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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**

{SWD(2014) 28 final}

{SWD(2014) 29 final}

## EXPLANATORY MEMORANDUM

### **1. CONTEXT OF THE PROPOSAL**

#### **General context**

The Regulation (EU) No 1308/2013 of the European Parliament and of the Council (single Common Market Organisation Regulation)<sup>1</sup> provides for a legal and financial framework governing the distribution of selected agricultural products to children in schools through the School Milk Scheme and the School Fruit Scheme.

The two schemes have developed independently and in different time periods. The School Milk Scheme dates back to the creation of the Common Market Organisation for milk in 1968 and has been actually implemented since 1977. The School Fruit Scheme is a more recent programme that came out as a political commitment in the context of the 2007 reform of the Common Market Organisation for fruit and vegetables. The current schemes operate within different legal and financial frameworks, and have some important differences in their design and functioning.

Both school schemes were established in order to promote the consumption of fruit and vegetable and milk products, which are important sectors for the European agriculture, each representing approximately 15% of the value of European Union (EU) agricultural output. 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 fruit and vegetables and milk products. Despite different health and agricultural promotion efforts both at the national and EU level to increase the consumption, the declining trends have not been reversed, particularly for fresh fruit and vegetables and drinking milk. This situation is exacerbated amongst others by the modern consumption trends towards highly processed foods which are often high in added sugars, salt and fat, and will be boosted by younger age groups.

Despite the positive embedding of the current schemes in schools and the acknowledgement of their relevance, conclusions drawn from different reports and external evaluations highlight certain weaknesses in their design and inefficiencies in their functioning.

The CAP 2020 already contains important elements that are expected to solve some of the identified problems, in particular through significant changes to the financing of the School Fruit Scheme and strengthening of its educational dimension. The new requirement under the Scholl Milk Scheme that participating Member States should draw up a strategy will help focus the implementation of the scheme, as it is already the case for School Fruit Scheme. However, the Commission CAP 2020 proposal was adopted before the external evaluations of the current schemes were finalised and it preceded also the European Court of Auditors (hereinafter ECA) report.

#### **Objectives of the proposal**

The proposal aims not only to address the endogenous problems inherent to the functioning of the schemes in order to increase their efficiency and effectiveness, but it also aims at providing a more unified policy response to ensure that they are capable of meeting the long-

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<sup>1</sup> 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 (OJ L 347, 20.12.2013, p.671).

term objectives and effectively respond to the external challenges. This is in line with the ECA recommendation 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*". With this proposal, the Commission also responds to the reporting obligation stemming from Article 225(c) of the Regulation concerning the possibility of extending the scope of the school schemes to include olive oil and table olives.

Firstly, the proposal aims to refocus the current set-up towards the long-term objectives, with a view of strengthening the educational dimensions of both schemes, and to contribute to reconnecting young citizens with food and its source, thus enhancing perceptions of agriculture and its products, the CAP and the EU. Currently, there is a gap between the design of the schemes and these objectives, as the latter are addressed differently in the two schemes. The educational dimension was built into the School Fruit Scheme from the beginning, while the School Milk Scheme does not oblige Member States to use specific educational measures, making the link between the products distributed and the scheme low. Furthermore, the evaluation and monitoring system of the School Milk Scheme is weak, while the system of the School Fruit Scheme needs improvements, which is important for measuring their medium- or long-term effectiveness.

Secondly, the goal is to 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. As the current schemes have developed independently and in different time periods, there is a lack of coordination and consistency between them, even though they pursue similar objectives and target groups. The current fragmented system entails a multitude of different approaches and messages, which could negatively impact the effectiveness of the regime as a whole. This problem stems from the different legal and financial frameworks, market differences between the products involved and decisions at Member State level on how to implement the two schemes.

Last but not the least, there is a need to 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 to maximise their impact and the cost-effectiveness of distribution would be increased. Some of the current deficiencies are common (such as a high administrative and organisational burden), while others are specific either for the School Fruit Scheme (most notably the under-execution of around 30% of its potential as well as huge disparities in the costs for products involved in the distribution) or for the School Milk Scheme (potential deadweight effect, low cost-benefit ratio).

## **2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS**

The review of school schemes started in October 2012.

During the Impact Assessment process, a public consultation was conducted, inviting interested parties to contribute to the review. The public consultation process was based on a consultation document that was structured around 9 open-ended questions. The consultation ran for 12 weeks and was conducted on the basis of an online questionnaire. In addition, separate meetings and hearings were organised in the course of the process, including stakeholders meeting on 15 March 2013.

The three scenarios elaborated in the Impact Assessment are 1) "status quo" option that maintains the separate frameworks for the school distribution but integrates the improvements made to the school schemes by CAP 2020; 2) an "adjustment" scenario that explores whether

the objectives of the review could be achieved within the current separate 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; and 3) a "new framework" scenario that entails a considerable policy change in the form of common legal and financing framework for the distribution of a restricted number of products, complemented by the orientation towards the long-term objectives through the strengthened educational dimension of the scheme.

On the basis of the evaluations of the current policy frameworks and the analysis of future challenges and needs, the impact assessment evaluates and compares the impacts of these three alternative policy scenarios against their potential to achieve the objectives, and in terms of effectiveness, efficiency and coherence with over-arching objectives:

- The status quo scenario, with a strengthened School Fruit Scheme, would further exacerbate the existing gaps in the educational dimension between the School Fruit Scheme and the School Milk Scheme and not bring much in terms of management efficiency. It also brings a limited contribution in providing a uniform and visible EU intervention. Whilst budgetary neutral, it contains certain budgetary uncertainty with no limitation on the School Milk Scheme funding. It keeps the high level of administrative burden compared to the benefits (low cost-benefit), strong variations in efficiency due to high disparities in costs of products for the School Fruit Scheme and continued potential deadweight effect in the School Milk Scheme. There are doubts whether this option could provide a suitable response to some of the emerging challenges related to the consumption patterns and demand for fresh agricultural products. It has been seen as having a limited contribution to horizontal objectives of better regulation and simplification, while it scores better with its potential in contributing to public health objectives of reducing health inequalities through national strategies and targeting.
- On the other hand, the main impacts arising from the adjustment option are expected to come through the strengthening of School Milk Scheme educational dimension and synergies in the implementation of both schemes, whilst keeping the current separate setting. This would provide better contribution to the long-term objectives of sustainably increasing the demand these agricultural products and shaping healthier eating habits. It is positive as regards the increased synergies but these are limited due to different financial arrangements between the schemes. Lower administrative burden brings more benefits, lower complexity through synergies and common procedures.
- New framework 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 two schemes. It furthermore gives greater flexibility to Member States to manage the school programme and focus their actions based on priority needs, with a necessary budgetary flexibility to operate between different financial entitlements and respond to changing situations. Additionally, it is designed to give the greatest impact of school intervention within a fixed 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.

On this basis, the Impact Assessment concludes that the "new framework" scenario 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 fruit and vegetable and milk consumption and rising obesity, and establishing a critical link with agriculture a variety of its products.

Simplification has been an important consideration throughout the process 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.

### **3. LEGAL ELEMENTS OF THE PROPOSAL**

It is proposed to establish a common legal and financial framework for the distribution of fruit and vegetables and milk to children in schools, supported by strengthened educational measures to reaffirm the link with agriculture and a variety of its products, as well as wider issues such as public health and environmental matters. The new framework would be budget neutral and would operate within the budget foreseen for the schools schemes under CAP 2020. The structure of the new scheme is built largely on the existing elements of the two schemes which are considered as well-functioning and efficient.

The proposal is based on Articles 42 and 43(2) of the Treaty. It complies with the principles of subsidiarity and proportionality whereby the framework for action and the basic principles are set at the EU level, whilst Member States still have the leeway to tailor the scheme based on their priorities and in line with national/regional specificities, and to set their targets and implementation modalities.

The key elements of the new proposal are the following:

- Refocus the distribution: it is proposed to focus the distribution of products in schools to two "core products": fresh fruit and vegetables (including bananas) and drinking milk only, with the fat content of drinking milk to be decided upon by national health authorities. This focus would be beneficial for several reasons, especially since the distribution would take place within a fixed budget, it would reduce organisational burden for schools, and is in line with the need to help reverse the declining consumption trends for these two groups of products. Additionally, this would be in line with the overall practice, as fresh fruit and vegetables and drinking milk are the most distributed products under the current schemes. However, Member States could include also a wider variety of agricultural products in the framework of the thematic educational measures.
- Unify the financial provisions and improve financing conditions in order to increase the efficiency of spending:
  - Considering the differences between the products and their supply chains, as well as the different consumption situation across the Member States, separate "envelopes" would be allocated to Member States for fruit and vegetables (including bananas) and milk. An envelope for the fruit and vegetables in line with the CAP 2020 budget (EUR 150 million) and an envelope for milk corresponding to the expected use of funds (EUR 80 million). Certain flexibility would be provided for, where Member States could transfer limited shares of their allocations between the envelopes based on their needs (prioritising of intervention through strategies). Within those envelopes, thresholds would be established for supporting measures and other eligible measures, such as evaluation, monitoring and communication.

- Based on the experience so far, the level of EU contribution towards the price of products would be limited through a maximum EU aid per portion for fruit and vegetables and for milk, and not through the EU co-financing levels as was so far the case for the School Fruit Scheme. This would be a new element for fruit and vegetables, which would 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. These elements of the proposal respond to the commitment undertaken by the Commission<sup>2</sup> in the context of the adoption of the Council Regulation (EU) No 1370/2013<sup>3</sup> to review the financing arrangements of the current schemes, namely the aid for the distribution of milk as well as the co-financing of the school fruit scheme costs. Member States will be allowed to continue providing national top-ups or attract private funding in order to enlarge the scope and/or the intensity of their intervention of the school schemes.
- Reinforce the educational dimension: supporting educational measures would become a requirement also for the milk distribution, thus bridging the gap between the current schemes. These measures would have a strong educational dimension, with a focus on agricultural issues, nutrition/health (balanced diets) and environment matters. In addition, they would provide a critical instrument to (re)connect the children with food, agricultural production and farmers. Educational measures should target the school population and if possible involve the family and community as well and address the wider issue of the existing offer of healthy options of food and beverages at schools. They are useful as evidence shows that many children grow up not knowing where their food comes from – where and how it is produced and what are products of certain seasons. Member States could therefore choose thematic educational measures that could occasionally include also agricultural products, other than the two core products, such as for example yoghurts, processed fruit and vegetables, honey, olive oil, and similar. The list of all products supplied under the scheme and their nutritional aspects have to be approved by national health authorities. Supporting educational measures would have to be directly linked to the agricultural objectives of the scheme and be in line with the objective of promoting healthy diets.

#### **4. BUDGETARY IMPLICATION**

The impact of the proposal is budgetary neutral compared to the status quo. For fruit and vegetables, the budgetary ceiling currently set in the Regulation No 1308/2013 (EUR 150 million per school year) is maintained in this proposal. For milk, the proposal includes an envelope of EUR 80 million per school year, corresponding to the expected budget execution and in line with the overall amounts for market-related expenditure and direct aids taken into account in the Multiannual Financial Framework 2014-2020.

As regards the distribution of expenditure, the highest support will be given to the distribution and supporting educational measures. Other costs, such as evaluation, monitoring and communication, will also be eligible to a more limited extent. The ceilings for the costs of

<sup>2</sup> Special Committee on Agriculture, 11 November 2013.

<sup>3</sup> 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 (OJ L 346, 20.12.2013, p.12).

supporting educational measures and for other related costs will be set by the Commission in light of the experience with the current programmes.

Details on the budgetary and financial implications are provided in the legislative financial statement accompanying the proposal.

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**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 42 and 43(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee<sup>4</sup>,

Having regard to the opinion of the Committee of the Regions<sup>5</sup>,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Section 1 of Chapter II of Title I of Part II of Regulation (EU) No 1308/2013 of the European Parliament and of the Council<sup>6</sup> provides for a school fruit and vegetables scheme including bananas and a school milk scheme.
- (2) The experience gained with the application of the current schemes, together with the conclusions of the external evaluations and subsequent analysis of different policy options, point to the conclusion that the rationale which led to the establishment of the two school schemes is still relevant. In the current context of declining consumption of fruit and vegetables including bananas and milk products, exacerbated by amongst other things, the modern trend towards the consumption of highly processed foods which, additionally, are often high in added sugars, salt and fat, the Union aid to finance the supply to children in educational establishments of selected agricultural products should therefore continue to exist.
- (3) The analysis of different policy options points out that a unified approach under a common legal and financial framework is more appropriate and effective in meeting the specific objectives that the Common Agricultural Policy is pursuing through school schemes. This would allow Member States to maximise the impact of distribution within a constant budget and increase the management efficiency. However, in order to take into account the differences between the fruit and vegetables including bananas and milk products and their supply chains, certain elements should

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<sup>4</sup> OJ C , , p. .

<sup>5</sup> OJ C , , p. .

<sup>6</sup> 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 (OJ L 347, 20.12.2013, p. 671)

remain separate, such as the respective budgetary envelopes. In light of the experience with the current schemes, the participation in the scheme should continue to be voluntary for Member States. Taking into the account the different consumption situations across Member States, the possibility should be given to participating Member States to choose whether they want to distribute all or just one of the products eligible for the supply to children in educational establishments.

- (4) A trend of declining consumption in particular of fresh fruit and vegetables including bananas and drinking milk has been identified. It is therefore appropriate to focus the distribution under the school schemes on these products. This would in turn also help reduce the organisational burden for schools, increase the impact of the distribution within a limited budget and would be in line with the current practice, as these products are most frequently distributed.
- (5) Educational measures that support the distribution are necessary in order to make the scheme effective in reaching its short- and long-term objectives of increasing the consumption of selected agricultural products and shaping healthier diets. Considering their importance, these measures should support both the fruit and vegetables including bananas and milk distribution. They should be eligible for the Union aid. As supporting measures they represent a critical tool to reconnect children with agriculture and its different products and to meet the objectives that the scheme is pursuing, Member States should be allowed to include a wider variety of agricultural products into their thematic measures. However, so as to promote healthy eating habits, the national health authorities should be involved in this process and approve the list of these products, as well as the two groups of products eligible for the distribution, and decide on their nutritional aspects.
- (6) In order to ensure a sound budgetary management, a fixed ceiling of the Union aid towards the distribution of fruit and vegetables including bananas and milk, supporting educational measures and related costs should be provided for. This ceiling should reflect the current situation. In light of the experience gained and with a view to simplify the management, the financing models should be approximated and based on a single approach as regards the level of Union financial contribution. It is therefore appropriate to limit the level of Union aid towards the price of products through a maximum Union aid per portion both for fruit and vegetables including bananas and milk and abolish the principle of obligatory co-financing for fruit and vegetables including bananas. Considering the price volatility of products in question, the power to adopt certain acts should be delegated to the Commission in respect of measures setting the levels of the Union aid towards the price of a portion of products and laying down the definition of a portion.
- (7) In order to ensure the efficient and targeted use of Union funds, the power to adopt certain acts should be delegated to the Commission in respect of measures fixing the indicative allocations of the Union aid to each Member State and the methods for reallocating aid between Member States on the basis of aid requests received. The indicative allocations should be fixed separately for the fruit and vegetables including bananas and milk in line with the voluntary approach to distribution. The allocation key for fruit and vegetables including bananas should reflect the current allocations by Member States, based on the objective criteria of the number of children in the age group of six- to ten-year olds as a proportion of the population, taking into the account also the development status of regions concerned. In order to allow Member States to maintain the scale of their current programmes and with a view of encouraging others to take up the distribution of milk, it is appropriate to use the combination of two keys

for the allocation of the funds for milk, namely the historical use of funds by Member States under the School Milk Scheme and the objective criteria of the number of children in the age group of six- to ten-year olds as a proportion of the population used for the fruit and vegetables including bananas. In order to find the right proportion for these two keys, the power to adopt certain acts should be delegated to the Commission in respect of adopting additional rules concerning the balance between the two criteria. Furthermore, considering the recurrent changes in the demographic or development situation of regions in Member States, the power to adopt certain acts should be delegated to the Commission in respect of assessing every three years whether the Member States' allocations, based on those criteria, are still up to date.

- (8) In order to allow the Member States with a limited demographic size to implement a cost effective scheme, the power to adopt certain acts should be delegated to the Commission in respect of setting the minimum amount of the Union aid that Member States are entitled to receive for fruit and vegetables including bananas and milk.
- (9) In the interest of sound administration and budget management, Member States wishing to participate in the distribution of fruit and vegetables including bananas and/or milk should apply every year for the Union aid. With a view of simplifying the procedures and management, this application should be done on the basis of separate aid requests. Following the requests of the Member States, the Commission should decide on the definitive allocations for fruit and vegetables including bananas and milk within the appropriations available in the budget and after taking into account limited transfers between their allocations, which encourage prioritising of distribution based on the nutritional needs. The power to adopt certain acts should be delegated to the Commission in respect of the measures setting the conditions and the limits concerning these transfers.
- (10) The national strategy should be considered as the condition for the Member State's participation in the scheme and as a strategic multiannual document, setting out targets to be achieved by Member States and their priorities. Member States should be allowed to update them regularly, in particular in light of the evaluations and reassessment of priorities or targets.
- (11) In order to ensure the visibility of the scheme, Member States should explain in their strategy how they will guarantee the added value of their scheme, especially where products financed under the Union scheme are consumed at the same time as other meals provided to children in an educational establishment. In order to ensure that the educational purpose of the Union scheme is attained and effective, the power to adopt certain acts should be delegated to the Commission in respect of the rules concerning the distribution of the products financed under the Union scheme in relation to the provision of other meals in educational establishments and their preparation.
- (12) In order to ensure that the price of products provided to children under the scheme fully reflects the amount of the aid provided and that subsidised products are not deflected from their intended use, the power to adopt certain acts should be delegated to the Commission in respect of establishment of price monitoring under the scheme.
- (13) Considering that the co-financing principle is abolished for the fruit and vegetable distribution, it is necessary to amend the appropriate provisions of Regulation (EU) No 1306/2013<sup>7</sup>.

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<sup>7</sup> Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council

- (14) Regulations (EU) No 1308/2013 and (EU) No 1306/2013 should be amended accordingly. To take into account the periodicity of the school year, the new rules should therefore become applicable as from 1 August 20XX,

HAVE ADOPTED THIS REGULATION:

*Article 1*

**Amendment to Regulation (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products**

Regulation (EU) No 1308/2013 is amended as follows:

- (1) The title of Section 1 of Chapter II of Title I of Part II is replaced by the following:  
'AID FOR THE SUPPLY OF AGRICULTURAL PRODUCTS IN EDUCATIONAL ESTABLISHMENTS'
- (2) the heading "Subsection 1" and the title " School fruit and vegetables schemes" are deleted;
- (3) Article 23 is replaced by the following:

*"Article 23*

**Aid for the supply of fruit and vegetables, bananas and milk, supporting educational measures and related costs**

1. The Union aid shall be granted in respect of children in the educational establishments referred to in Article 22:
  - (a) for the supply of fruit and vegetables, bananas, and milk;
  - (b) for supporting educational measures; and
  - (c) to cover certain related costs linked to logistics and distribution, equipment, publicity, monitoring and evaluation.
2. Member States wishing to participate in the aid scheme established in paragraph 1 (" the school scheme") may distribute either fruit and vegetables including bananas or milk falling within CN code 0401, or both.
3. As a condition for their participation in the school scheme Member States shall draw up, prior to their participation in the school scheme, and subsequently every 6 years, at national or regional level, a strategy for the implementation of the scheme. The strategy may be amended by a Member State, in particular in the light of monitoring and evaluation. The strategy shall at least identify the needs to be met, the ranking of the needs in terms of priorities, the target population, the results expected and the quantified targets to be attained in relation to the initial situation, and lay down the most appropriate instruments and actions for attaining those objectives.
4. Member States shall, in order to make the school scheme effective, also provide for the supporting educational measures, which may include measures and activities aimed at connecting children with agriculture and a wider variety

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Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 (OJ L 347, 20.12.2013, p. 549).

of agricultural products, educating about related issues, such as healthy eating habits, combating food waste, local food chains or organic farming.

5. When drawing up their strategies, Member States shall determine a list of agricultural products, in addition to fruit and vegetables, bananas and milk, that may occasionally be included under the supporting educational measures.
6. Member States shall choose the products to be featured in the distribution or to be included in supporting educational measures on the basis of objective criteria which may include the health and environmental considerations, seasonality, variety, or availability of local produce, giving priority to the extent practicable to products originating in the Union, particularly to local purchasing, organic products, short supply chains or environmental benefits.
7. Member States shall, in order to promote healthy eating habits, ensure that their competent health authorities endorse the list of all the products supplied under the school scheme and decide on their nutritional aspects."

(4) Article 23a is inserted:

*"Article 23a*

**Financing provisions**

1. The aid under the school scheme allocated for the distribution of products, the supporting educational measures and the related costs referred to in Article 23(1), and without prejudice to the provisions in paragraph 4, shall not exceed:
  - (a) for fruit and vegetables and bananas: EUR 150 million per school year;
  - (b) for milk: EUR 80 million per school year.

The Commission shall be empowered to adopt delegated acts in accordance with Article 227 determining the level of Union aid that may be paid towards the price of the portion of fruit and vegetables including bananas and milk distributed and laying down the definition of a portion. The Commission shall also be empowered to adopt delegated acts in accordance with Article 227 fixing a minimum amount and a maximum amount for the financing of supporting educational measures from Member States' annual definitive allocations.

2. The aid referred to in paragraph 1 shall be allocated to each Member State taking into account of the following:
  - (a) for fruit and vegetables including bananas: the objective criteria based on:
    - (i) the number of six- to ten-year old children as a proportion of the population,
    - (ii) the degree of development of the regions within a Member State so to ensure higher aid to less developed regions within the meaning of Article 3(5) of this Regulation, the outermost regions listed in Article 349 of the Treaty or and the smaller Aegean Islands within the meaning Article 1(2) of Regulation (EU) No 229/2013, and

- (b) for milk: the historical use of funds under previous schemes for the supply of milk and milk products to children and objective criteria based on their proportion of six- to ten-year old children.

The Commission shall assess at least every three years whether the indicative allocations for fruit and vegetables including bananas and for milk remain consistent with objective criteria referred to in this paragraph.

3. Member States shall apply every year for the participation in the school scheme by submitting their request for the Union aid for each product they wish to distribute as referred to in Article 23(1)(a).
4. Without exceeding the global ceiling of EUR 230 million resulting from the amounts referred to under points (a) and (b) of paragraph 1, Member States may transfer up to 15% of their indicative allocations for fruit and vegetables including bananas or for milk to the other sector under the conditions to be specified by the Commission by means of delegated acts adopted in accordance with Article 227.
5. The school scheme shall be without prejudice to any separate national school schemes which are compatible with Union law.
6. Member States may, in addition to Union aid, grant national aid in accordance with Article 217.
7. The Union may also finance, pursuant to Article 6 of Regulation (EU) No 1306/2013, information, monitoring and evaluation measures relating to the school scheme, including raising public awareness of it, and related networking measures.
8. Member States participating in the school scheme shall publicise, at the places where the food is distributed, their involvement in the scheme and the fact that it is subsidised by the Union. Member States shall ensure the added value and the visibility of the Union school scheme in relation to the provision of other meals in educational establishments."

- (5) Articles 24 and 25 are replaced by the following:

*"Article 24*

**Delegated powers**

1. In order to promote the healthy eating habits of children and to ensure that the aid under the school scheme is aimed at children in the target group referred to in Article 22, the Commission shall be empowered to adopt delegated acts in accordance with Article 227 concerning rules on:
  - (a) the additional criteria related to the targeting of aid by Member States;
  - (b) the approval and selection of aid applicants by Member States;
  - (c) the drawing-up of the national or regional strategies and on the supporting educational measures.
2. In order to ensure the efficient and targeted use of European funds, the Commission shall be empowered to adopt delegated acts in accordance with Article 227 concerning:

- (a) the indicative allocation of aid between Member States for fruit and vegetables including bananas and milk and where appropriate its revision following the assessment referred to in the second subparagraph of Article 23a(2), the minimum amounts of Union aid for each Member State, the method for reallocating the aid allocation between Member States based on aid applications received, and the additional rules concerning how the criteria referred to in the first subparagraph of Article 23a(2) shall be taken into account for the allocation of the funds,
  - (b) the conditions concerning the transfers between the allocations for fruit and vegetables including bananas and milk;
  - (c) the costs and/or measures that are eligible for Union aid and the possibility of fixing minimum amounts and maximum amounts for specific costs;
  - (d) the obligation for Member States to monitor and evaluate the effectiveness of their school scheme.
3. In order to promote awareness of the school scheme the Commission shall be empowered to adopt delegated acts in accordance with Article 227, requiring Member States with a school scheme to publicise the subsidising role of the Union aid.
  4. In order to ensure the added value and the visibility of the Union scheme, the Commission shall be empowered to adopt delegated acts in accordance with Article 227 in respect of the rules concerning the distribution of products in relation to the provision of other meals in educational establishments.
  5. Taking into account the need to ensure the aid is reflected in the price at which the products are available under the school scheme, the Commission may, by means of delegated acts in accordance with Article 227, adopt rules on the establishment of price monitoring under the scheme.

#### *Article 25*

#### **Implementing powers in accordance with the examination procedure**

The Commission may, by means of implementing acts, adopt the measures necessary for the application of this Section including:

- (a) the definitive allocation of aid for fruit and vegetables including bananas and/or milk between participating Member States within the limits set out in Article 23a(1), taking account of the transfers referred to in Article 23a(4);
  - (b) the information to be contained in Member States' strategies;
  - (c) the aid applications and payments;
  - (d) the methods of publicising, and networking measures in respect of, the school scheme;
  - (e) the submission, format and content of monitoring and evaluation reports by Member States participating in the school scheme;
  - (f) the management of price monitoring."
- (6) Subsection 2 is deleted.

- (7) Article 217 is replaced by the following:

*"Article 217*

**National payments for distribution of products to children**

Member States may, in addition to Union aid provided for in Article 23, make national payments for supplying the products to children in educational establishments or for the related costs referred to in Article 23(1)(c).

Member States may finance those payments by means of a levy on the sector concerned or by any other contribution from the private sector.

Member States may, in addition to Union aid provided for in Article 23, make national payments for financing supporting educational measures, as referred to in Article 23(4)."

- (8) Annex V is deleted.

*Article 2*

**Amendment to Regulation (EU) No 1306/2013**

In Article 4(1) of Regulation (EU) No 1306/2013, point (d) is replaced by the following:

"(d) The Union's financial contribution to the measures related to animal diseases and loss of consumer confidence as referred to in Article 220 of Regulation (EU) No 1308/2013."

*Article 3*

**Entry into force and application**

This Regulation shall enter into force on the [...] day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 August X year

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*