for SFS.

However, recent studies that have become available since the Commission's reform proposals were adopted, in particular the SFS evaluation and the special report<sup>3</sup> of the European Court of Auditors (ECA), have identified the need to make further improvements to the school

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<sup>1</sup>[http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/school-fruit-scheme-2012\\_en.htm](http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/school-fruit-scheme-2012_en.htm)

<sup>2</sup>More details on "The Common Agricultural Policy after 2013" can be found on this link:  
[http://ec.europa.eu/agriculture/cap-post-2013/index\\_en.htm](http://ec.europa.eu/agriculture/cap-post-2013/index_en.htm)

<sup>3</sup>Court of Auditor's Special report No 10 of 2011 'Are the School Milk and School Fruit Schemes effective?'

schemes to increase their efficiency and effectiveness. For example, the ECA report called for greater coordination and synergy between the School Fruit and School Milk Schemes to make sure that they present a harmonised approach to nutrition and that they are managed efficiently.

Therefore, it has become evident that it would be worth exploring further possible ways to improve the two schools schemes, in particular the current fragmented approach in promoting the consumption of agricultural products amongst children.

In this context, it would be also worth exploring the possibility to address some of the emerging challenges that farmers are facing. As explained in detail in the next section, prospects for the demand for fresh and minimally processed agricultural products, and subsequently market opportunities for certain farmers, are under pressure with the shifts in consumption patterns and general disconnection of consumers from food and agriculture.

In order to ensure a long-term demand and market outlet for these farmers and reconnect consumers to agriculture, in particular children as future household managers, it needs to be explored whether this requires a broader and more unified policy response targeting children in schools. DG AGRI is exploring this, supported by an Inter-Service Steering Group (ISSG) made up of representatives of the Commission services concerned, to help bring together the range of expertise necessary for this assessment.

## **II. PROBLEMS AND CHALLENGES THAT REQUIRE ACTION**

Problems, which are behind the need for this review and which need to be addressed, stem from both problems inherent to the functioning and design of the current schemes, as well as from exogenous factors impacting the situation of EU farmers.

### **II.1. Exogenous problems**

#### **1. Definition of problems**

EU farmers are increasingly faced with more “modern” emerging challenges related to societal changes which have an impact on the demand for fresh and minimally processed agricultural products. These changes in particular relate to the consumption patterns and disconnection of consumers from agriculture and food.

With increasing globalisation the presence of local and traditional food is reduced and a modern way of life is limiting our ability to connect with the local environment. Consumption trends have shifted towards the increasing consumption of highly processed foods which are often high in added sugars, salt and fat (e.g. pre-cooked meals, sweets, confectionery etc). FAO/EBRD report<sup>4</sup> shows that for example the sales of confectionery increased by 3% per

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<sup>4</sup>[http://www.ebrd.com/downloads/research/sector/PBR\\_Social\\_Impact\\_web.pdf](http://www.ebrd.com/downloads/research/sector/PBR_Social_Impact_web.pdf)

year in the period 2004-2009 in Bulgaria, while in Poland and Romania this was respectively 5% and 8% per year.

Children, mirroring the habits of their parents, are also becoming increasingly disconnected from food, in particular local and seasonal, food traditions, the origin and method of food production, in particular in urban areas. Children are growing up not knowing where their food comes from – not just where it is produced, how it is produced but also about the work invested by farmers who make a living from it. They have lost connection to their food and they are subject to strong advertising of products high in sugars, fat and salt. Targeting children in schools is important, as it is proven that habits we acquire in our childhood tend to be carried on later in life. Schools are a fertile environment for creating positive social change.

The challenges arising from the abovementioned societal transformations are, among others, the following:

- **Risk for agricultural markets**

Farmers are set to lose an important segment of their market, in particular in the future when these children become managers of their households in charge of purchasing the food. It would also diminish the competitiveness of farmers, in particular since they already have a disadvantaged position in the food chain. This situation could be further exacerbated by the on-going economic crisis with lower household incomes and higher unemployment which in turn lead to the lower consumption of fresh products with implications on producer income.

Some of the agricultural markets already feel the pressure of declining demand. According to the available data, the consumption of fresh fruit and vegetables is stagnating or even declining.

According to Freshfel Europe<sup>5</sup>, per capita fruit consumption in 2010 has decreased by 7.8% compared with 2009 and by 9.4% compared with the previous five years (2005-2010), while per capita vegetable consumption in 2010 has decreased by 7.4% compared with 2009 by 10.3% compared with the previous five years.

Different sources point towards the conclusion that many Member States still have a level of per capita consumption of fruit and vegetables lower than the minimum 400 g World Health Organisation (WHO) recommendation. Freshfel data lists 10 Member States as under-achieving this recommendation, while Elmadfa<sup>6</sup> concludes that “[...] on average, only four countries have met the recommendation of consuming at least 400g of fruits & vegetables per day.”

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<sup>5</sup>Freshfel Europe stands for European Fresh Produce Association. When interpreting the consumption data it is necessary to take data limitations into account. Since solid data on observed fruit and vegetables consumption are rare, especially comparable international data, information is derived from statistical data on agricultural production, export and import of fresh fruit and vegetables products. Freshfel estimates the share of fresh consumption on the base of industry data. An average wastage of 20% in relation to gross supply is assumed. However, further waste rates occurring along the supply chain are neglected. Hence, consumption data have to be interpreted rather as relative data than in absolute terms.

<sup>6</sup>ELMADFA (2009): „European Nutrition and Health Report 2009 - Forum of Nutrition”, Vol. 62, p. 5

As regards the situation of small scale farmers, there are few marketing channels open to them, despite their relatively significant role with regard to the environment, local economy and social cohesion. Their marketing is hampered by the nature of the production, processing and storage limitations, lack of infrastructure and access to markets, worsened by dysfunction of the food supply chain. Opportunities for these farmers stem from the direct relationship with consumers and revenues from direct sales via short marketing chains.

- **Health situation**

Changes in lifestyle and consumption patterns with a shift towards poor diet consisting too often of products high in sugars, salt and fat is taking its toll on the European population, including children. Europe is facing an epidemic of overweight and obesity which occur already at an early age. WHO reports that for Europe approximately 20% of children and adolescents are overweight and one third of them are obese, with the annual rate is growing steadily<sup>7</sup>. Overweight and obesity are linked to increasingly common conditions, such as diabetes, cancer, and heart disease, and subsequently to increasing costs for health care.

## **2. Schemes' possible contribution in addressing broader problems**

The schemes, as one of the several CAP instruments, could contribute in addressing a set of wider challenges faced by the EU farmers and also broader, more global problems such as environment and food waste.

- European farmers are confronted with a set of challenges which are increasingly driven by factors outside agriculture. The perspectives for agricultural markets are expected to be characterised by greater uncertainty and increased (price) volatility. Furthermore, the economic crisis seriously affected agriculture and rural areas by linking them directly to wider macroeconomic developments affecting its cost of production. Additional pressures stem from the food supply chain where there is a steadily decreasing trend in farmers' share of the value added generated by the food supply chain. Indeed, the share of agriculture in the food supply chain has decreased over time, while the share of the food industry, wholesale and the distributions sector have all increased.
- Moreover, although the market intervention measures were the main tools of the CAP in the past, subsequent reforms have enhanced the market orientation of EU agriculture and reduced these to the level of a safety net in cases of significant price declines or crises affecting the market.
- Energy waste is also caused by unnecessary transport of goods. By way of an example, fruit and vegetables are one of the most transported goods in the globalised world and the impact on the environment depends on the type and the distance of transport from

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<sup>7</sup>WHO(2007): "The challenge of obesity in the WHO European region and the strategies for response".

producers to consumers. Producing for local markets and short circuits may have a lower carbon footprint than producing for distant markets.

- Food waste occurs at different stages of the supply chain. Food is wasted before, during or after meal preparation in the households and is discarded during production, manufacturing, distribution, retail and catering. About a third of the food for human consumption is wasted globally - around 1.3 billion tons per year, according to FAO.

## **II.2. Endogenous problems linked to the functioning of current schemes**

Despite the efforts to improve and streamline the legislative framework of both schemes, there are still some persisting issues in the functioning of the schemes that need to be addressed, in particular:

- Limited impact of the schemes due to the relatively low use of funding which limits also their effectiveness and efficiency.
- Budgetary aspects: the administrative burden of the current schemes is also reflected in their budgetary execution. It needs to be highlighted that despite all the efforts to increase it, the uptake of the appropriations for the schemes can still be improved, with an average under-execution for 2011-2012 of 33% for SMS and 38% of SFS. These results can also be attributed to the economic and financial crisis; especially that SFS requires a certain level of co-financing.
- Lack of coherence in the implementation of accompanying measures in the SFS: the external evaluation undertaken in 2012 points to some uncertainties in the educational impact of the SFS arising from the very diverse implementation of accompanying measures across Member States. There are wide discrepancies in the approaches and, consequently, also in the strength/impact of these measures. This can be partly attributed to the fact that they are not financed from the EU budget and that there are no additional minimum requirements as regards their implementation. The ECA emphasises in its report of 2011 the need of improving the assessment of what constitutes satisfactory accompanying measures. Therefore, there is a clear need to enhance their design and to strengthen their impact and coherence to the overall benefit of the Scheme.
- Burdens associated with the implementation of both schemes at the national level are reported to be high for schools in certain Member States. They are closely associated with the decision of a Member State on how to organise and implement their schemes. If too much work is entrusted to the schools (finding and managing contracts with the suppliers, filling in aid applications, even securing financial resources), then this can act as a deterrent for them to participate.
- With regard in particular to the SMS, the ECA pointed to the following issues that need to be addressed: the limited aid per kg (the aid for milk is fixed at € 18,15 per 100 kg for the maximum of 0.25 litre of milk equivalent per pupil per school day); the possible

deadweight effect (meaning the risk that the aid is paid for products which would be distributed anyway); the distribution which is not free of charge and has an impact on participation and effectiveness; the lack of accompanying measures (they are not required neither currently nor under the CAP 2020 proposals).

Furthermore, the ECA report recommends looking for further simplification and greater coordination and synergy between the two schemes, in order to ensure a globally consistent approach and the efficient implementation.

Moreover, the call for synergy, coordination and simplification comes also from other institutions and DG AGRI experts' groups. Also a study<sup>8</sup> by Centre for European Policy Studies (CEPS) on the administrative burden quantifications of SFS and SMS recommends coordinating the two programmes to have a common administrative framework and even unified procedures to get access to funds.

Finally the evaluation of the SFS confirms, among others, the recommendation to align the administrative framework of two programmes.

### III. OBJECTIVES

The CAP has various policy instruments which impact the economic situation of farmers, including rural development measures, direct payments and market instruments. Any future measures concerning the school schemes should be embedded in a larger CAP framework.

This impact assessment should examine to which extent the provision of fresh and minimally processed agricultural products in school could **contribute** in addressing the challenges identified above by providing an additional, alternative and steady market for farmers.

The aim of the review of school schemes is primarily to:

- contribute to support demand and sustainable consumption of fresh and minimally processed agricultural products in the long term by reconnecting children to farms and educating them to understand where their food comes from, both with direct experience in consuming products and additional measures which educate and raise awareness;
- contribute to stabilise and further develop market of informed consumers and promote EU agriculture;
- gear the connection in particular towards involving products coming directly from the farm from small-scale producers by using short marketing chains, while recognising the role of conventional channels. This would enable farmers to develop new untapped

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<sup>8</sup>Centre for European Political Studies (CEPS) Special report 'Measurement of administrative burdens generated by European legislation, Administrative burden quantifications of School Fruit Scheme and School Milk Scheme', 7 December 2011

markets (schools) and obtain a fairer share of the value of the final sale price by reducing the number of intermediaries and of stages in the process;

- address the problems arising from the functioning of the current schemes in order to have a more efficient, effective, coordinated and simpler approach under CAP when it comes to the distribution of agricultural products to children in schools.

Moreover, connecting children and schools with farmers has a wider impact than just a possible market effect:

- reconnection with local farming has also positive social/educational and environmental advantages by eliminating the need for long-haul transport, helping to boost local economies and empower future consumers to play an active part in the economic development of their local area.

Furthermore, through strong supporting measures, which would bring together all relevant sectors of the chain (agriculture, health, education),

- it should be explored what is the best approach to educate and raise awareness of children to improve their eating habits, value their food (avoid food waste), respect the environment and local community around them. Making healthier lifestyle choices is crucial to reducing health problems linked to unbalanced diets and its public costs.

#### **IV. OPTIONS**

A set of options set out below may address the objectives set. They all have some positive and negative aspects that need be carefully assessed and weighted. Most of them are not exclusive and could be combined to a certain extent. Their analysis should make apparent their likely impact if implemented as such. They should also raise comments around topics that are not directly linked to the problems and issues identified but that could enlarge the scope of the discussion and contribute to the general aims of the review.

When assessing the options mentioned below, it will be necessary to take account of the amounts foreseen for the CAP in the context of the Multi-Annual Financial Framework 2014-2020.

##### **1. CAP 2020 proposals**

Current situation with two separate schemes, SMS and SFS, is kept, together with the changes foreseen by the CAP 2020 proposals:

- Changes proposed for SFS aim at increasing the overall budget of the Scheme from €90 to €150 million, raising the EU co-financing rates from 50/75% to 75/90% and making the accompanying (educational) measures eligible for EU co-financing (currently they are financed exclusively from national, public or private, funds).

- Changes to the SMS provisions foresee the introduction of national strategies and better targeting of the Scheme.

## 2. ADJUSTMENT

Under this scenario, further adjustments and changes going beyond CAP 2020 proposal could be envisaged in order to achieve a greater level of synergies between SFS and SMS but by maintaining the separate financing arrangements. This option would entail a more significant revision of the SMS.

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

- Regulatory requirements set at the EU level, such as a requirement for a common strategy for both schemes, targeting, common communication measures (common poster, campaigns), merger of an 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.

This option would foresee also the implementation of supporting measures for both schemes 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).

In addition, the EU-wide communication campaign would be envisaged to bring visibility to the programmes and promote EU initiatives in the area of health, agriculture and physical activity.

## 3. NEW FRAMEWORK

This option will examine whether a completely new framework should be established for the provision of a wider variety of agricultural products to children in schools. It would bring together the best elements of the current schemes but with greater focus on supporting measures which would aim at connecting and educating children about agriculture and also wider policy issues (nutrition, food waste). The new framework, which would be voluntary for MS and well-targeted through a national strategy, could be based on the combined use of the following **two key elements** put on an equal footing:

i) **Distribution of products in schools** based on following key parameters:

- \* Distribution of fruit and vegetable and milk products , with a possibility for MS to use a certain part of their available funds to introduce **other agricultural products**, based on their traditions, cultural preferences and in line with national health standards and criteria;
- \* Distribution free of charge for pupils;

\* Orientation (backed by special incentives) towards the distribution of local/regional and seasonal products with short marketing chains and active involvement of farmers;

ii) **Supporting measures** which would be provided together with the distribution of products because the scientific evidence shows that they have to work together in order to ensure the effectiveness of a scheme. They would be in a form of enhanced and strengthened current accompanying measures under SFS. These measures would be co-financed and would involve also parents, teachers, farmers and similar. They would have a strong educational and awareness-raising dimension, connecting children with agriculture, food and producers, environment, local community. Focus would be put also on nutrition/health (balanced diet, healthy eating habits) and environment issues (avoiding food waste).

In addition, the new framework would be backed by an EU-wide communication campaign to bring visibility to the new programme, bring it closer to children with inviting logo and other communication tools, and promote EU initiatives in the area of health, agriculture and physical activity.

## **V. AIM OF THE CONSULTATION AND QUESTIONS**

This consultation asks for contributions on the issues that have arisen pursuant to the work of the Inter-services Steering Group and the hearings with stakeholders, and also on other issues that could be connected even indirectly with present or future challenges. Interested parties are encouraged not only to evaluate these options, but also enrich them and help assess their feasibility, cost-effectiveness and possible impact, also on administrative burden and simplification.

1. Do you agree with the analysis of problems and challenges presented in this document? If not, explain why.
2. Are there other issues that have not been mentioned? Name maximum 2 problems and 2 objectives.
3. Based on your experience, are there other options that you consider adequate to reach the stated objectives? Name one.
4. Do you see particular difficulties which could arise in the implementation of different options under consideration? If yes, name maximum 3 for each option.
5. Do you think a particular option is more balanced than all the others? Please justify.
6. For the "new framework" option, what other agricultural products do you see could be integrated? Name maximum 3 and explain why.

7. What conditions or requirements (compulsory and/or optional) should be introduced and developed for the "adjustment" and "new framework" options? Name maximum 3.

8. How do you view the importance of the supporting measures (as explained in section IV) under the options "adjustment" and "new framework"?

9. What are the main determinants for the successful implementation of supporting measures? Name maximum 3.

It is clear that the options and topics it has chosen to explore take account of a limited series of factors and that they cannot cover the full range of political choices open for the Commission. That is the reason for seeking contributions from interested parties who can enrich these options and help assess their feasibility, cost-effectiveness and impact, also on administrative burden and simplification.

**The consultation will remain open until 22 April 2013.**

Please send contributions through the electronic form to be filled on [the consultation webpage](#) or alternatively by using [the following template](#)

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