

MEASUREMENT OF ADMINISTRATIVE BURDENS GENERATED BY THE EUROPEAN LEGISLATION

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AB QUANTIFICATIONS OF SCHOOL FRUIT SCHEME AND SCHOOL MILK SCHEME

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ABBREVIATIONS AND DEFINITIONS

The following terms are defined on the basis of Annex 10 of the Impact Assessment Guidelines, published by the European Commission; and of the International Standard Cost Model manual, published by the SCM Network.

SCM: Standard Cost Model. The Standard Cost Model is designed to measure the administrative consequences of legislation for businesses. The SCM has been developed to provide a simplified, consistent method to estimate the administrative costs imposed on business by central governments. The SCM method is a way of breaking down regulation into a range of manageable components that can be measured. The SCM does not focus on the policy objectives of each regulation. As such, the measurement only focuses on the administrative activities that must be undertaken to comply with regulation and not on whether the regulation itself is reasonable or not.

IO: Information Obligation. Information obligations are obligations arising from regulation to provide information and data to the public sector or third parties. IOs are the unit of analysis of the present report. A piece of legislation may include one or more IOs. A single IO may refer to a single provision, a single article, or to a group of related articles. The EU Standard Cost Model guidelines provide 12 categories to classify an IO.

DR: Data Requirement. Each information obligation consists of one or more data requirements. A data requirement is each element of information that must be provided when complying with an IO. Our analysis usually does not focus on DRs, but only on single IOs. DRs can be used to assess the impact of a new legislative provision changing only part of an existing IOs (for instance, a new proposal on food labelling may impose 5 DRs instead of 6).

AC: Administrative Cost. Administrative costs are defined as the costs incurred by a normally efficient enterprise in meeting legal obligations to provide information on its action or production, either to public authorities or to private parties. Information is to be construed in a broad sense, *i.e.* including labeling, reporting, registration, monitoring and assessment needed to provide the information. In some cases, information has to be transferred to public authorities or private parties. In others, it only has to be available for inspection or supply on request. Recurring administrative

costs and, where significant, one-off administrative costs must be taken into account. Administrative costs are measured over a one-year period.

BAU: Business-As-Usual. BAU costs (or BAU factor, in percentage terms) correspond to the costs resulting from collecting and processing information which would be collected or processed by an undertaking even in the absence of the legislation. For instance, firms would keep annual accounts even if they were not required by law.

AB: Administrative Burdens. Administrative burdens are the part of the administrative costs resulting from collecting and processing information which would not be collected or processed by an undertaking in the absence of legislation. Formally:

$$ACs = BAU \text{ costs} + ABs.$$

Finding that a legislative provision generates many burdens does not imply any judgment on its usefulness and benefits. Our analysis is not a net analysis of costs and benefits created by an act, but only a partial analysis of part of its costs. For instance, highly beneficial acts may be burdensome, and burdens may arise also from provisions whose content has been agreed on by the industry.

P: Price; Q: Quantity. Price and quantity are the key variables of the “core” equation of the Standard Cost Model. Price of an IO is its cost per occurrence, calculated multiplying the time spent on complying with an IO by the appropriate tariff. A price of an IO may also include external and one-off costs. Quantity of an IO is calculated multiplying the number of entities concerned by the frequency of the IO. Administrative costs are calculated through the following formula:

$$\sum P \times Q$$

OTHER ABBREVIATIONS

SG: Secretariat-General of the European Commission (contracting party)

DG AGRI: Directorate General for Agriculture and Rural Development of the European Commission (responsible DG)

SFS: School Fruit Scheme.

SMS: School Milk Scheme

AB QUANTIFICATIONS OF THE SCHOOL FRUIT SCHEME AND THE SCHOOL MILK SCHEME

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EXECUTIVE SUMMARY

The present report contains a measurement of the administrative burdens linked to two acts falling within the competence of the Directorate General Agriculture and Rural Development (DG AGRI) and some proposals for simplification. This report mainly aims at providing a comprehensive analysis of the administrative procedures in place for the management of the programmes supporting national initiatives delivering fruit and vegetables, bananas, milk, and certain milk products in school, measuring red tape and burdens for educational establishments and other entities participating in the programmes. The two programmes in scope of this report are the School Fruit Scheme (SFS), as designed by regulation 288/2009; and the School Milk Scheme (SMS), as designed by regulation 657/2008.

Measured acts and their impact¹ on Administrative Burdens are shown in the table below.

Acts covered by this report and impact on ABs

Responsible DG	Act	Administrative Burdens
<i>Agriculture</i>	Commission Regulation (EC) No 288/2009 laying down detailed rules for applying Council Regulation (EC) No 1234/2007 as regards Community aid for supplying fruit and vegetables, processed fruit and vegetables and banana products to children in educational establishments, in the framework of a School Fruit Scheme	€ 1,049,687

¹ The annual impact of a legislative act is measured, *i.e.* the number of ACs/ABs imposed on target entities over a period of one year.

	Commission Regulation (EC) No 657/2008 laying down detailed rules for applying Council Regulation (EC) No 1234/2007 as regards Community aid for supplying milk and certain milk products to pupils in educational establishments	€ 5,271,985
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The identification of Information Obligations (IOs) in the various pieces of legislation (so-called “Mapping of IOs”) has been carried out by DG AGRI and revised by us. All mapping results have been shared with the Secretariat-General (SG) which had the opportunity to provide feedback.

The SFS and the SMS are governed by different regulations, but they share a common structure of Information Obligations (IOs) which are imposed on participants to the schemes. Differences arise in the content of the IOs. Mostly, differences arise in duties of national administrations before the Commission in terms of documents and data to be reported, both yearly and as a one-off occurrence.

The IOs imposed and the associated burdens are shown in the table below:

Information Obligations imposed on participants

	School Fruit Scheme	School Milk Scheme
<i>General Application to the Scheme</i>	€ 596,552	€ 2,765,637
<i>Aid Application</i>	€ 264,656	€ 949,905
<i>Obligations Arising from Checks Performed by Public Administrations</i>	€ 171,003	€ 1,486,660
<i>Publicity</i>	€ 17,477	€ 69,783

The impact of legislative acts on administrative burdens has been measured based on a number of sources, including information provided by DG AGRI, information retrieved from the Consortium’s baseline measurements², national documents and management systems, and other public sources or on the basis of our expert assessment. Where relevant, national administrations have also been contacted.

To put figures into context, ratios of burdens to several relevant quantities have also been calculated, such as total managed funds, participating educational establishments, pupils and quantities distributed. Results are shown in the table below.

² Cf. http://ec.europa.eu/enterprise/policies/better-regulation/documents/ab_studies_2009_en.htm

Burdens into context

	School Fruit Scheme	School Milk Scheme
<i>Burdens over Managed Funds</i>	3.08%	4.11%
<i>Burdens per School</i>	€ 32.90	€ 34
<i>Burdens per Pupil</i>	€ 0.22	€0.28
<i>Burdens per Quantities Distributed</i>	- ³	€ 6.87/ton of milk equivalent

Our quantification is complemented by seven considerations/suggestions, which are detailed in section 4 below:

- 1) **Flexibility comes at a cost** in terms of administrative burdens, and the right equilibrium between centralisation/subsidiarity and rigidity/flexibility should be achieved;
- 2) **Flat rate may be an opportunity** for the SFS;
- 3) **Direct participation of educational establishments** may be burdensome for them, but overall costs may be lower;
- 4) **Fixed-cost effects of burdens on participants should be minimised;**
- 5) **Fixed-cost effects of burdens on Member States should be minimised;**
- 6) **Use of e-government should be increased;**
- 7) **SFS and SMS could be managed via the same administrative procedures.**

³ It is not possible to provide this ratio since fruit, vegetables and juices are not a homogeneous product like milk and milk products; and available data are not consistent.

AB QUANTIFICATIONS OF SCHOOL FRUIT SCHEME AND SCHOOL MILK SCHEME

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1 METHODOLOGY

The present report aims at measuring the burdens generated by two programmes financed by the European Union:

- 1) The School Fruit Scheme (SFS);**
- 2) The School Milk Scheme (SMS).**

The legislative basis for establishing both schemes can be found in Council Regulation (EC) No 1234/2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation).

Administrative burdens due to the Single CMO Regulation were partly measured, as the act is included in the so-called 2009 Extension List of the Action Programme on Administrative Burdens.⁴ In 2009, several amendments to the Single CMO Regulation were approved in the context of the Common Agricultural Policy “Health Check”. In particular, Council Regulation (EC) no 72/2009 on modification to the Common Agricultural Policy discontinued or changed certain aid schemes, which resulted in a reduction of administrative burdens. In particular, the following changes were relevant: i) the abolition of the aid scheme for dried fodder; ii) the abolition of the production refund for starch; iii) the abolition of the aid for the purchase of cream, butter and concentrated butter at reduced prices; and iv) changes introduced in the rules on use of casein and caseinate in the manufacture of cheese. These changes brought about a reduction of administrative burdens of about €28 mln.

⁴ Cf. Measurement of Administrative Burdens Generated by the European Legislation, Prepared by CEPS for the Directorate General of Enterprise and Industry of the European Commission (January 2010), at p. 44 *et seq.*, available on the Internet at http://ec.europa.eu/enterprise/policies/smart-regulation/documents/files/absto9_ceps3_extension_en.pdf (last accessed on November, 2011)

The detailed rules for the SFS are laid down in the implementing Commission Regulation (EC) No 288/2009 and subsequent amendments. The detailed rules for the SMS are laid down in the implementing Commission Regulation (EC) No 657/2008 and subsequent amendments. The list of acts is shown in Table 1.

Table 1 – Acts covered by the present report

School Fruit Scheme	School Milk Scheme
<p><i>Council Regulation (EC) No 1234/2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) – Articles 103ga and 103h</i></p>	<p><i>Council Regulation (EC) No 1234/2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) – Article 102</i></p>
<p><i>Commission Regulation (EC) No 288/2009 laying down detailed rules for applying Council Regulation (EC) No 1234/2007 as regards Community aid for supplying fruit and vegetables, processed fruit and vegetables and banana products to children in educational establishments, in the framework of a School Fruit Scheme</i></p>	<p><i>Commission Regulation (EC) No 657/2008 laying down detailed rules for applying Council Regulation (EC) No 1234/2007 as regards Community aid for supplying milk and certain milk products to pupils in educational establishments</i></p>

1.1 Sources

Throughout the present report, the individual IOs included in these acts are the unit of analysis. IOs had been identified (mapped) before proceeding with the quantification. The mapping process is carried out by DG AGRI and revised by us; the SG had the opportunity to comment on the results:

Mapping of baseline and amending acts was complete, that is we identified and tried to measure every IO included in these acts, regardless of the expected burdensomeness. **Unlike the usual methodology that we used in our previous quantifications, we mapped both the IOs for national public administrations and the various entities participating in the programme.** As for the latter, most of them are educational establishments or other public bodies. Private firms are also involved, but to a more limited extent compared to other measured acts. Some of the school establishments are private firms, and so may be part of the other entities participating in the programme (e.g. supplier organisations). In any case, we treat both public and private entities participating in the programme on the same footing and measure burdens for both.

The availability of data on population, costs and time needed to comply with an IO is of paramount importance for the quantification process. The availability of different data typologies explains to a large extent the need to adopt different approaches. Relevant data have been retrieved from a number of different sources, such as:

1. **DG AGRI.** It has directly provided quantification-related data alongside the information on IOs. Data are usually collected and reported by Member States. Cooperation and retrieval of information with the relevant DG has been of paramount importance and had a very positive impact on the quality of many quantifications;
2. **Impact Assessments of the amending acts/proposals or other studies / internal documents.** The proposal for Reg 13/2009, amending regulation 1234/2007, was accompanied by an Impact Assessment which, however, provided only a general assessment of administrative issues.⁵ DG AGRI provided us with other internal documents, namely anonymised audit reports of audit missions performed in several Member States (2 for SFS and 3 for SMS);
3. **EU database on AB** and other material produced by the Consortium when measuring the acts included in the Action Programme on Administrative Burdens. Thanks to the features included in the latest version,⁶ the AB calculator included in the EU database has been used to find possible analogies with IOs already measured by the Consortium, and to perform calculation on the basis of the Consortium's data;
4. **National documents and databases on ABs.** Studies at national level on the impact of ACs/ABs have been consulted, and the reference to these studies is indicated throughout the quantification.
5. **National documents on SFS/SMS** including national strategies, guides for applicants, websites of public administration managing the programmes.
6. **Direct contact** with national authorities. As for SFS, we took part in the 263rd meeting of the Management Committee for the Common Organisation of Agricultural Markets "Fruits and Vegetables" jointly with the Advisory Group on "Fruit and Vegetables" held in Brussels on the 24th of March. On that occasion, we have retrieved the information that the various national authorities and Commission officers presented about the SFS in general, and about national

⁵ Cf. pp. 35-37 of IA and Annex 14.

⁶ The release used for this study is 1.2.7

programmes. This information is reflected in the report, although we are the sole responsible for the views expressed therein. Furthermore, we could exchange our views with national officers, e.g. with the Polish representatives as for the opportunity to use a flat-aid rate for SFS.

1.2 Outcome and scope of the measurement

The quantifications carried out in this report are based upon the EU Standard Cost Model methodology. ACs/ABs attributable to each IO have been quantified, followed by the total ACs/ABs attributable to a whole baseline piece of legislation. In case there is sufficient ground to believe that most of ACs/ABs due to a legal act arise from few IOs, it is possible to limit quantification to these IOs, disregarding other IOs whose impact is likely to be negligible / minor.

In some cases, because of lack of data, a joint estimate of ACs/ABs due to a group of two (or more) IOs can be produced.⁷

For each IO that could be measured, the total of ACs/ABs due to it (and consequently the BAU factor applied) is provided. The figures that we provide measure the amount of ACs/ABs imposed on target population over a period of one year. For almost every IO the population subject to it and the cost per occurrence are also provided. When possible, *i.e.* when disaggregated data on the population could be retrieved, data concerning ACs/ABs per country and national costs per occurrence are also provided.

1.3 Methods of estimation

The quantification methodology varies on a case-by-case basis, according to the single IO to be assessed and to the available data. The methodology applied and the data sources used are detailed *infra* for each quantification. However, the following general principles can be highlighted.

1.3.1 Baseline acts

Three main methods can be used to estimate ACs/ABs due to the IOs included in the baseline acts:

⁷ E.g. cf. paragraph 3.5.2

1. **Direct application of SCM.** If sufficient data on population and costs are available, or if population figures can be extrapolated or cost data can be estimated on the basis of an expert's assessment, ACs/ABs due to the IO have been quantified by applying the SCM formula (Cost X Frequency X Population). Since it is the most direct, this method is likely to be the most reliable and has been used as much as possible. However, its use is affected to a large extent by the availability of sufficient data, especially on population;⁸
2. **Extrapolation from national databases / other national measurements.** In case national databases or documents on ABs contain sufficiently homogeneous data related to an IO, total ACs/ABs for the EU can be extrapolated. Further details on the parameters used for extrapolation are given in paragraph 1.4 below. If possible, that is if sufficient data on population are available, we retrieve only the cost per occurrence from national databases or other measurements, and carry out an extrapolation to calculate only the EU average cost per occurrence, and not total ACs/ABs;
3. **Analogy with another IO.** In case there is ground for establishing a sound analogy between the IO under analysis and another IO included in the EU database on AB, or already measured by us, it is possible that the latter is used to estimate the total ACs/ABs of the former.

The latest version of the AB calculator allows for an automatic application of the analogical method, both facilitating the identification of the IO upon which the analogy should be based, and performing the calculation. It is now possible to find the most appropriate existing IO for the analogy searching the database according to three criteria: Priority Area, Target Group, and Obligation Type. The user can therefore decide which of these search criteria is the fittest, and obtain from the AB calculator a list of all the possibly relevant IOs. Further scrutiny can subsequently be conducted on the basis of the information included in the EU database, the Consortium's report, and legislative texts. The AB calculator also provides the opportunity of considering an IO as a "typical obligation". For instance, the user may consider that a certain obligation to apply for an authorisation represents a "typical application for an authorisation", and use it as the basis to quantify analogous IOs. Using the "typical IO" tool can be useful to standardise calculations and results for certain IOs which are quite similar across different acts and/or priority areas, reducing the risk of having inconsistent or aberrant results.

⁸ Costs can be more easily estimated on a basis of an experts' assessment, or contacting economic operators.

Once the proper IO has been identified for the analogy, the user may type the new estimated values for population, costs, frequency and BAU factor in the AB calculator, which will calculate costs and burdens due to the IO in the scope of the quantification.

1.4 Extrapolation Parameters

The extrapolation methodology is as simple and sound as possible. We have not resorted to particularly complex econometric or statistical techniques. We consider that for our work, which must be much less detailed than the Consortium's, the higher quality of most sophisticated estimates does not compensate for the additional resources needed and for the need of many more assumptions.

Several variables have been used to draw an estimation of the EU-totals on the basis of figures from several Member States. Below, a list of the relevant variables and of the parameters used to estimate these variables is provided:

1. **Dimension of the funds managed.** The bigger the amount of funds managed, the higher the ACs/ABs can be expected to be in absolute terms. When EU funds are matched by national funding, we considered the sum of both, as this is likely to be a better proxy of the size of the needed administrative activity.
2. **Number of occurrences - Population.** Where possible, extrapolations have been carried out on the basis of the occurrence per Member State, or of the size of the national target population.
3. **Salary rate.** For sake of comparability with the measurement carried out by the Consortium, the national hourly salary rates used by the Consortium have been retrieved from the EU database on AB. Salary rates are available for the following categories of workers: (i) Legislators, senior officials and managers; (ii) Professionals; (iii) Technicians and associate professionals; (iv) Clerks; (v) Service workers and shop and market sales workers; (vi) Craft and related trades workers; (vii) Plant and machine operators and assemblers; (viii) Manual workers (agricultural and fisheries); and (ix) Elementary occupations.

2 SCHOOL FRUIT SCHEME

The School Fruit Scheme has been established by Council Regulation (EC) No 1234/2007 establishing a common organization of agricultural markets and on specific provisions for certain agricultural products⁹ (Single CMO Regulation), as amended by Council Regulation (EC) No 13/2009. In accordance with lett. f) of art. 103h of the single CMO regulation the Commission has enacted an implementing act, that is Commission Regulation (EC) No 288/2009 laying down detailed rules for applying Council Regulation (EC) No 1234/2007 as regards Community aid for supplying fruit and vegetables, processed fruit and vegetables and banana products to children in educational establishments, in the framework of a School Fruit Scheme¹⁰. The allocation of funds across Member States participating in the scheme is then enacted each year via a Commission Decision. Regulation 288/2009 has been recently amended by Commission Regulation (EU) No 34/2011. The changes brought about by the new regulation mainly concern: i) the eligible costs; ii) the notification of change to the national strategy; iii) the supporting documents for aid application; iv) the means of publicity, that is notably the European posters.

Therefore, the scheme is very recent, and it has been implemented for the first time in the school year 2009/10. For the sake of completeness, it must be highlighted that in some Member States the European scheme complements already existing national schemes, some of which were (much) older.¹¹

Since the second year of the programme is not yet completed, our study focuses on the school year 2009/10, taking into account that: i) the first year of a programme may not be representative of its normal administration; ii) part of the administrative checks and controls, although they should have been carried out during the school year they refer to, may not have been completed yet, and therefore reflected in the available data.

2.1 Functioning of the scheme – the legal framework

The scheme aims at promoting healthy eating habits by increasing the consumption of fruit and vegetables among school pupils, by supplying them at schools. Consumption is promoted by financing supply of products themselves, and certain other related

⁹ Official Journal L 299, 16.11.2007, p. 1.

¹⁰ Official Journal L 94, 8.4.2009, p. 38.

¹¹ EU financing may not replace existing national funding. Nevertheless, EU funds may be used to widen existing national programmes.

costs. The scheme is targeted at all children attending any educational establishment administered or recognised by a Member State which takes part in the programme.

Participation in the programme is neither mandatory nor automatic. Member States wishing to do so shall prepare a national or regional strategy to be notified to the European Commission. This strategy shall include a budget, detailing both national and European contribution, the duration, the target group(s), the eligible products, the control systems, and the involvement of relevant stakeholders. Accompanying measures, whose aim is to increase the effectiveness of the scheme, should also be listed. The national strategy should be submitted by the 31st of January of each year and must refer to the following school year. Any change to this strategy should be immediately communicated to the Commission. For the next years, reg. 34/2011 has changed this situation. As for national strategies, now any modification shall be communicated to the Commission by 31st of January of the following year. The notification of the national strategy to the Commission constitutes the application to the SFS by the Member State. This application may refer to one or more school years.

In their national strategy, Member States should also indicate their contribution and the request for EU funding (following the adoption of Regulation 34/2011, requests for the EU aid are made by the completion and notification of Annex IIa of the same Regulation). EU funding, up to a total of €90 million per year, was allocated to Member States in the form of indicative allocation from regulation 288/2009 based on the proportion of six to ten year old children, with a minimum of €175,000. Nevertheless, in a second step, where Member States do not request any or request less than their indicative allocation, the Commission may redistribute this EU aid to Member States that expressed their willingness to use more than their indicative allocation. This principle of re-distribution was introduced in the legislation in order to maximise the full potential of available funds. EU contribution shall not exceed 50% of eligible costs, or 75% in the Regions eligible under Convergence Objective.

Member States enjoy a high degree of freedom in deciding how to manage the scheme, as long as the minimum requirements laid down in the regulation are fulfilled. Consequently, the SFS is implemented very differently in various Member States, e.g. as for which entity may apply to the scheme, whether the scheme is applied at national or regional level, the duration of the SFS, the frequency of distribution, the frequency of payments and of applications. Nevertheless, the main requirements of the administrative procedures to be followed to distribute the aids requested under the scheme are fixed by reg. 288/2009.

Member States have to set up an authorisation system for schools and other entities to take part in the SFS. In accordance with Article 6 of Regulation 288/2009, the following categories may apply to take part in the SFS:

- a) educational establishments;
- b) educational authorities (for the areas for which they are responsible for);

- c) suppliers or distributors of the products;
- d) organisations acting on behalf of one or more education establishments;
- e) other public or private bodies only to manage the distribution of products, the monitoring, the evaluation and/or the communication.

Each of these entities must lodge a proper application to take part in the SFS, and the managing authority, as designated by the Member States or by the regional authorities, is to verify its validity. The validity depends on the applicant undertaking to use the aid to distribute fruits and vegetables to school pupils, to repay any aid unduly received, and to submit to any check and to make supporting documents available. Member States may require other commitments for the application to comply with the national implementation structure. Furthermore, if the applicants belong to the categories c), d) or e), that is if they are not either educational establishments or education authorities, they shall also commit to record the name of the establishments to which products are finally delivered, and the quantities supplied per each establishment.

Applicants which are granted the authorisation to take part in the scheme can apply for aids after they have proceeded with the distribution of fruits and vegetables to pupils or have carried out monitoring, evaluation or communication activities. The payment application may cover a period up to 5 months, but if the programme lasts at least six months, aid applications must cover at least three months. The amounts of aid requested shall be supported by documentary evidence to be held available for checks and inspections, and eventually submitted along the application. If the payment application is submitted by an entity belonging to letters c), d) or e), aid shall be paid on presentation of receipts or other alternative proofs that the quantities have been paid for, or after an inspection.

Establishments in which the supply of fruit and vegetables under the SFS takes place, shall exhibit a poster. Other means of communication are possible and are co-financed by the EU aid.

The regulation also lays down the minimum requirements for controls and sanctions. All applications for aid payments shall be checked in terms of validity, correctness, and correctness of the supporting documents where provided. Administrative checks must be supplemented by on the spot checks, aiming at verifying both the administrative documents and whether the subsidised products have been lawfully used. 5% of applicants receiving at least 5% of aid shall be checked per school year, with a minimum of 5 applicants. Furthermore, if the checked applicant is not an educational establishment (i.e. categories b), c), d), and e)), at least 1% of educational establishments, with a minimum of 2, pertaining to the applicant should also be checked. Checks should be performed within the school year and according to a risk analysis system. Reports of the checks should be notified yearly to the Commission.

As for monitoring and evaluation, the monitoring of the implementation by the Member States takes place yearly, with a report delivered to the Commission where *i.a.*

quantities distributed, entities and pupils taking part in the scheme are indicated. The first evaluation of the SFS by the Member States is foreseen in February 2012, and every 5 years thereafter. The external evaluation of the SFS, carried out by the external contractor commissioned by the Commission, is also foreseen to be finalised in the first half of 2012.

2.2 Working of the scheme in 2009/10

For the school year 2009/10, 24 Member States had declared their intention to participate in the SFS.¹² Finland, Sweden and Latvia opted out for various reasons. Latvia, however, is now part of the SFS since 2010/11. Although the United Kingdom, Bulgaria and Greece applied for the SFS and were entitled to funding, they did not implement the scheme in 2009/10.

In 2009/10, 4,786,595 pupils in 31,903 schools participated in the SFS¹³. Total EU funding actually disbursed amounted to 34.1 million Euro, that is 37.9% of available funding. This happened in part because three countries applied for the SFS but did not implement it, and mostly because in several large Member States actual implementation fell much shorter than definitive allocation. In Table 2 the Member States in which the highest gap between definitive allocation and actual payments was reported are listed.

¹² In federal Member States, especially in those where school-related matters are managed at regional level, actual participation is left to local authorities. E.g., in Germany the following Länder implemented the scheme: Nordrhein-Westfalen, Rheinland-Pfalz, Saarland, Thüringen (4 out of 16). In Spain, the following Comunidades Autónomas took part in the SFS: Andalucía, Aragón, Baleares, Canarias, Castilla-La Mancha, Castilla y León, Cataluña, Extremadura, Galicia, Murcia, and Valencia (11 out of 17).

¹³ As for data, please see paragraph 2.3 below

Table 2 – Major gaps between definitive allocation and actual payments for school year 2009/10

Member States	Definitive Allocation	Actual Payments	Difference
AT	1,000,000	112,744	-887,256
DE	20,820,441	1,420,160	-19,400,281
ES	5,915,837	2,730,764	-3,185,073
FR	11,778,700	544,698	-11,234,002
NL	1,250,000	289,304	-960,696
PL	9,222,800	5,340,510	-3,882,290
PT	3,331,572	128,997	-3,202,575
RO	4,994,100	305,481	-4,688,619

Source: CEPS Elaboration on DG AGRI data

If a Member State does not participate in the scheme or decides to ask for an amount which is lower than the one it is entitled to, EU funding will be redistributed among those Member States who asked for a higher amount. On the contrary, if money is allocated but not spent, it cannot be redistributed and therefore cannot be disbursed for the SFS. The low level of expenditure can be explained by several tentative reasons:

- 1) First and foremost, it was the first year of the SFS, therefore national administrations did not have any experience about actual requests of funds from schools and other entities, which may have led to overoptimism about the uptake of the SFS; for the same reasons, schools may not have been sufficiently informed about this new scheme. Furthermore, the decision on the definitive allocation was voted only in June 2009 and officially notified to the Member States just before the start of the school year.
- 2) Decentralisation of management at regional level does not seem to be a decisive factor given that also some central states have barely spent their allocation;
- 3) Public budget constraints, in a time of tight public expenditure policies, may have played a role, since each euro of EU fund must be matched by an additional euro from national or regional budgets; this may also have exacerbated the effects of the federalist structure. In reality, since management costs and costs for accompanying measures are borne by Member States, a Member State estimated, during the 263rd meeting of the Management Committee for the Common Organisation of Agricultural Markets “Fruits and Vegetables” jointly with the Advisory Group on “Fruit and Vegetables”, that EU funding represents about 20% of total costs of the SFS.

The duration of the supply of fruit and vegetables varied widely, from almost the whole school year to as low as 20 days. The frequency of supply is usually once per week, although 6 Member States supplied fruit and vegetables twice per week, and 5 Member States every day across the chosen period.

2.3 Data Availability

The data made available from DG AGRI are of very good quality compared to data normally available for AC/AB quantification. The available data relevant for the quantification of AC/AB and the data gaps are listed below. All data refer to 2009/10.

For 20 Member States, that is all the participating States but Denmark, the following data series are available:

- 1) Total Funding, split in EU and national contribution (no splitting available for Slovakia);
- 2) Total number of participating schools;
- 3) Total number of pupils;
- 4) Duration of the scheme;
- 5) Use of publicity means.

Data concerning checks are available for 18 Member States. Data from Belgium only refer to the Flemish Community. Data from France are not comparable with others, so they cannot be used. Data from Estonia, Romania and Portugal are missing. Therefore, for 17 Member States, the following data series are available, split by category of entities participating in the SFS:

- 6) Number of applicants;
- 7) Number of checks on applicants;
- 8) Number of educational establishments pertaining to checked applicants which are not educational establishments themselves;
- 9) Number of checks on education establishments pertaining to checked applicants;
- 10) Requested, Paid and Checked Aids.

These data are crucial to estimate the population and the number of occurrence for each IO. Data for 16 countries are complete and data for further 5 countries are partial. Since extrapolation is usually made out of few countries, e.g. six in the case of the baseline measurement carried out by the Consortium, this is an extremely reliable base to estimate the “Q” factor in the SCM and therefore total AC/AB, also given that the Q factor is the most important driver of burdensomeness.

As for P factors, time spent for each administrative activity is estimated on the basis of an expert assessment or retrieved from similar IO included in the EU database of administrative burdens. Given the very high quality of the estimation of the Q factor, the ordinary nature of most of the administrative activities measured, and the principle of proportionate analysis, a direct survey of participants was not needed to achieve a good estimation of administrative costs and burdens due to the SFS scheme.

2.4 Mapping of Reg. 288/2009

DG AGRI and we identified 7 IOs in reg. 288/2009. Some of them have to be fulfilled by the national/regional authorities in charge of managing and administering the scheme, some by the entities taking part in the SFS. In practice, most IOs are bilateral, i.e. if participants have to bear checks, authorities have to perform them. Still, based on the SCM methodology, only one side of the relationship is quantified and qualitative indication on the other is given where needed.

According to the EU IA Guidelines, public authorities are included in the application of SCM. Nevertheless, also due to methodological issues, they have almost always been excluded from the measurements carried out under the Action Programme on Administrative Burdens.¹⁴

In this case, the SCM methodology seems unfit to measure the work of national public administrations. Indeed, in the case of national public authorities, the concept of “normal efficiency”, which is at the very heart of the SCM, is a very thorny issue. In most cases, Member States have very different procedures and documentary requirements not only because of (in)efficiency reasons, but because of different administrative procedures, political and federal structures, and administrative organisation. The national legal and political constraints are to be complied with, regardless of any requirement of the SFS set at the EU level. In this sense, no general “modelling”, i.e. the identification of “normally efficient public administration” seems possible and sensible.

Measurement seems even more difficult when it comes to IOs which have some discretionary or political nuance, such as drafting the national strategy for the SFS. For these reasons, an overview of these IOs is given and they are included in the mapping in order to explore room for simplification, but ACs/ABs related to them are not quantified.

To extract more information on the management of the scheme at national level, it could be useful to accompany the application of the SCM with a field analysis of national and regional administrations in charge of the implementation of the SFS. This would provide idiosyncratic information on the ratio between the financial and human resources devoted to the management of the SFS, and the amount of funds disbursed.

Three IOs are imposed on public administrations:

- 1) National Strategy Notification (art. 103ga of reg. 1234/2007; art. 3 and 15 of reg. 288/2009);

¹⁴ The only exception being the measurement of the Cohesion Policy Priority Area, where burdens imposed on public entities are measured. Nevertheless, public entities are taken into account only as final beneficiaries, and burdens due to the management tasks are not measured.

- 2) Evaluation (art. 12 of reg. 288/2009);
- 3) Reports on Monitoring (artt. 12 and 15 of reg. 288/2009) and Checks (artt. 13 and 15 of reg. 288/2009).

Another IO on public administrations would be “Suspension of Withdrawal and Approval”, created by art. 9 of reg. 288/2009. Still, since it arises only in cases of wrongful applications, mistakes and frauds, whilst the SCM assumes perfect compliance, it is not included among the IOs mapped. Nevertheless, it is to be acknowledged that national public administrations have to spend resources to undertake the tasks necessary to verify compliance of final beneficiaries to the provisions of reg. 288/2009, but in our opinion this amounts to a substantial obligation, and not to an IO.

Four IOs are imposed on participants in the SFS:

- 4) General application to the Scheme (artt. 6, 7, and 8 of reg. 288/2009);
- 5) Aid Application (art. 10 and 11 of reg. 288/2009);
- 6) Obligations arising from checks performed by public administrations (in the form of assisting public officials and keeping of records) (art. 13 of reg. 288/2009);
- 7) Publicity (European posters or other means) (art. 14 of reg. 288/2009).

Complete mapping is included in Annex I to this report. Figure 1 shows the flow of IOs among the European Commission, the managing authorities of the Member States and the participants to the SFS. Figure 2 lists the static IOs, i.e. those IOs which do not involve exchange of information between players of the SFS.

Figure 1 – School Fruit Scheme IO Flow

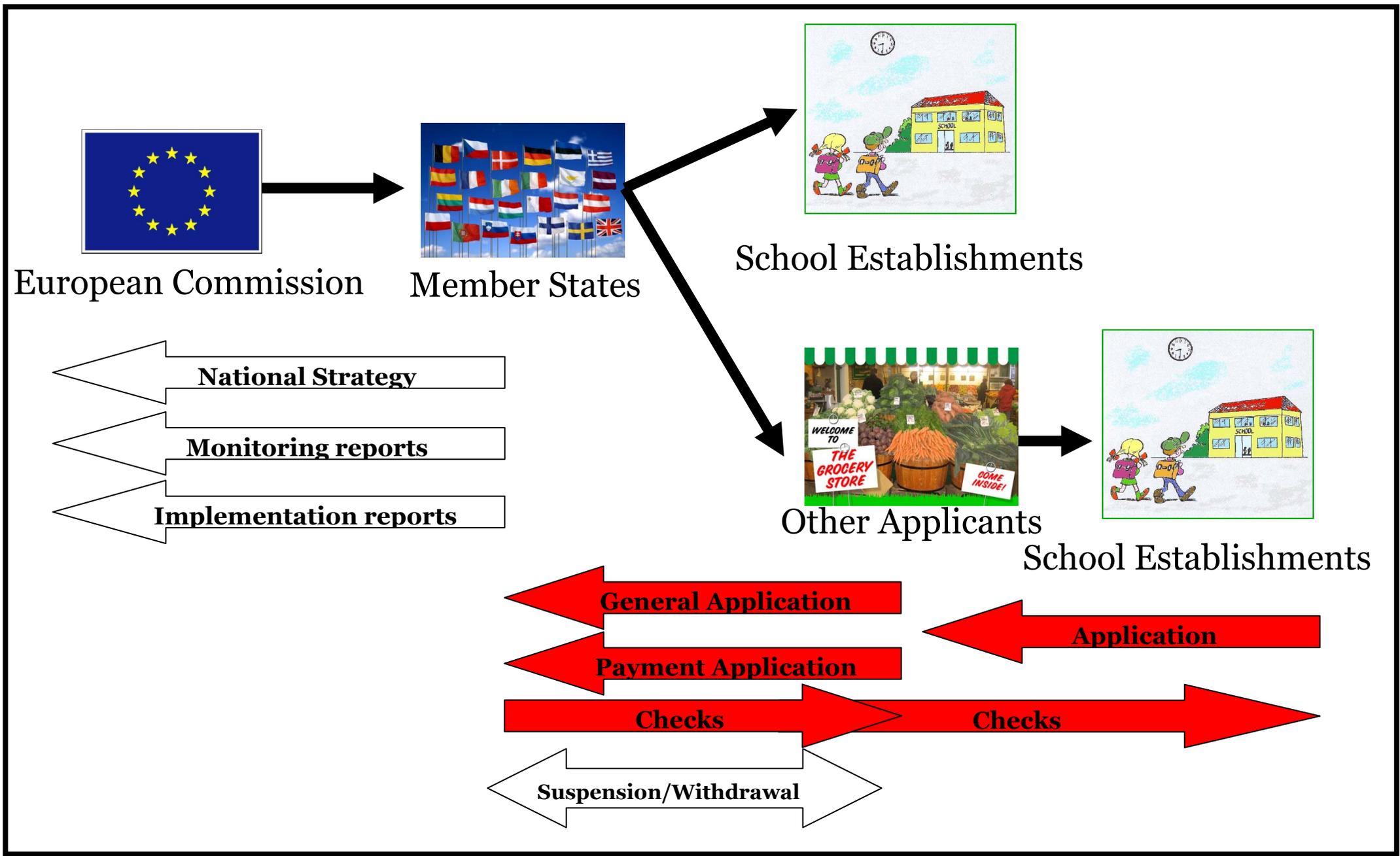


Figure 2 – School Fruit Scheme Static IOs



Member States

- Collect and store data and information about management and control of the programme
- Draw control reports



School Establishments

- (if direct applicants)*
- Store supporting documents (e.g. invoices, bank extracts)
- (if indirect applicants)*
- Store supporting documents (e.g. delivery notes)
- (both)*
- Show the European poster (or any other means for publicity)



Other Applicants

- Store supporting documents (e.g. invoices)
- Store additional documents (list of education establishments, products and quantities supplied)

2.5 AC/AB assessment and quantification

2.5.1 National Strategy Notification

Member States intending to take part in the SFS are required by art. 103ga of reg. 1234/2007 to draft a national or regional strategy to be delivered to the European Commission. This strategy shall include a budget, detailing both national and European contribution, the duration, the target group(s), the eligible products, the control systems, and the involvement of relevant stakeholders. Accompanying measures, aiming at increasing the effectiveness of the scheme, should also be listed. The national strategy should be submitted by the 31st of January of each year and must refer to the following school year. Any change to this strategy should be immediately communicated to the Commission. For the next years, reg. 34/2011 has changed this situation. As for national strategies, now any modification shall be communicated to the Commission by 31st of January of the following year. The notification of the national strategy to the Commission constitutes the application to the SFS by the Member State. This application may refer to one or more school years.

Drafting the national strategy falls in between an administrative and a political task. Indeed, in many Member States strategies are drafted by a committee in which several ministries, such as the ministries for agriculture and for health, local authorities and stakeholders are represented.

Although the Commission provides guidelines for the national strategy, detailing which aspects have to be mandatorily included, the width and quality of national strategies vary widely. Just as a proxy of the different efforts put in drafting them, length may vary from 4 to 79 pages.

Finally, the number of strategies drafted per Member States varies depending on whether the programme is managed at central or local level. E.g., for Spain, Germany and Belgium, each region/community drafts its own strategy.

For this reason, the SCM cannot be applied to this information obligation. Furthermore, few indications for the future are likely to be drawn from such an analysis. Indeed, national strategies represent, in a way, a one-off cost: effort in drafting is to be put only when the national scheme starts, or when it undergoes significant changes. For the following years of implementation, the strategy may remain the same or undergo small changes, not requiring a significant effort by the public administrations.

2.5.2 Evaluation

Paragraph 2 of art. 12 mandates that by 29 February 2012 the Member States shall notify to the Commission an evaluation of the implementation of the SFS in their territory. From 2012 on, the evaluation shall be carried out every 5 years.

Since this IO refers to a future event, and no examples or guidelines are provided, it is impossible to forecast how many costs and burdens will be generated by this IO. Importantly, costs for monitoring and evaluation directly linked to the SFS are eligible for EU funding. Therefore, only a certain part of these costs will be borne by national or regional public administrations (max 10% of Member State's envelope). Moreover, the evaluation task can be contracted out to a public or private body under lett. e) of paragraph 2 of art. 6.

2.5.3 Report on Monitoring and Checks

Each year, Member States should notify the Commission two reports, one on the implementation of the scheme and one on checks. The reports consist of an excel file to be filled in, which is provided by the Commission in order to gather uniform data from all participating Member States. Those are exactly the data reports on which our entire analysis is based.

Associating an exact amount of burdens to this task is very difficult. If data are already available for public administrations e.g. because during the year they collect the same data / organise their database in a way that they easily retrieve them, burdens will be limited to the task of notification. If, on the contrary, data must be collected *ex novo* by public administrations, burdens may be considerable. Indeed, in the latter case data would risk not to be notified at all to the Commission, or at least not in time, because of the impossibility to retrieve them or excessive burdensomeness.

The amount of data transmitted to the Commission is known. As for implementation data, 20 out of 21 monitoring reports have been notified. As for data on checks, 18 out of 21 reports have been transmitted. Therefore, although we cannot quantify administrative costs and burdens, we can notice that the rate of compliance with this information is fairly high but not full, since this reporting is obligatory for all participating Member States.

2.5.4 General Application to the Scheme

Art. 6 requires participation in the SFS to be subject to a valid application to the scheme. Member States are free to decide which bodies can be valid applicants among the five categories listed by the regulation. These five categories are:

- a) educational establishments;
- b) educational authorities (for the areas for which they are responsible for);
- c) suppliers or distributors of the products;

- d) organisations acting on behalf of one or more education establishments;
- e) other public or private bodies only to manage the distribution of products, the monitoring, the evaluation and/or the communication.

The regulation leaves the details of the authorisation procedures, i.e. how to apply, to which authority, what commitments should be undertaken etc., to the Member State, fixing only minimum requirements. All applicants should, in the application, make the following written commitments (art. 7):

- 1) to use the products financed under the SFS in accordance with the regulation;
- 2) to use the aid for the monitoring and evaluation of the SFS or for communication;
- 3) to repay any aid unduly paid both in case of irregularities, and in cases of fraud and serious negligence;
- 4) to make supporting documents available upon request (and therefore to keep records) and to submit to any check.

Applicants belonging to categories c), d), and e) should make another written commitment:

- 5) to keep records of the names and addresses of the educational establishments/authorities to which the products have been supplied, and of the quantities supplied.

Importantly, under this IO we do not measure the costs of complying with these commitments, only those of applying. E.g., costs of keeping records are measured under another IO,¹⁵ whilst in this IO only the costs of communicating the commitment to do so are considered. The e.g. as for repayment of aids: only the costs of committing to such a provision are included in the measurement of this IO.

In general, Member States may decide to allow one or more categories to apply for the programme. When school entities are the direct beneficiaries, costs and burdens stemming from this IO are directly imposed on them. If also non-school entities are allowed to apply to the SFS, or, in some cases, are the only entities allowed to directly participate in the scheme and receive funding, schools have somehow to enter in contact with the applicant or with the national administration (or both) to signal their intention to participate. Therefore, if the latter option is chosen, costs and burdens due to this IO are imposed both on non-school entities and on educational establishments making a sort of “secondary application” to the SFS. Table 3 shows the number of

¹⁵ Cf. paragraph 2.5.6 below.

applicants per category per Member State, and the total number of schools participating in the programme.¹⁶

Table 3 – Number of Applicants and Total Number of Schools per Member States

	Educational Establishments	Educational authorities	Suppliers	Organisations on behalf	Other public/private bodies	Total Schools
	a)	b)	c)	d)	e)	-
AT	9	0	25	0	10	527
BE	1913	0	0	0	0	1,913
CY	0	0	1	0	0	108
CZ	0	0	0	0	11	2,883
DE	0	1	225	0	0	1,496
ES	123	0	7	0	10	2,759
HU	0	0	34	0	0	1,608
IE	0	0	0	0	1	388
IT	0	0	5	0	0	4,709
LT	37	0	19	0	0	171
LU	0	0	2	0	0	69
MT	0	0	1	0	1	137
NL	0	0	40	0	0	743
PL	0	0	88	0	0	5,648
SI	343	0	0	0	0	343
SK	0	0	40	0	0	900
Sub-Total	2425	1	487	0	33	24402
<i>Extr.</i>	<i>68</i>	<i>0</i>	<i>14</i>	<i>0</i>	<i>1</i>	<i>7,501</i>
Total	<i>2493</i>	<i>1</i>	<i>501</i>	<i>0</i>	<i>34</i>	<i>31,903</i>

NB: Sub-Total refers to the 16 MSs listed in the table; Extr. Shows the extrapolated values for the MSs for which we have no sufficient data. Figures in italic are extrapolated

Source: CEPS Elaboration on DG AGRI data

Only in two countries, Belgium and Slovenia, educational establishments are the only entities entitled to apply to the SFS. In most countries, school direct application is rather marginal. In many Member States, relatively few applicants manage the whole funding. This is true for small Member States such as Cyprus, Luxembourg and Malta, but also for big Member States such as Italy and Spain.

We intend now to measure AC/AB on:

- 1) Educational establishments as direct applicants;

¹⁶ Only Member States for which we have complete and comparable series of data are reported in Table 3. Data for other Member States are extrapolated. Cf. paragraph 2.3.

- 2) Other entities as direct applicants, including an educational authority, suppliers and other public/private bodies;
- 3) Educational establishments when non-direct applicants.

Educational establishments as direct applicants

In the 16 Member States for which data are available, 2,425 schools directly apply to the SFS. Most of them, almost 80%, are Belgian. For this reason, the calculation is partly based upon the measurement carried out in Belgium as the best base for extrapolation.

In a nutshell, schools have to submit an application, either in paper or electronic form, where they have to indicate relevant data such as type and address of the establishment, number of pupils involved in the SFS, possibly how long and how frequently they are going to distribute fruit or vegetables, possibly the supplier(s), and, according to reg. 288/2009, the mandatory commitments that they have to undertake. This IO requires three activities:

- 1) Getting information about the SFS, its requirements and administrative procedures;
- 2) Holding internal meetings to approve participation to the SFS;
- 3) Filling in the form.

As for point 3), the Flemish community estimates that 30 minutes are needed. This estimate is deemed to be plausible. As for points 1) and 2), 1.5 hours of work of a clerk are assumed to be needed. Therefore, the total time per occurrence is 2 hours.

Population is that shown in column a) of Table 3. To extrapolate from 16 to 21 Member States, the amount of funds managed in the 16 Member States out of the total funding is used as a parameter. Both EU and national funding are included since the size of both is relevant when it comes to managing the programme. As for hourly salaries, the salary used is that of a clerk, retrieved from the EU AB database, of the 5 Member States where schools may directly apply to the programme (AT, BE, ES, LT, SI). For the part of population which is extrapolated, an average of national salaries of clerks is used, weighted by the amount of fund per Member State, equal to 15.61€ per hour. BAU factor for application is assessed to be 0%. Results are shown in Table 4.

Table 4 – Administrative Costs and Burdens – Educational Establishments directly applying to the SFS

MS	Salary (clerk)	Population	AC/AB
AT	€ 22	9	€ 396
BE	€ 23	1913	€ 87,998
ES	€ 13	123	€ 3,198
LT	€ 3	37	€ 222
SI	€ 10	343	€ 6,860
<i>Extr.</i>	€ 15.61	68	€ 2,129
Total	-	2493	€ 100,803

Other entities as direct applicants

When other entities may apply directly, two situations may arise:

- 1) An entity may register to participate in the SFS and subsequently agree with schools to supply fruits and vegetables financed under it;
- 2) Entities undertake a public tender to become manager of (part of) the funding and distribution of products under the SFS.

AC/AB are likely to be very different under the two procedures. For this quantification, in the countries where there are few applicants the procurement procedure is assumed to be followed. In countries where there are more applicants, that is more than 10, the registration procedure is assumed to be followed.

Procurement procedure

This procedure is used e.g. in Italy, Malta and Cyprus. In Italy, the country is divided in 5 areas, and for each of them a public tender for the management of the SFS is launched. The same goes for Cyprus and Malta, which, on the contrary, have a single contractor for the whole country. For the sake of quantification, a similar procedure is assumed to be followed also in Spain and Luxembourg.¹⁷

To draft a tender, 5 working days (i.e. 40 hours) are assumed to be needed, 4 of a clerk and 1 of a professional. Population is that shown in column a) of Table 3. National hourly salaries are retrieved from the EU AB database. The BAU factor is assumed to be 0%, as tender applications are drafted strictly because of the SFS. Results are summarized in Table 5.

¹⁷ Information about Italy, Cyprus and Malta was retrieved from their national strategies. They constitute a good basis to extrapolate to the rest of the group, since they represent 60% of the sample, and Italy, that is by far the biggest country in terms of managed fund, is in the extrapolation base.

Table 5 – Administrative Costs and Burdens – Other Entities as Direct Applicants – Procurement procedure

MS	Salary (clerk)	Salary (prof.)	Population	AC/AB
CY	€ 10	€ 20	1	€ 480
ES	€ 13	€ 24	7	€ 4,256
IT	€ 20	€ 59	5	€ 5,560
LU	€ 28	€ 42	2	€ 2,464
MT	€ 9	€ 13	1	€ 392
Total	-	-	16	€ 13,152

Registration procedure

This procedure is used e.g. in the Netherlands. There, suppliers who are willing to participate in the SFS must be registered to the *Productschap Tuinbouw*. Once they are registered, their data are published online and schools may contact them to agree on the distribution of fruit and vegetables under the SFS. A similar system is assumed to be adopted in Member States where more than 10 other entities participate in the programme, that is AT, DE, HU, LT, NL, PL, SK, and NL themselves.

Whilst schools need 2 hours to apply to the programme, application for other entities is assumed to be more cumbersome, especially for retrieving information and for the number of data to be provided in the form(s). Therefore, the time per occurrence is assumed to be equal to 3 hours. Population is that shown in column a) of Table 3. As for hourly salaries, the salary of a clerk retrieved from the EU AB database is used. As under the procurement procedure, the BAU factor is assumed to be 0%. Results are shown in Table 6.

Table 6 – Administrative Costs and Burdens – Other Entities as Direct Applicants – Registration procedure

MS	Salary (clerk)	Population	AC/AB
AT	€ 22	35	€ 2,310
DE	€ 25	226	€ 16,950
HU	€ 5	34	€ 510
LT	€ 3	19	€ 171
NL	€ 22	40	€ 2,640
PL	€ 5	88	€ 1,320
SK	€ 3	40	€ 360
Total	-	482	€ 22,581

Total AC/AB due to application to the SFS of entities different from school establishments in the 16 Member States for which data are available amount therefore to €35,733. To extrapolate from 16 to 21 Member States the amount of funding

managed per Member State is used. Total AC/AB for 21 Member States amount therefore to €36,738.

Educational establishments when non-direct applicants

Educational establishments which do not directly apply to the programme have still to submit an indirect application, either to the national authority, or to the supplier, or to both. This procedure is likely to be less cumbersome than direct application. Given that the bulk of schools are indirect applicants to the SFS, however, a quantification has to be carried out since the procedure is likely to create a substantive amount of AC/AB.

Time per occurrence is assumed to be equal to 1 hour, i.e. half the time needed by direct application by educational establishments. National hourly salaries are those of a clerk, as retrieved from the EU AB database. Population can be calculated in Table 3 by subtracting the number of Educational Establishments directly applying to the SFS (column a)) from the number of Total Schools participating in the programme. There is no need of extrapolation since population already represents total population of the 21 participating Member States. Results are summarised in Table 7.

Table 7 – Administrative Costs and Burdens – Educational Establishments when non-direct Applicants

Population	Time (h)	AC/AB
29,410	1	€ 459,011

According to this analysis, total administrative costs attributed to the IO “General Application to the Scheme” amount to €596,552, all of which are to be considered administrative burdens.

2.5.5 Aid Application

After an educational establishment or another entity has been granted the general authorisation to participate in the SFS, it may start to supply vegetables and fruits to school pupils. To receive reimbursement for the supply, it shall submit an aid application to the responsible public administration. Reg. 288/2009, as amended by reg. 34/2011, requires at least the following information to be included in the payment application:

- 1) the quantities distributed;
- 2) the name and address, or other identification data, of the educational establishment(s) to which products have been supplied;
- 3) the number of children per educational establishment;
- 4) the supporting documents, as required by each Member State.

From the information retrieved from several national strategies,¹⁸ Member States do not usually go beyond these requirements. As for supporting documents, usually detailed invoices, where the type of products, the price, and the quantities supplied are reported, are required.

The frequency of aid application is left to Member States, as long as: i) each application does not cover more than 5 months; and ii) if the national scheme runs for at least 6 months, at least three applications are transmitted. For this reason, there is not a single European frequency for this IO. In some Member States, e.g. in the Flemish Community of Belgium, applicants may choose between monthly or trimestrial payment applications. In France, applications must be submitted every three months. In Malta, there may be up to 5 aid applications per school year. In the Netherlands, given that the scheme usually runs for 10 or 5 weeks, one aid application is needed.

Calculating an average frequency is difficult, especially because clearly distinguishing between burdens imposed by reg. 288/2009 and burdens imposed by national requirements is impossible. For the sake of quantification, 3 is proposed as a uniform frequency. First of all, this is the minimum number of application required by the regulation when the scheme covers at least six months. Secondly, in many Member States the school year is divided in three trimesters. Thirdly, it represents a fair compromise between monthly application (allowed for in some Member States), and single payment applications, which are common in Member States in which the Scheme lasts less than one month, such as Ireland or some Spanish regions.

In the Strategy provided by the Flemish Community of Belgium,¹⁹ an estimate of the time needed by schools directly participating in the programme is provided, that is half an hour. This is deemed to be a fair approximation of the time per occurrence in this case. For other entities participating in the programme, which is not the case in Belgium, clearly the same estimate cannot be applied. Indeed, when a supplier has to deal with hundreds or thousands of schools, the aid application, i.e. collection and organisation of school data and invoices, cannot take only half an hour. At the same time, a higher level of specialisation and some kind of economies of scale are likely to reduce the time needed to deal with data and documents per school. Other entities participating in the SFS are assumed to spend 10 minutes for each educational establishments pertaining to them. The population for this IO is therefore given by the number of schools directly participating in the SFS, whose time per occurrence is 30 minutes, and by the other schools participating in the SFS, whose time per occurrence is 10 minutes. Salaries, as usual, are hourly national salaries of clerks. The BAU factor

¹⁸ *i.a.* France, Malta, Italy, the Netherlands, the Flemish Community of Belgium.

¹⁹ Regionale strategie schoolfruit België Vlaanderen - Schoolfruitactie (SFA) Tutti Frutti - Gemeenschappelijke marktordening voor groenten en fruit. Available at: http://ec.europa.eu/agriculture/fruit-and-vegetables/school-fruit-scheme/documents/national-strategy-for-sfs-belgium-flanders_nl.pdf

is fixed to 0% as payment applications are needed only because of the SFS. Results are summarized in Table 8.

Table 8 – Administrative Costs and Burdens – Aid Application

	Salary (clerk)	Educational Establishments directly participating	Other Educational Establishments	AC/AB
AT	22	9	518	€ 6,006
BE	23	1913	0	€ 65,999
CY	10	0	108	€ 541
CZ	5	0	2,883	€ 7,222
DE	25	0	1,496	€ 18,737
ES	13	123	2,636	€ 19,567
HU	5	0	1,608	€ 4,028
IE	25	0	388	€ 4,860
IT	20	0	4,709	€ 47,184
LT	3	37	134	€ 368
LU	28	0	69	€ 968
MT	9	0	137	€ 618
NL	22	0	743	€ 8,189
PL	5	0	5,648	€ 14,148
SI	10	343	0	€ 5,145
SK	3	0	900	€ 1,353
<i>Extr.</i>	<i>15.61</i>	<i>68</i>	<i>7433</i>	<i>€ 59,723</i>
Total	-	2493	29,410	€ 264,656

Figures in italics are extrapolated

According to this analysis, total administrative costs attributed to the IO “Aid Application” amount to €264,656, all of which are to be considered administrative burdens.

2.5.6 Obligations arising from checks performed by public administrations (in the form of assisting public officials and keeping of records)

Art. 13 of reg. 288/2009 requires Member States to carry out documentary checks on aid applications and on-the-spot checks. Administrative checks shall be carried out on all aid applications, including the checking of supporting documents, as defined by Member States. On the spot checks should cover at least both 5% of applicants and 5% of aids distributed at national level, with a minimum of 5 checks. When applicants are not educational establishment themselves, at least 1% of educational establishments, with a minimum of 2, pertaining to the checked applicant should be subject to on-the-

spot checks as well. Participants and educational establishments to be checked should be selected via a risk-analysis.

Checks are a typical activity creating AC/AB and are measured from the point of view of participants. Nevertheless, it should be noted that burdens on participants mirror those on public administration. If participants spend one working day to assist public officers in inspection, conversely public officers spend one day to carry out the inspection. The time needed by public administrations to prepare and draft inspection reports could change, but the amount of work spent by participants to keep documents and prepare for the inspection (when a pre-notice is given) is assumed to be a good proxy of the time spent by public administrations to prepare the inspection and check documents.

This IO requires participants to the SFS to carry out two distinct activities:

- 1) Keeping records;
- 2) Assisting public officers during inspections.

Keeping records

Keeping records is always a tricky activity to measure in terms of AC/AB. First of all, it is only indirectly linked to the IO in question, as it is the necessary preliminary activity for checks to take place. Secondly, the BAU factor is crucial, since in most cases firms and other entities would need to keep records even if they were not required by legislation. Thirdly, records can serve several purposes. E.g., supporting documents such as invoices need to be stored for at least three purposes: i) accounting; ii) VAT legislation; iii) for the SFS checks.

All applicants should keep the supporting documents related to the SFS, that is an invoice, or bill of consignment, reporting quantities delivered and the price paid. Applicants belonging to categories c), d), and e) should also keep records of the names and addresses of the educational establishments/authorities to which products have been delivered, and of the deliveries to each of them. Therefore, they face a more burdensome IO.

The obligation on schools to keep records does not create any additional costs or burdens. Even if they directly take part in the SFS, they will just have to keep invoices or other bills of consignment relative to the quantity supplied. Schools would in any case have to keep these records under accounting rules, and the only additional effort due to SFS checks is related to retrieving them. Nevertheless, the time needed for preparation of inspection is accounted for in the analysis of the activity “assisting public officers during inspections”.

When it comes to other entities participating in the programme, the SFS creates additional costs and burdens. First of all, the requirement to keep records is larger than under usual VAT or accounting obligation. If the activity is carried out by entities already existing, given that it refers to several schools, it is likely to be non-marginal

compared to business-as-usual activities. *A fortiori*, when entities are created expressly to manage SFS funds, keeping records is an activity which is strictly due to the SFS legislation itself.

Across the 16 Member States for which complete data on applications are available, split by categories, there are the following applicants:

- 4 Educational Authorities;
- 490 Suppliers and/or Distributors;
- 33 Other public or private bodies to manage distribution, evaluation, monitoring and/or communication.²⁰

The number of occurrences is not relevant for this activity, as it is a continuous activity. To extrapolate from 16 to 21 Member States, we use as a parameter the amount of funds managed in the 16 Member States out of the total funding. Therefore, from a measured population of 527 entities, we calculate an extrapolated population of 541 entities.

As for the cost per occurrence, we make reference to a similar IO measured by the Consortium, that is VAT bookkeeping. Therein, the cost per occurrence in six countries²¹ has been directly measured, and its average value is used as a proxy for the costs of keeping records under the SFS.²² The cost per occurrence varies based on the size of the firm. Based on the EU definition of micro, small, and medium enterprises, only organisations in Italy, which manage on average about €5 million, are to be considered small enterprises. All the other participants to the SFS, on average, manage a much lower amount of funds and are consequently to be considered micro-enterprises.

The cost per occurrence measured by the Consortium is reduced by 50% to avoid double-counting of burdens non-strictly due to the SFS, that is to take into account that records serve several purposes under different norms and regulations. Therefore, the cost per occurrence for this activity is estimated to be €263 (€734 for Italian applicants). Finally, as for the BAU factor, we use the same used by the Consortium, that is 25%. Unlike the 50%-reduction, the BAU factor reflects the estimated level of costs in which firms would incur for solely business reasons, and not because of other norms and regulations. Results are summarised in Table 9.

²⁰ The kind of documents which they have to keep is different, but still they are imposed the same duty in order to show that costs incurred are eligible for funding under the SFS.

²¹ Cyprus, France, Hungary, Latvia, Poland, and Spain.

²² Of course VAT legislation is much more complex than the SFS. Still, this IO measures only the costs of keeping VAT documents, that is mainly keeping invoices, which is very similar to the IO in scope of our measurement.

Table 9 – Administrative Costs and Burdens – Keeping records

Entity size	# Entities	Cost per occurrence	Administrative Costs	Administrative Burdens
Micro	536	€ 263.47	€ 141,221	€ 105,916
Small	5	€ 734.19	€ 3,671	€ 2,753
TOTAL	541	-	€ 144,892	€ 108,669

Assisting public officers during inspections

Data from Member States provide us the number of checks carried out on each category of applicant and on educational establishments which do not directly take part in SFS as for school year 2009/10, up to November 2010. The regulation requires checks to be carried out during the school year itself, but given that 2009/10 was the first year of implementation, and some time needs to elapse between actual supply, demand for aid and subsequent checks, the number of checks can be an underestimate of checks in a typical year.

Number of checks for each category is reported in Table 10 for all Member States for which complete data are available. All Member States respected the minimum numbers of checks on applicants and educational establishments pertaining to a checked applicant required by reg. 288/2009.

Table 10 – Number of on-the-spot checks per Member State

	Checks on Applicants - Schools	Checks on Applicants - Other	Checks on Educational Establishments
AT	-	5	20
BE(fl)	115	-	-
CY	-	1	2
CZ	-	8	50
DE	-	19	47
ES	14	14	84
HU	-	22	50
IE	-	2	10
IT	-	5	2504
LT	6	9	11
LU	-	2	44
MT	-	2	38
NL	-	7	15
PL	-	15	98
SI	42	-	-
SK	-	20	119
Total	177	131	3092

NB: - is used when there is no applicant belonging to this category
CEPS elaboration on DG AGRI's data

The number of checks represents the number of occurrences, i.e. the Q factor, required to calculate AC/AB. National salaries of clerks have been retrieved from the EU AB database and are consistent with those used by the Consortium and by us in previous quantifications. As for time per occurrence, more time is assumed to be needed to check other categories of applicants rather than schools. Furthermore, inspections on schools participating directly in the programme require more time than those on schools pertaining to checked applicants. We made the following average assessment based on the nature of the IO. Please note that estimated time includes the duration of the on-the-spot check, the preparation for the inspection when pre-notice is given, and eventual follow-up by the applicant, and not any activity which is carried out by the public administration outside the premises of the school/applicant.

- Checks on educational establishments participating in the programme: 8 hours;
- Checks on other entities participating in the programme: 16 hours;
- Checks on schools pertaining to checked applicants: 4 hours.

According to this assumption, Table 11 reports the costs per Member State. The differences in costs depend partly on the number of checks and partly on the type of

applicants. When schools can directly apply to the SFS, more checks are needed, and therefore higher burdens are created.

Table 11 – Administrative Costs per Member State - Inspections

Administrative Costs - Inspections		Administrative Costs - Inspections	
AT	€ 2,200	IT	€ 51,680
BE(f)	€ 21,160	LT	€ 609
CY	€ 180	LU	€ 2,128
CZ	€ 890	MT	€ 630
DE	€ 8,775	NL	€ 2,794
ES	€ 5,460	PL	€ 1,690
HU	€ 2,010	SI	€ 3,360
IE	€ 1,050	SK	€ 1,317

From this basis, we extrapolated from the 16 Member States for which we have homogeneous data to the 21 Member States participating to the SFS. As for checks on educational establishments pertaining to checked applicants, an outlier is excluded, that is Italy which carried out a number of checks equal to four times the number carried out by other Member States. The validity of this data is not questioned because this would be outside the scope of the present analysis, but data could not be integrated in the basis for extrapolation, as they are too different than the normal number of checks in other countries. We extrapolated to the total based on the amount of fund managed in the 16 (or 15 for the IO on checks on educational establishments) Member States out of the total funding. Both EU and national funding are included since the size of both is relevant when it comes to managing the programme. Total funding is equal to €62,289,139; funding for the 16 Member States for which data on checks are available is equal to €60,585,523; and excluding also Italy, funding is equal to €34,367,644. Assisting public officers during inspection is an activity which is carried out strictly because of the regulation, therefore the BAU factor is 0. Results for this activity are summarised in Table 12.

Table 12 – Administrative Costs and Burdens - Inspections

	Occurrence Time (h)		AC/AB
<i>Checks on Applicants - Schools</i>	222	8	€ 26,854
<i>Checks on Applicants - Other</i>	123	16	€ 24,132
<i>Checks on Educational Establishments</i>	566	4	€ 11,348
Total			€ 62,334

According to this analysis, total administrative costs attributed to the IO “Obligations arising from checks performed by public administrations (in the form of assisting public officials and keeping of records)” amount to €207,226, of which €171,003 (83%) are to be considered administrative burdens. Results are summarised in Table 13.

Table 13 – Administrative Costs and Burdens - Obligations arising from checks performed by public administrations (in the form of assisting public officials and keeping of records)

Activity	AC	AB
Inspections	€ 62,334	€ 62,334
Keeping Documents	€ 144,892	€ 108,669
Total	€ 207,226	€ 171,003

2.5.7 Publicity (European posters or other means)

Art. 14 of reg. 288/2009, as amended by reg. 34/2011, requires Member States to ensure that a poster communicating to the public the EU funding of the SFS is placed at the main entrance of the participating educational establishments. Details of the mandatory elements of the posters are described in Annex III to reg. 288/2009. Member States can use other means of communication in addition to or in substitution of the poster, provided that the same message is conveyed.

In 2009/10, all Member States, but for the French-speaking Community in Belgium, resorted to the posters. Usually the poster is provided centrally. In other cases, e.g. in Slovenia, educational establishments take care of the European Poster themselves. 11 Member States also used other means, such as websites, leaflets and other publications, information sessions, advertisements.

For the sake of quantification, AC/AB stemming from the minimum compliance with reg. 288/2009 are quantified. Therefore, all Member States are assumed to provide centrally a European Poster to each of the participating educational establishments. Burdens due to other means of publicity used, on a voluntary basis, by Member States are not measured.

For this IO, costs are not due to the time spent to comply with the regulation, but to the cost of posters themselves. The average cost for a poster whose size is about 60X90 cm is estimated consulting several websites. Costs are strongly linked to the number of posters printed, since the bulk of costs are fixed (e.g. designing) rather than variable (that is printing costs). Unitary costs are shown in Table 14. In Table 15, administrative costs are calculated by multiplying the number of participating educational establishments by the unitary costs, which depend on the number of posters needed. Since there is no BAU factor applicable, administrative burdens equal costs.

Table 14 – Unitary Costs per Poster

# Posters	Unitary cost
100	€ 5.01
500	€ 1.11
1000	€ 0.62
3000	€ 0.39
5000	€ 0.33

Table 15 – Administrative Costs and Burdens – Publicity (European posters or other means)

	# Educational Establishments	Unitary Costs	AC/AB		# Educational Establishments	Unitary Costs	AC/AB
AT	527	€ 1.11	€ 585	IT	4,709	€ 0.33	€ 1,554
BE	1,913	€ 0.62	€ 1,186	LT	171	€ 5.01	€ 857
CY	108	€ 5.01	€ 541	LU	69	€ 5.01	€ 346
CZ	2,883	€ 0.39	€ 1,124	MT	137	€ 5.01	€ 686
DE	1,496	€ 0.62	€ 928	NL	743	€ 1.11	€ 825
EE	357	€ 1.11	€ 396	PL	5,648	€ 0.33	€ 1,864
ES	2,759	€ 0.39	€ 1,076	PT	2,263	€ 0.39	€ 883
FR	1,551	€ 0.62	€ 962	RO	3,330	€ 0.39	€ 1,299
HU	1,608	€ 0.62	€ 997	SI	343	€ 1.11	€ 381
IE	388	€ 1.11	€ 431	SK	900	€ 0.62	€ 558
				Total	31,903	-	€ 17,477

According to this analysis, total administrative costs attributed to the IO “Publicity (European posters or other means)” amount to €17,477, all of which are to be considered administrative burdens.

2.6 Overall Analysis of Administrative Costs and Burdens

Table 16 – Summary Table for the SFS

SUMMARY OF BASELINE ACTS			
Priority Area:	Agriculture		
Baseline Act:	Articles 103ga and 103h of reg. 1234/2007; Reg. 288/2009		
INFORMATION OBLIGATION		AC	AB
IO 1	General Application to the Scheme	€ 596,552	€ 596,552
IO 2	Aid Application	€ 264,656	€ 264,656
IO 3	Obligations arising from checks performed by public administrations (in the form of assisting public officials and keeping of records)	€ 207,226	€ 171,003
IO 4	Publicity (European posters or other means)	€ 17,477	€ 17,477
		TOTAL	€ 1,049,687

Our analysis quantified administrative costs and burdens imposed on participants in the school year 2009/10. Neither IOs imposed only on public administration, nor the other side of the IOs, i.e. the resources spent by public administrations to receive, manage and check the information provided by the participants, were measured. As already said when quantifying burdens due to checks, it would be fair to assume that each euro spent by participants is matched by an additional euro spent by public administration. Nevertheless, the SCM cannot be stretched as much as to measure the other side of the relation, therefore a full detailed quantification is not proposed.

To put this figure into context:

- 1) given that in 2009/10 the total amount of EU fund disbursed was slightly more than €34 million, ACs due to reg. 288/2009 represent 3.18% of funds, and ABs represent 3.08%. This is a non-negligible share of burdens over total funds, still it is lower than other expenditure programmes in the Agriculture priority area.²³ For instance, the Single Payment Scheme and the Single Area Payment Scheme, which are by far more complex schemes, generate about €2.5 billion of recurring burdens out of a total expenditure of about €34 billion (that is 7.4% of burdens over expenditure).²⁴ Nevertheless, the ratio of burdens over fund for the SFS is likely to diminish when the share of expenditure over available resources increases. Indeed, burdens grow when expenditures grow, but, since part of them

²³ As another term of reference, for VAT legislation the ratio between burdens and revenues is about 6%. Nevertheless, comparison is not fully appropriate, since SFS is an EU-funded programme, while VAT is a tax scheme.

²⁴ Cf. Study on administrative burden reduction associated with the implementation of certain Rural Development measures, available on the internet at: http://ec.europa.eu/agriculture/analysis/external/rd-simplification/full-text_en.pdf (last accessed on December, 2011).

is a kind of fixed cost²⁵, they grow less than proportionately. This is especially true for the IO "General Application to the Scheme" and for the activity to keep records under the IO "Obligations arising from checks performed by public administrations (in the form of assisting public officials and keeping of records)";

- 2) given the number of schools participating, the burdens per school amount to €32.90. Given that the weighted averages of salary amount to about €15, this is equivalent to slightly more than two hours of work. This figure does not have a "direct" meaning, given that i) not all burdens are borne by educational establishments; and ii) burdens per educational establishment vary quite widely depending on whether schools are directly applying to the scheme, or whether they pass through an intermediary. In any case, the figure is clearly too low to say that burdens constitute the main obstacle for schools to participate in the programme. Other costs are probably more substantial, such as the costs of organising the physical distribution, or the costs, in terms of time and resources, to put in place the accompanying measures. Burdens may be relevant only if schools' human resources are assumed to be already under such a pressure that they cannot sustain other administrative tasks, though marginal. Indeed, especially when schools are not direct applicants, the only administrative burdens they have to bear are due to gathering information about the programme, indirectly applying to e.g. a supplier, keeping invoices, and, for about 1% of educational establishments, assist public officials when they perform on-the-spot checks. The figure looks also negligible in terms of burdens per pupil, amounting to €0.22. We do not have the number of portions supplied, but it is likely that, depending on frequency of distribution, burdens per portions are in the orders of magnitude of few cents or few thousandths of Euro.

²⁵ Some burdens, such as the number of checks, grow (more or less) proportionately to the size of the received funding. Some other burdens, such as application to the programme, are one-off costs, and will grow less than proportionately to the amount of expenditures.

3 SCHOOL MILK SCHEME

The legal basis for the School Milk Scheme is art. 102 of Regulation (EC) No 1234/2007 establishing a common organization of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation). To review the scheme, the Commission has adopted an implementing act that is Commission Regulation (EC) No 657/2008 laying down detailed rules for applying Council Regulation (EC) No 1234/2007 as regards Community aid for supplying milk and certain milk products to pupils in educational establishments. Regulation 657/2008 has been amended by Commission Regulation (EC) No 966/2009. The new regulation introduces a new list of eligible products but does not change elements of the administrative procedure to be followed.

Our study focuses on school year 2008/09, for which comprehensive data concerning quantities delivered, number of applicants and checks have been provided by DG AGRI. Information concerning the current implementation retrieved from national sources may be more recent, but, given the relative stability of the programme during the years, this is not going to hinder the validity of this analysis.

3.1 Functioning of the scheme – the legal framework

The scheme aims at promoting consumption of milk and other dairy products among school pupils, by supplying them at schools. Art. 102 of reg. 1234/2007 establishes the rate of aid, that is €18.15/100kg of milk. Other milk products are subsidised given the milk quantity included therein, so-called “milk equivalent”. The rate of equivalence can be found in art. 5 of reg.657/2008, and the aid per product in Annex II. The aid is granted on a maximum quantity of 0.25 litre of milk equivalent per pupil per school day.

Participation of Member States in the programme is neither mandatory nor automatic. In 2008/09, delivery of subsidised milk and milk product took place in 26 Member States, that is all EU countries but Greece. In 2007/08, Bulgaria and Greece were not participating. In 2006/07, also Cyprus, Malta, and Romania were not participating. Member States are free to decide how to manage the scheme, as long as the minimum requirements laid down in the regulation are fulfilled. Still, the number of variables to be decided upon compared to the SFS is much lower. Under the SMS, Member States do not need to decide the list of products, the amount of the aid, nor have they to provide for accompanying measures. They are free to set up a management system, either (both) at national or (and) regional level. Furthermore, they can decide: i) which entity other than educational authorities/establishments may apply to the scheme among those listed in art. 6 of the regulation; ii) the duration of the SMS and the frequency of distribution, as long as the total ceiling per pupil per day is not exceeded;

iii) the frequency of payments and of application according to the provisions of Regulation 657/2008; iv) maximum prices to be paid by beneficiaries, where applicable. Nevertheless, the main requirements of the administrative procedures to be followed are fixed by reg. 657/2008.

Member States have to set up an authorisation system for schools and other entities to take part in the SMS. The following categories may apply to take part in the SMS:

- a) educational establishments;
- b) educational authorities (for the areas for which they are responsible for);
- c) suppliers of the products, if the Member State so provides;
- d) organisations acting on behalf of one or more education establishments or authorities, if the Member State so provides;

Each of these entities must lodge a proper application to take part in the SMS, and the managing authority, as designated by the Member States or by the regional authorities, has to verify its validity. The validity depends on the applicant undertaking to use the milk and milk products only for consumption by the pupils; to repay any aid unduly received; and to submit to any check and to make supporting documents available. Furthermore, applicants belonging to the categories c) or d), that is not either educational establishments or education authorities, shall also commit to record the name of the establishments to which products are finally delivered, and the quantities supplied per establishment.

Applicants which are granted the authorisation to take part in the scheme can apply for aids after they have proceeded with the distribution of milk and milk products to pupils. The payment application may cover a period from 1 to 7 months, according to the frequency fixed by the Member State. The amounts of aid requested shall be supported by documentary evidence to be held available for checks and inspections, and eventually submitted along the application. If the payment application is submitted by an entity belonging to categories c) or d), aid shall be paid on presentation of receipts or other alternative proofs (if the Member State so authorises), or after an inspection.

Educational establishments participating to the SMS shall exhibit a poster (cd. European Poster, as required by art. 16 of the regulation).

The regulation also lays down the minimum requirements for controls and sanctions. All applications for aid payments shall be checked in terms of validity, correctness, and correctness of the supporting documents where required. Checks should also be targeted at verifying the extent of the impact of the aid on the price paid by the beneficiary. Administrative checks must be supplemented by on-the-spot checks, aiming at verifying both the administrative documents and whether the subsidised products have been lawfully used. 5% of applicants receiving at least 5% of aid shall be checked per school year, with a minimum of 5 applicants. Furthermore, if the checked

applicant is not an educational establishment (i.e. categories b), c), and d)), at least 1% of educational establishments, with a minimum of 2, pertaining to the checked applicant should also be checked. Checked applicants should be selected according to a risk analysis system.

As for monitoring, each year the Member States must report to the Commission *i.a.* quantities distributed, entities and pupils taking part in the scheme.

3.2 Working of the scheme in 2008/09

For school year 2008/09, milk and milk products subsidised under the SMS were distributed in 26 Member States, that is all EU countries but for Greece. Bulgaria took part in the scheme for the first time. Malta, Cyprus and Romania had started to distribute milk under the SMS in school year 2007/08.

In 2008/09, about 19,000,000 pupils participated in the SMS²⁶. Total EU funding actually disbursed amounted to about €75 million. Member States topped up this amount with additional €53.1 million.²⁷ In total, under the SMS, subsidies amounting to €128.2 million euro have been provided, and the EU share amounted to 58.6%. Subsidies per Member States are shown in Table 17.

Table 17 - Subsidies per Member State

MS	EU funding	National Top Up	MS	EU funding	National Top Up
AT	€700,000	€210,000	IT	€1,690,000	€0
BE	€790,000	€0	LT	€140,000	€475,000
BG	€3,000	€0	LU	€20,000	€14,000
CY	€242,000	€0	LV	€280,000	€629,760
CZ	€310,000	€0	MT	€90,000	€0
DE	€7,170,000	€94,000	NL	€630,000	€0
DK	€1,780,000	€0	PL	€14,060,000	€42,240,639
EE	€550,000	€820,000	PT	€2,320,000	€0
ES	€1,540,000	€0	RO	€4,480,000	€0
FI	€4,600,000	€0	SE	€9,030,000	€0
FR	€13,530,000	€1,180,000	SI	€2,000	€0
HU	€800,000	€1,780,000	SK	€1,270,000	€914,000
IE	€850,000	€300,000	UK	€8,210,000	€4,447,841
			EU	€75,087,000	€53,105,240

²⁶ For data sources, please see paragraph 3.3 below

²⁷ Conversion from Member States currency is made based on the official Exchange rate of Euro at 03/01/2011, as published in the Official Journal of the European Union

3.3 Data Availability

Data made available from DG AGRI are of very good quality compared to data normally available for AC/AB quantifications. Data relevant for the quantification of AC/AB and data gaps are listed below.

For all 26 participating Member States the following data series are available:

- 1) Total funding, split in EU and national contribution;
- 2) Total number of pupils;
- 3) Tons of products supplied;

Data concerning checks are available for 22 Member States. Data from Czech Republic, France, Latvia and Malta are not available. Therefore, for 22 Member States, the following data series are available, split by category of entities participating in the SMS:

- 4) Number of applicants;
- 5) Number of checks on applicants;
- 6) Number of educational establishments pertaining to checked applicants which are not educational establishments themselves;
- 7) Number of checks on education establishments pertaining to checked applicants;
- 8) Requested, Paid and Checked Aids.

Contrary to the SFS, no data is available about the number of schools participating in the scheme, including also schools which are not directly applicants. The number of schools is a crucial variable to estimate the population for several IOs. The estimated number of participant schools is shown in Table 18.

Table 18 – Estimated number of participating schools per Member State

MS	Schools	MS	Schools
AT	4,557	IT	6,594
BE	3,646	LT	605
BG	2	LU	66
CY	744	LV	<u>159</u>
CZ	<u>3,724</u>	MT	<u>122</u>
DE	30,552	NL	2,890
DK	3,500	PL	20,127
EE	891	PT	8,281
ES	3,729	RO	14,405
FI	664	SE	10,403
FR	10,219	SI	1
HU	739	SK	1,300
IE	1,241	UK	25,905
		EU	155,066

Estimates are obtained as follows:

- Figures in bold are not estimates, but have been retrieved from various sources.
 - a. For BG, IE, LU, RO, SI, SK the total number of participating schools could be retrieved from national reports on checks.
 - b. For FR, data could be retrieved from Reports prepared by the French authorities.
 - c. The case of SE was quite an outlier. The number of pupils participating in the SMS, as reported in the dataset provided by DG AGRI, compared to total population is very high: 1,591,031. This is even higher than the total number of pupils in nursery, primary, and secondary schools in 2009 as reported by Eurostat, that amounts to 1,433,000.²⁸ This peculiarity may be due to difference in statistical reporting and to enrolment in pre-scholar institutions. We assume that all nursery, primary and secondary schools in Sweden participate in the SMS, and the number of schools has been retrieved from the National Agency for Education (*Skolverket*).²⁹
- Figures neither in bold nor underlined have been estimated based on data concerning checks. Therein, the number of schools applying to the SMS (1) and of other applicants is reported. Furthermore, it is shown the share of other applicants which are controlled (2) and the number of educational establishments on the rolls of these controlled applicants (3). By dividing (3) by (2), an estimate of the total numbers of schools which are indirect applicants is obtained (4). By adding (1) and (4), the final estimate of the total number of schools participating, both as direct and indirect applicants, in the SMS is obtained.
- Figures underlined are neither retrieved from other sources nor extrapolated from data on checks, as no data on checks was available for these Member States. For CZ, LV, and MT, estimates of the number of schools have been obtained by calculating an average amount of pupil per school (based on the data from the other 23 Member States), and dividing the amount of pupil in these Member States by this quantity.

²⁸ Sum of pupils at ISCED level 0, 1, and 2. Data refers to 2009.

²⁹ The following categories of schools were considered: 3,780 *skolor med förskoleklass* (nursery schools); 4,626 *grundskolor* (primary schools); 1015 *gymnasieskolor* (secondary schools); and 8 *specialskolor*, 702 *obligatoriska särskolor*, and 272 *gymnasiesärskolor* (other special schools). Data have been retrieved from: <http://www.skolverket.se/sb/d/3534/a/23365>

All these data series are crucial to estimate the population and the number of occurrence for each IO. Data for 22 countries are complete and data for further 4 countries are only partial. Since extrapolation is usually made out of few countries, e.g. six in the case of the baseline measurement carried out by the Consortium, this is an extremely reliable base to estimate the “Q” factor in the SCM and therefore total AC/AB, since the Q factor is the most important driver of burdensomeness.

As for P factors, time spent for each administrative activity is estimated on the basis of an expert assessment, national sources, or retrieved from similar IO included in the EU database of administrative burdens. Given the very high quality of the estimation of the Q factor, the ordinary nature of most of the administrative activities measured, and the principle of proportionate analysis, a direct survey of participants was not needed to achieve a good estimation of administrative costs and burdens due to the SMS scheme.

3.4 Mapping of Reg. 657/2008

DG AGRI and we identified 6 IOs in reg. 657/2008. Some of them have to be fulfilled by national/regional authorities in charge of managing and administering the scheme, some by the entities taking part in the SMS. In practice, most of IOs are bilateral, e.g. if participants have to bear checks, authorities have to perform them. Still, based on the SCM methodology, only one side of the relationship is quantified and qualitative indication on the other is given where needed.

According to the EU IA Guidelines, public authorities are included in the application of SCM. Nevertheless, also due to methodological issues, they have almost always been excluded from the measurements carried out under the Action Programme on Administrative Burdens.³⁰

In this case, the SCM methodology seems unfit to measure the work of national public administrations. Indeed, in the case of national public authorities, the concept of “normal efficiency”, which is at the very heart of the SCM, is a very thorny issue. In most cases, Member States have very different procedures and documentary requirements not only because of (in)efficiency reasons, but because of different administrative procedures, political and federal structures, and administrative organisation. The national legal and political constraints are to be complied with, regardless of any requirement of the SMS set at the EU level. In this sense, no general “modelling”, i.e. the identification of “normally efficient public administration” seems possible and sensible.

³⁰ The only exception being the measurement of the Cohesion Policy Priority Area, where burdens imposed on public entities are measured. Nevertheless, public entities are taken into account only as final beneficiaries, and burdens due to the management tasks are not measured.

To extract more information on the management of the scheme at national level, it could be useful to accompany the application of the SCM with a field analysis of national and regional administrations in charge of the implementation of the SFS. This would provide idiosyncratic information on the ratio between the financial and human resources devoted to the management of the SMS, and the amount of funds disbursed.

The SCM methodology is also unfit to measure the work of public administrations. For this reason, an overview of these IOs is given and they are included in the mapping in order to explore room for simplification, but AC/AB related to them are not quantified.

One IO is imposed on public administrations:

- 1) Report on implementation and checks (art. 17 of reg. 657/2008);

Another IO on public administrations would be “Suspension of Withdrawal and Approval”, created by art. 10 of reg. 657/2008. Still, since it arises only in cases of wrongful applications, mistakes and frauds, whilst the SCM assumes perfect compliance, it is not included among the IOs mapped. Nevertheless, it is to be acknowledged that national public administrations have to spend resources to undertake the tasks necessary to verify compliance of final beneficiaries to the provisions of reg. 657/2008, but in our opinion this amounts to a substantial obligation, and not to an IO.

An implicit IO is due to art. 14 of the reg. 657/2008, requiring Member States to take any appropriate action to ensure that the aid is duly reflected on the price paid for subsidised milk and milk products by the beneficiaries. To comply with this substantive requirement, Member States (may) need to check the price paid by beneficiaries and whether the aid is translated into a price reduction. This is not considered as a self-standing IO, but rather as an additional data requirement. Member States will request information on the price reduction via aid applications and/or control whether subsidies are reflected on prices when performing checks. The burdens related to aid applications and checks are measured *infra*. For example, as for the UK, schools are required to pass on subsidies to pupils, and if the cost of milk is part of a set meal cost or of school fees, reduction attributable to the SMS must be detailed. This data requirement, although quite simple from the point of view of the SCM, may be rather complicated to collect and Member States seem to face difficulties to check compliance with art. 14. Nevertheless, this has more to do with substantive difficulties in calculating, and therefore checking, price reduction of milk/meals/school fees due to the SMS rather than with the provision of this information from applicants to managing authorities.

Five IOs are imposed on participants in the SMS:

- 2) Notification of the number of school days to the competent authority (art. 5 par. 3 of reg. 657/2008)
- 3) General application to the Scheme (art. 6, 7, 8 and 9 of reg. 657/2008);

- 4) Aid Application (art. 11 and 12 of reg. 657/2008);
- 5) Obligations arising from checks performed by public administrations (in the form of assisting public officials and keeping of records) (art. 13 of reg. 657/2008);
- 6) Publicity (European posters) (art. 16 of reg. 657/2008).

Member States also have the opportunity to create an additional IO, that is Application for advance payments. This opportunity is provided by art. 13 of reg. 657/2008. It is optional for Member States to grant advance payments, and at the same time it is optional for participants to apply for them. Therefore, it is not an IO *strictu sensu*, since the SCM is usually limited to compulsory obligations. Member States are free to manage the concession of advance payments as long as they require from the applicant a security equal to 110% of the advance.

Complete mapping is included in Annex II to this report. Figure 3 shows the flow of IOs among the European Commission, the managing authorities of the Member States and the participants in the SMS. Figure 4 shows the static IOs, i.e. those IOs which do not involve exchange of information between players of the SMS.

Figure 3 – School Milk Scheme IO Flow

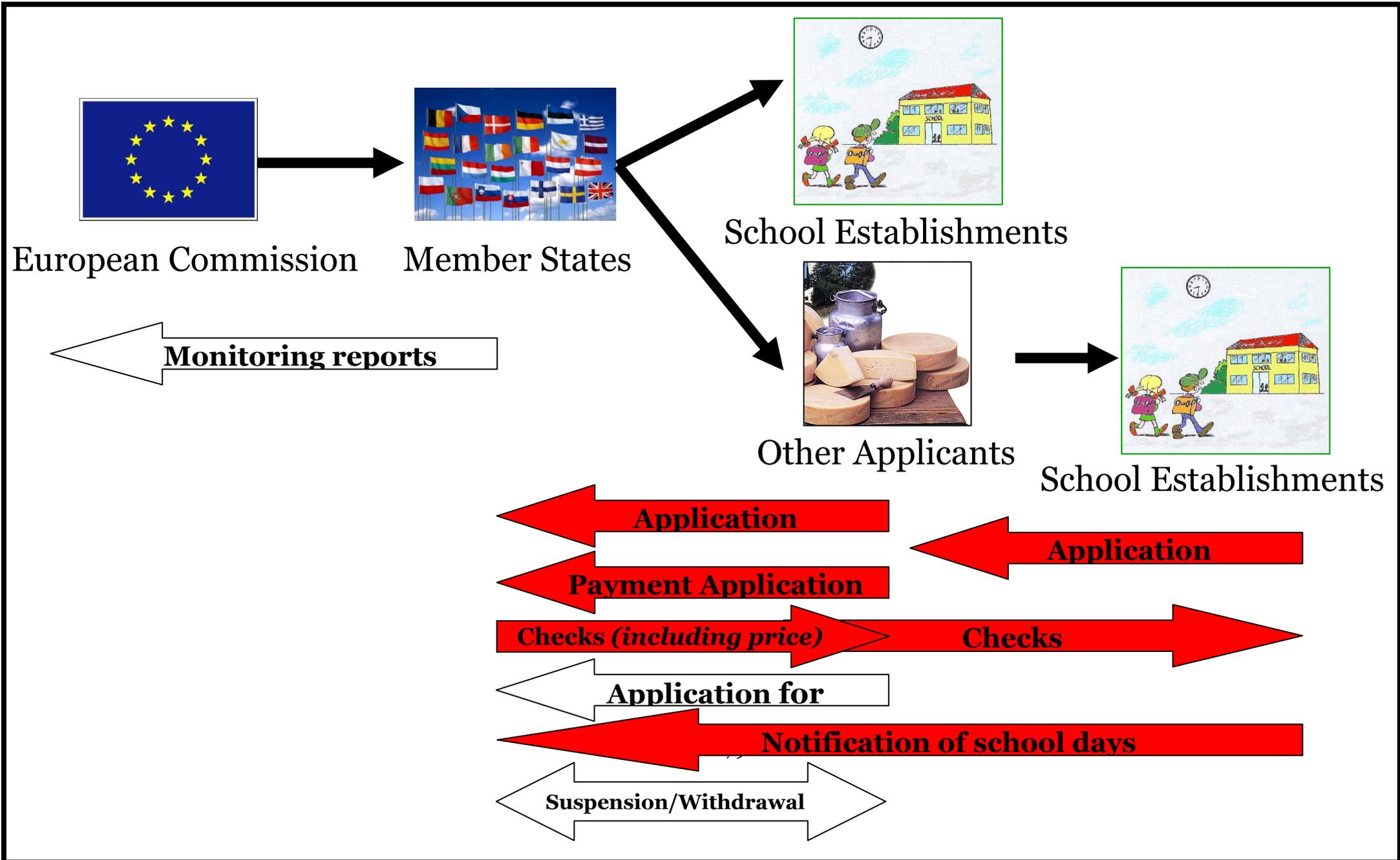


Figure 4 – School Milk Scheme Static IOs



Member States

- Collect and store data and information about management and control of the programme (number of applicants, checks, quantities of milk subsidized, number of pupils)
- Draw control reports



School Establishments

(if direct applicants)

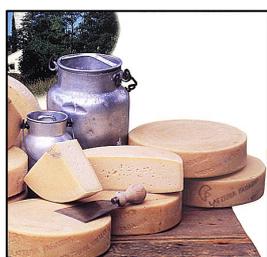
- Store supporting documents (e.g. invoices, bank extracts)

(if indirect applicants)

- Store supporting documents (e.g. delivery notes)

(both)

- Show the European poster



Other Applicants

- Store supporting documents (e.g. invoices)
- Store additional documents (list of education establishments, products and quantities supplied)

3.5 AC/AB assessment and quantification

3.5.1 Report on Monitoring and Checks

According to art. 17 of reg. 657/2008, each year, by the 30th of November, Member States have to notify the Commission information concerning the number of participants, on-the-spot checks and related findings. Member States have also to notify, before the 31st of January, information concerning the quantities of milk and milk products on which aid has been paid, the maximum permissible quantity and the number of pupils participating in the SMS. Reports consist of an excel file to be filled in, which is provided by the Commission in order to gather uniform data from all participating Member States³¹. Those are exactly the data reports on which our entire analysis is based.

Associating an exact amount of burdens to this task is very difficult. If data are already available for public administrations e.g. because during the year they collect the same data / organise their database in a way that they can easily retrieve them, burdens will be limited to the task of notification. If, on the contrary, data must be collected *ex novo* by public administrations, burdens may be considerable. Indeed, in the latter case data would risk not to be notified at all to the Commission, or at least not in time, because of the impossibility to retrieve them or excessive burdensomeness.

The amount of data transmitted to the Commission is known. As for quantities and number of pupils, all 26 Member States have provided data. Therefore, although administrative costs and burdens cannot be quantified, we can notice that the rate of compliance with this information is fairly high, indicating at least that the burdensomeness is not so excessive as to prevent compliance.

3.5.2 Notification of the number of school days to the competent authority

Art. 102.4 of reg. 1234/2007 sets a maximum quantity of milk or milk products on which aid can be paid, that is 0.25 litre of milk equivalent per pupil per day. Member States are required to report the maximum quantity which can be subsidized to the Commission. To provide this information, the number of schooldays during which the SMS is applied must be known.

Art. 5.2 of reg. 657/2008 requires that the number of school days shall be notified by education authorities or educational establishments to the competent authority of the Member States. According to our analysis, two main strategies are used by Member States to ensure compliance with this IO:

³¹ The Commission has developed ISAMM, an information system that allows managing documents and procedures electronically in its own internal working procedures and in its relations with the authorities involved in the common agricultural policy. As from the 31 January 2012 notifications under the SMS shall be done via that system.

- 1) the number of school days for which aid is claimed must be included by applicants in the aid application (e.g. in the UK);
- 2) the number of school days is fixed at central level and it is therefore uniformly used to determine maximum quantity on which aid can be paid (e.g. Poland).

In the latter case, there is not an IO *strictu sensu*, since no information is required from applicants, education authorities or educational establishments. In the former case, this is not a self-standing IO, but rather a data requirement of the IO “Aid Application” (cf. paragraph 3.5.4 below). Therefore, this IO is not quantified *per se*. As a general remark, this data requirement is also likely to have a negligible impact on the burdensomeness of the IO “Aid application”, since it is an information which educational authorities/establishments already have at their disposal.

3.5.3 General Application to the Scheme

Art. 6 requires participation in the SMS to be subject to a valid application to the scheme. Two categories of entities are allowed *ex reg. 657/2008* to apply to the scheme:

- a) educational establishments;
- b) educational authorities (for the areas for which they are responsible for).

Member States may also allow two other categories of entities to apply to the scheme:

- c) suppliers or distributors of the products;
- d) organisations acting on behalf of one or more education establishments

The regulation leaves the details of the authorisation procedures, i.e. how to apply, to which authority, what additional commitments should be undertaken etc., to the Member State, fixing only minimum requirements. Art. 7 requires that applicants must be approved by the competent authority of the Member State in which the concerned educational establishment is located.

In the application, all applicants should make the following written commitments (art. 8):

- 1) to use the products financed under the SMS in accordance with the regulation;
- 2) to repay any aid unduly paid both in case of irregularities,
- 3) to make supporting documents available upon request (and therefore to keep records) and to submit to any check.

Applicants belonging to categories c) and d) should make another written commitment:

- 4) to keep records of the names and addresses of the educational establishments/authorities to which the products have been supplied, and of the quantities supplied.

Importantly, under this IO costs of complying with these commitments are not measured but only those of applying. E.g., costs of keeping records are measured under another IO,³² whilst in this IO

³² Cf. paragraph 3.5.3 below.

only the costs of communicating the commitment to do so are considered. The e.g. as for repayment of aids: only the costs of committing to such a provision are included in the measurement of this IO.

When educational establishments are the direct applicants, costs and burdens stemming from this IO are directly imposed on them. If also non-school entities are allowed to apply to the SMS, or, in some cases, are the only entities participating in the scheme,³³ schools have somehow to enter in contact with the applicant or with the national administration (or both) to signal their intention to participate. Therefore, if the latter option is chosen, costs and burdens due to this IO are imposed both on non-school entities and on educational establishments making a sort of “secondary application” to the SMS. Table 19 shows the number of school and non-school applicants per category per Member State, and the estimated total number of schools participating in the programme.³⁴ In the first part of the table, Member States for which data are available are reported. In the second part of the table, extrapolation is carried out for the other 4 Member States. Extrapolation is based on the amount of funds received, i.e. it is assumed that the amount of fund (including both EU funding and national top-ups where applicable) is proportional to the number of applicants.

³³ As in 8 Member States, that are Austria, Cyprus, Hungary, Ireland, Luxembourg, Portugal, Romania, and Slovakia.

³⁴ Cf. paragraph 3.3 above.

Table 19 – Number of Applicants and Total Number of Schools per Member States

	Educational Establishments a)	Other Applicants b) c) d)	Non-direct applicant Schools	Total Schools
AT	0	87	4,557	4,557
BE	1348	73	2,298	3,646
BG	2	0	0	2
CY	0	21	744	744
DE	93	257	30,459	30,552
DK	656	26	2,844	3,500
EE	321	137	570	891
ES	4	44	3,725	3,729
FI	94	95	570	664
HU	0	350	739	739
IE	0	17	1,241	1,241
IT	331	636	6,263	6,594
LT	174	60	431	605
LU	0	1	66	66
NL	20	24	2,870	2,890
PL	178	160	19,949	20,127
PT	0	32	8,281	8,281
RO	0	263	14,405	14,405
SE	475	319	9,928	10,403
SI	1	0	0	1
SK	0	7	1,300	1,300
UK	18	165	25,887	25,905
Total	3,715	2,774	137,127	140,842
CZ	10	8	3,714	3,724
FR	487	364	9,732	10,219
LV	30	22	129	159
MT	3	2	119	122
SMS	4,245	3,170	150,821	155,066

NB: Total refers to the 22 for which data are available;

SMS to all the 26 participant MSs, including those for which data are not available

Figures in italic are extrapolated

Source: CEPS Elaboration on DG AGRI data

Only in Slovenia and Bulgaria, which have a very limited implementation of the programme since only one and two schools are participating, educational establishments are the only entities applying to the SMS.

Analysis of procedures in several Member States

Procedures across Member States are rather similar. In the Walloon Community of Belgium, all four categories of applicants can take part in the Scheme. The application is submitted via a form available on the *Portail de l'Agriculture wallonne*, where the applicant provides its data and

engages in respecting the requirements mandated by the regulation. The *Direction des Droits et Quotas* of the *Direction générale opérationnelle de l'Agriculture, des Ressources naturelles et de l'Environnement (DGARNE)* of the Wallon government verifies the application and eventually notifies approval. The authorisation to take part in the SMS is unlimited, that is needs not to be re-submitted every school year. A very similar procedure is followed in the Flemish Community of Belgium.

In Finland, approval is obtained by joining the customer register of the Internal Market Unit of the Ministry of Agriculture before the scheme is launched. If, after checks, the applicant meets the registration criteria, a registration decision is sent to it.

In Poland, the SMS is managed by the Agricultural Marketing Agency, both at central level and via its regional offices. All four categories of applicants can take part in the scheme. Applicants i) need to be registered with the Central Register of Companies managed by the Agricultural Marketing Agency; and ii) must submit an application to take part in the SMS to the competent regional office. If applicants are not educational establishments, the application must be supplemented by a list of educational establishments for which supplies will be organised. The content of the application matches the requirements stated in the regulation. If the application for approval meets the required criteria, the regional office approves the applicant, which can subsequently start distributing milk and milk products to pupils.

In the UK, all 4 categories are entitled to apply to the SMS, but most of claimants are local authorities. Educational establishments may claim subsidies directly or resort to another organisation if their local authority does not run the scheme. Nurseries and other pre-school establishments claim the subsidy through their nursery milk claim. Claimants must be accepted by the Rural Payments Agency.

We intend now to measure AC/AB on:

- 1) Educational establishments as direct applicants;
- 2) Other entities as direct applicants;
- 3) Educational establishments when non-direct applicants

Educational establishments as direct applicants

In the 22 Member States for which data are available, 3,715 schools directly apply to the SMS. Including 4 Member States for which extrapolation has been carried out, estimated total number of schools directly applying to the SMS is 4,400.

In general, schools have to submit an application, either in paper or in electronic form, where they have to indicate relevant data such as type and address of the establishment, number of pupils involved in the SMS, and, according to reg. 657/2008, the mandatory commitments that they have to undertake. This IO requires three activities:

- 1) Getting information about the SMS, its requirements and administrative procedures;
- 2) Holding internal meetings to approve participation to the SMS;

3) Filling in the form.

This IO is very similar to that imposed under the SFS. For this reason, as for point 3), the Flemish Community estimate of 30 minutes per occurrence is used again. Analogously, as for points 1) and 3), about 1.5 hours of work of a clerk are assumed to be needed. Therefore, the total time per occurrence is 2 hours.

Population is shown in the first column of Table 19. As for hourly salaries, the salary used is that of a clerk, retrieved from the EU AB database. BAU factor for application is assessed to be 0%. Results are shown in the first column of Table 20.

Other entities as direct applicants

When other entities apply directly, which is the case in all Member States but Slovenia, they have to register to participate in the SMS and subsequently agree with schools to supply milk and milk products according to it.

Whilst schools need 2 hours to apply to the programme, application for other entities is assumed to be more cumbersome, especially for retrieving information and for the number of data to be provided in the form(s). Therefore, the time per occurrence is assumed to be equal to 4 hours. Population is shown in the second column of Table 19. As for hourly salaries, the salary of a clerk retrieved from the EU AB database is used. The BAU factor is again assumed to be 0%. Results are shown in the second column of Table 20.

Educational establishments when non-direct applicants

Educational establishments which do not directly apply to the programme have still to submit an indirect application, either to the national authority, or to the supplier, or to both. This procedure is likely to be less cumbersome than direct application. Given that the bulk of schools are indirect applicants to the SMS, however, a quantification has to be carried out since the procedure is likely to create a substantive amount of AC/AB.

Time per occurrence is assumed to be equal to 1 hour, i.e. half the time needed for direct application by educational establishments. National hourly salaries are those of a clerk, as retrieved from the EU AB database. Population is shown in the third column of Table 19. Results are shown in the third column of Table 20.

According to this analysis, total administrative costs attributed to the IO “General Application to the Scheme” amount to €2,765,637, all of which are to be considered administrative burdens. Results are summarised in Table 20. AC/AB can be overestimated in case several Member States do not require applicants to submit an authorisation request each year. Based on our analysis, proof of this possibility has been retrieved only for the Walloon Community of Belgium. For this reason, we conservatively assume that authorisation must be resubmitted each year, that is the frequency for this IO is 1.

Table 20 – Administrative Costs and Burdens – General Application to the Scheme

MS	Educational Establishments	Other Applicants	Non-direct applicant Schools
AT	€ 0	€ 7,656	€ 100,254
BE	€ 62,008	€ 6,716	€ 52,854
BG	€ 4	€ 0	€ 0
CY	€ 0	€ 840	€ 7,440
DE	€ 4,650	€ 25,700	€ 761,475
DK	€ 36,736	€ 2,912	€ 79,632
EE	€ 2,568	€ 2,192	€ 2,280
ES	€ 104	€ 2,288	€ 48,425
FI	€ 5,076	€ 10,260	€ 15,390
HU	€ 0	€ 7,000	€ 3,695
IE	€ 0	€ 1,700	€ 31,025
IT	€ 13,240	€ 50,880	€ 125,260
LT	€ 1,044	€ 720	€ 1,293
LU	€ 0	€ 112	€ 1,848
NL	€ 880	€ 2,112	€ 63,140
PL	€ 1,780	€ 3,200	€ 99,745
PT	€ 0	€ 1,280	€ 82,810
RO	€ 0	€ 4,208	€ 57,620
SE	€ 21,850	€ 29,348	€ 228,344
SI	€ 20	€ 0	€ 0
SK	€ 0	€ 84	€ 3,900
UK	€ 864	€ 15,840	€ 621,288
CZ	€ 5	€ 100	€ 160
FR	€ 21	€ 20,454	€ 30,576
LV	€ 4	€ 240	€ 352
MT	€ 9	€ 54	€ 72
SMS	€ 150,863	€ 195,896	€ 2,418,878
TOTAL			€ 2,765,637

3.5.4 Aid Application

After an educational establishment or another entity has been granted the general authorisation to participate in the SMS, it may start to supply milk and milk products to school pupils. To receive reimbursement for the supply, it shall submit an aid application to the responsible public administration. Reg. 657/2008 requires at least the following information to be included in the payment application:

- 1) the quantities distributed by categories and subcategory of product;
- 2) the name and address, or a unique identification number, of the educational establishment(s) and/or authority(ies) to which products have been supplied.

The amount of aid requested shall be supported by documentary evidence held available by the applicants for the competent authorities. These evidences shall show the price of each product, and be receipted or accompanied by proof of payment. In addition, if the aid is requested by entities belonging to categories c) or d), aid shall be paid only on presentation of a receipt for the quantities actually delivered, or on the basis of the report of an inspection, or, if the Member State so authorises, on presentation of an alternative proof.

The frequency of aid application is left to Member States. Payment requests may cover from 1 to 7 months.

Analysis of procedures in several Member States

In the Walloon Community of Belgium, applicants must submit each month a form which can be downloaded from the *Portail de l'Agriculture wallonne*. In this form, the applicant must fill in its identification data, the quantities of products and the amount of aid claimed. This form must be accompanied by an *état justificatif*, where the information included in the invoices, which have to be submitted as well, must be listed. A similar procedure is followed in the Flemish Community of Belgium.

In Finland, applicants may request payment of aid via regular or electronic forms. The aid application and its annexes are approved by the Agency for Rural Affairs, which can ask for further information and corrections from the applicant, if necessary.

In France, aid are paid to, and requests are to be submitted by, the entity which bought milk and milk products, or the meals during which milk or milk products were served. Three requests have to be submitted per school year, each for a three-month term. Currently, an e-form has been introduced, and is promoted, to submit aid requests. On the website of *FranceAgriMer*, it is possible to submit the aid request, which is then to be printed and sent via mail together with the supporting documents. The e-procedure shows which supporting documents must be enclosed to the request form.

In Poland, the Agricultural Market Agency is responsible for paying subsidies. Aid applications must be submitted to the regional offices of the Agricultural Marketing Agency, which has to assess them and possibly authorise payments. The aid application must be accompanied by a copy of the invoices relating to the purchase of milk or milk products. If the applicant belongs to category c) or d) a note confirming delivery of milk and milk products to the education establishments is also to be attached. In the aid application, the applicant must include the quantity of milk and milk products, and its identification data. The delivery-confirmation note must also contain the quantities of individual categories of milk and milk products actually consumed by pupils in each month.

In the UK, claims must be made in arrears and the frequency can be decided upon by the applicant. Frequency may be once per school year, once per school term, or once per month. Claims can be sent via fax or email (to meet deadlines), but claims submitted in electronic form are also to be sent in original, together with supporting documents. Each aid request must include the following details: i) the name of the school(s); ii) the number of school days and eligible pupils for each school; iii) the maximum entitlement per school; and iv) the amount of milk and milk products for which aid is requested.

To quantify AC/AB, frequency needs to be estimated. For the sake of quantification, 2 is used as a uniform frequency, since it is the minimum requirement set by the legislation in case the SMS covers the whole school year (e.g. it lasts longer than 7 months).

Given that the requirements, the supporting documents, and the procedures closely match those under the SFS, the same estimate of time per occurrence is used. Therefore, educational establishments which are directly applicants spend half an hour to comply with this IO; and other entities participating in the SMS are assumed to spend 10 minutes for each educational establishments pertaining to them. The population for this IO is therefore given by the number of schools directly participating in the SMS, whose time per occurrence is 30 minutes, and by the other schools participating in the SMS, whose time per occurrence is 10 minutes. Salaries, as usual, are hourly national salaries of clerks. The BAU factor is fixed to 0% as payment applications are needed only because of the SMS. Results are summarized in Table 21.

Table 21 – Administrative Costs and Burdens – Aid Application

	Salary (clerk) €/h	Educational Establishments a)	Non-direct applicant Schools	AC/AB
AT	22	0	4,557	€25,064
BE	23	1348	2,298	€48,657
BG	1	2	0	€2
CY	10	0	744	€2,485
DE	25	93	30,459	€256,658
DK	28	656	2,844	€44,965
EE	4	321	570	€2,046
ES	13	4	3,725	€16,226
FI	27	94	570	€7,678
HU	5	0	739	€1,234
IE	25	0	1,241	€10,362
IT	20	331	6,263	€48,457
LT	3	174	431	€954
LU	28	0	66	€617
NL	22	20	2,870	€21,529
PL	5	178	19,949	€34,205
PT	10	0	8,281	€27,659
RO	4	0	14,405	€19,245
SE	23	475	9,928	€87,192
SI	10	1	0	€10
SK	3	0	1,300	€1,303
UK	24	18	25,887	€207,942
Total	-	3,715	137,127	€864,488
CZ	5	10	3,714	€6,252
FR	21	487	9,732	€78,487
LV	4	30	129	€292
MT	9	3	119	€385
SMS	-	4,245	150,821	€949,905

NB: Total refers to the 22 for which data are available;

SMS to all the 26 participant MSs, including those for which data are not available

Figures in italic are extrapolated

Source: CEPS Elaboration on DG AGRI data

According to this analysis, total administrative costs attributed to the IO “Aid Application” amount to €949,905, all of which are to be considered administrative burdens.

3.5.5 Obligations arising from checks performed by public administrations (in the form of assisting public officials and keeping of records)

Art. 15 of reg. 657/2008 requires Member States to carry out documentary checks on aid applications, and on-the-spot checks. Administrative checks, including checks on supporting documents, as defined by Member States, shall be carried out on all aid applications. On-the-spot-checks should complement administrative checks and should be targeted in particular to: i) the impact of the aid on the price paid by the beneficiary; ii) the records kept by applicants belonging to categories c) and d), including financial records such as invoices and bank extracts; iii) the use of subsidised products in accordance with the regulation. On-the-spot checks should cover at least 5% of applicants receiving at least 5% of aids distributed at national level, with a minimum of 5 checks. When applicants are not educational establishments themselves, at least 1% of educational establishments, with a minimum of 2, pertaining to the checked applicant should be subject to on-the-spot checks as well. Participants and educational establishments to be checked should be selected via a risk-analysis.

Analysis of procedures in several Member States

In the Walloon Community of Belgium, all documents which are to be submitted together with the payment application (described in paragraph 3.5.4) must be kept for 3 years. Supporting documents, indicated along the procedure for requesting aid payment, must also be kept for 3 years in France.

In Finland, checked applicants/establishments are informed in advance by letter, and the documents to be shown are indicated. In case of checks on suppliers, following records are checked: i) record of the producers of the milk products; ii) the identification of educational establishments to which products are supplied and the quantities supplied; iii) product delivery documents (e.g. sale invoices, delivery notes); iv) consumed quantities and maximum amount; and v) number of school days and eligible consumers. In case of checks on educational establishments, the following records are checked: i) number of pupils and school days; ii) product information (for at least 30% of supplied products); and iii) invoices and accounting records.

In Poland, inspections are carried out by the Technical Inspection Sections of the regional offices of the Agricultural Market Agency. The following records are checked: i) data about the educational establishments to which products have been supplied (for applicants belonging to categories c) and d)); ii) product prices; and iii) quantities and types of milk and milk products.

In the UK, claimants must keep quantities of milk and milk products supplied, school returns, proof of payment and all other relevant records for at least 3 years after the end of the calendar year in which they were drawn up. Examples of documents to be kept include: invoices, receipts/proofs of payment, credit notes, delivery notes, evidence of the quantities actually distributed, record of prices charged for each product, copies of claim forms, evidence that individual schools have not exceeded their maximum entitlement, evidence of eligible pupil number and number of school days, and any other documents which show how the subsidy scheme is managed.

Checks are a typical activity creating AC/AB and are measured from the point of view of participants. Nevertheless, burdens on participants mirror those on public administration. If participants spend one working day to assist public officers in inspection, conversely public officers spend one day to carry out the inspection. The time needed by public administrations to prepare and draft inspection reports could change, but the amount of work spent by participants to keep documents and prepare for the inspection (when a pre-notice is given) is assumed to be a good proxy of the time spent by public administrations to prepare the inspection and check documents.

This IO requires participants to the SMS to carry out two distinct activities:

- 1) Keeping records;
- 2) Assisting public officers during inspections.

Keeping records

Keeping records is always a tricky activity to measure in terms of AC/AB. First of all, it is only indirectly linked to the IO in question, as it is the necessary preliminary activity for checks to take place. Secondly, the BAU factor is crucial, since in most cases firms and other entities would need to keep records even if they were not required by legislation. Thirdly, records can serve several purposes. E.g., supporting documents such as invoices need to be stored for at least three purposes: i) accounting; ii) VAT legislation; iii) for the SMS checks.

All applicants should keep the supporting documents related to the SMS, that is invoices, or bills of consignment, reporting quantities delivered and the price paid, and, possibly, related bank extracts. Applicants belonging to categories c) and d) should also keep records of the names and addresses of the educational establishments/authorities to which products have been delivered, and of the deliveries to each of them. Therefore, they face a more burdensome IO.

The obligation on schools to keep records does not create any additional cost or burden. Even if they directly take part in the SMS, they will just have to keep invoices or other bills of consignment relative to the quantity supplied. Schools would in any case have to keep these records under accounting rules, and the only additional effort due to SMS checks is related to retrieving them. Nevertheless, the time needed for preparation of inspection is accounted for in the analysis of the activity “assisting public officers during inspection”.

When it comes to other entities participating in the programme, the SMS creates additional costs and burdens. First of all, the requirement to keep records is larger than under usual VAT or accounting obligations. If the activity is carried out by entities already existing, given that it refers to several schools, it is likely to be non-marginal compared to business-as-usual activities. *A fortiori*, when entities are created expressly to manage SMS funds, keeping records is an activity which is strictly due to the SMS legislation itself. Therefore, the quantification focuses on costs and burdens imposed on these entities, that is categories b), c), and d). The number of entities falling within this category is reported in the data provided by DG AGRI and is shown in Table 22. The method to extrapolate a figure for the 4 Member States for which no data are available, based on funds per Member States, has already been described in paragraph 3.5.3.

Table 22 – Number of applicants belonging to categories b), c), and d) per Member State

MS	Applicants b), c) and d)	MS	Applicants b), c) and d)
AT	87	IT	636
BE	73	LT	60
BG	0	LU	1
CY	21	LV	22
CZ	8	MT	2
DE	257	NL	24
DK	26	PL	160
EE	137	PT	32
ES	44	RO	263
FI	95	SE	319
FR	<i>364</i>	SI	0
HU	350	SK	7
IE	17	UK	165
		EU	3,170

Figures in italic are extrapolated

The number of occurrences is not relevant for this activity, as it is a continuous activity. As for the cost per occurrence, we refer to a similar IO measured by the Consortium, that is VAT bookkeeping. Therein, the cost per occurrence in six countries³⁵ has been directly measured, and its average value is used as a proxy for the costs of keeping records under the SMS.³⁶ The cost per occurrence varies based on the size of the firm, that is micro, small, medium, or large. Based on the average amount per applicant organisation, all of them are to be considered as micro-entities.

The cost per occurrence measured by the Consortium is reduced by 50% to avoid double-counting of burdens non-strictly due to the SMS, that is to take into account that records serve several purposes under different norms and regulations, and because the time-span of keeping records is shorter under the SMS. Therefore, the cost per occurrence for this activity is estimated to be €263. Finally, as for the BAU factor, we use the same used by the Consortium, that is 25%. Unlike the previous 50%-discounting, the BAU factor reflects the estimated level of costs in which firms would incur for business reasons, and not because of other norms and regulations.

Results are summarised in Table 23.

³⁵ Cyprus, France, Hungary, Latvia, Poland, and Spain.

³⁶ Of course VAT legislation is much more complex than the SMS. Still, this IO measures only the costs of keeping VAT documents, that is mainly keeping invoices, which is very similar to the IO in scope of our measurement.

Table 23 – Administrative Costs and Burdens – Keeping records

Entity size	# Entities	Cost per occurrence	Administrative Costs	Administrative Burdens
Micro	3,170	€ 263.47	€ 835,205	€ 626,404

Assisting public officers during inspections

Data from Member States provide us the number of checks carried out on each category of applicant and on educational establishments which do not directly take part in SMS. Number of checks for each category is reported in Table 24. For CZ, FR, LV, and MT, extrapolation is based on the amount of funds received, i.e. it is assumed that the amount of funds (including both EU funding and national top-ups where applicable) is proportional to the number of checks. Extrapolation is refined by controlling that thresholds required by the regulation are met.

Table 24 – Number of on-the-spot checks per Member State

	Checks on Applicants - Schools	Checks on Applicants - Other	Checks on Educational Establishments
AT	0	32	143
BE	106	19	56
BG	2	0	0
CY	0	12	25
CZ	5	5	37
DE	6	185	1425
DK	31	20	83
EE	179	93	155
ES	4	38	160
FI	7	2	4
<i>FR</i>	<i>99</i>	<i>203</i>	<i>527</i>
HU	0	63	65
IE	0	17	14
IT	329	626	101
LT	57	7	13
LU	0	1	2
<i>LV</i>	<i>6</i>	<i>13</i>	<i>33</i>
<i>MT</i>	<i>3</i>	<i>2</i>	<i>3</i>
NL	1	4	37
PL	22	87	385
PT	0	30	155
RO	0	263	957
SE	7	45	124
SI	1	0	0
SK	0	7	7
UK	0	28	110
Total	865	1770	4621

Figures in italic are extrapolated

The number of checks represents the number of occurrences, i.e. the Q factor, required to calculate AC/AB. National salaries of clerks have been retrieved from the EU AB database and are consistent with those used by the Consortium and by us in previous quantifications. As for time per occurrence, more time is assumed to be needed to check other categories of applicants rather than schools. Furthermore, inspections on schools participating directly in the programme require more time than those on schools pertaining to checked applicants. The following average assessment has been carried out based on the nature of the IO. Please note that estimated time includes the duration of the on-the-spot check, the preparation for the inspection when pre-notice is given, and eventual follow-up by the applicant, and not any activity which is carried out by the public administration outside the premises of the school/applicant.

- Checks on educational establishments participating in the programme: 8 hours;

- Checks on other entities participating in the programme: 16 hours;
- Checks on schools pertaining to checked applicants: 4 hours.

Assisting public officers during inspection is an activity which is carried out strictly because of the regulation, therefore the BAU factor is 0.

According to this assumption, Table 25 reports the costs per Member State. The differences in costs depend partly on the number of checks and partly on the type of applicants.

Table 25 – Administrative Costs and Burdens - Inspections

Administrative MS Costs - Inspections		Administrative MS Costs - Inspections	
AT	€ 23,848	IT	€ 261,040
BE	€ 31,648	LT	€ 1,860
BG	€ 16	LU	€ 672
CY	€ 2,920	LV	€ 1,552
CZ	€ 1,340	MT	€ 612
DE	€ 217,700	NL	€ 4,840
DK	€ 25,200	PL	€ 15,540
EE	€ 14,160	PT	€ 11,000
ES	€ 16,640	RO	€ 32,144
FI	€ 2,808	SE	€ 29,256
FR	€ 129,108	SI	€ 80
HU	€ 6,340	SK	€ 420
IE	€ 8,200	UK	€ 21,312
		EU	€ 860,256

According to this analysis, total administrative costs attributed to the IO “Obligations arising from checks performed by public administrations (in the form of assisting public officials and keeping of records)” amount to €1,695,461, of which €1,486,660 (88%) are to be considered administrative burdens. Results are summarised in Table 26.

Table 26 – Administrative Costs and Burdens - Obligations arising from checks performed by public administrations (in the form of assisting public officials and keeping of records)

Activity	AC	AB
Inspection	€ 835,205	€ 626,404
Keeping Documents	€ 860,256	€ 860,256
Total	€ 1,695,461	€ 1,486,660

3.5.6 Publicity (European posters)

Art. 16 of reg. 657/2008 requires Member States to ensure that a poster communicating to the public the EU funding of the SMS is placed at the main entrance of the participating educational establishments. Details of the mandatory elements of the posters are described in Annex III to the regulation.

Several Member States provide posters centrally. E.g., in the Flemish Community of Belgium, in France, and in the UK, the poster is designed by the central administrations and can be downloaded from their websites. For the sake of quantification, AC/AB stemming from the minimum compliance with reg. 657/2008 are quantified. Therefore, all Member States are assumed to provide centrally a European Poster to each participating educational establishment.

For this IO, costs are not due to the time spent to comply with the regulation, but to the cost of posters themselves. The average cost for a poster whose size is about 60X90 cm is estimated consulting several websites. Costs are strongly linked to the number of posters printed, since the bulk of costs are fixed (e.g. designing) rather than variable (that is printing costs). Unitary costs are shown in Table 27. In Table 28, administrative costs are calculated by multiplying the number of participating educational establishments by the unitary costs, which depend on the number of posters needed. Since there is no BAU factor applicable, administrative burdens equal costs.

Table 27 – Unitary Costs per Poster

# Posters	Unitary cost
100	€ 5.01
500	€ 1.11
1000	€ 0.62
3000	€ 0.39
5000 or more	€ 0.33

Table 28 – Administrative Costs and Burdens – Publicity (European posters or other means)

	# Educational Establishments	Unitary Costs	AC/AB		# Educational Establishments	Unitary Costs	AC/AB
AT	4,557	€ 0.33	€ 1,504	IT	6,594	€ 0.33	€ 2,176
BE	3,646	€ 0.39	€ 1,418	LT	605	€ 1.11	€ 672
BG	2	€ 5.01	€ 10	LU	66	€ 5.01	€ 331
CY	744	€ 1.11	€ 826	LV	159	€ 5.01	€ 14,479
CZ	3,724	€ 0.39	€ 1,448	MT	122	€ 5.01	€ 797
DE	30,552	€ 0.33	€ 10,082	NL	2,890	€ 0.39	€ 47
DK	3,500	€ 0.39	€ 1,365	PL	20,127	€ 0.33	€ 6,642
EE	891	€ 0.62	€ 552	PT	8,281	€ 0.33	€ 2,733
ES	3,729	€ 0.39	€ 1,450	RO	14,405	€ 0.33	€ 4,754
FI	664	€ 1.11	€ 737	SE	10,403	€ 0.33	€ 3,433
FR	10,219	€ 0.33	€ 3,372	SI	1	€ 5.01	€ 5
HU	739	€ 1.11	€ 820	SK	1,300	€ 0.62	€ 809
IE	1,241	€ 0.62	€ 773	UK	25,905	€ 0.33	€ 8,549
				Total	155,066	-	€ 69,783

According to this analysis, total administrative costs attributed to the IO “Publicity (European posters)” amount to €69,783, all of which are to be considered administrative burdens.

3.6 Overall Analysis of Administrative Costs and Burdens

Table 29 – Summary Table for the SMS

SUMMARY OF BASELINE ACTS			
Priority Area:	Agriculture		
Baseline Act:	Articles 102 of reg. 1234/2007; Reg. 657/2008		
	INFORMATION OBLIGATION	AC	AB
IO 1	General Application to the Scheme	€ 2,765,637	€ 2,765,637
IO 2	Aid Application	€ 949,905	€ 949,905
IO 3	Obligations arising from checks performed by public administrations (in the form of assisting public officials and keeping of records)	€ 1,695,461	€ 1,486,660
IO 4	Publicity (European Posters)	€ 69,783	€ 69,783
	TOTAL	€ 5,480,786	€ 5,271,985

Our analysis quantified administrative costs and burdens imposed on participants in school year 2008/09. Neither IOs imposed only on public administration, nor the other side of the IOs, i.e. resources spent by public administrations to receive, manage and check the information provided

by the participants, were measured. As already said when quantifying burdens due to checks, it could be fair to assume that each euro spent by participants is matched by an additional euro spent by public administration. Nevertheless, the SCM cannot be stretched as much as to measure the other side of the relation, therefore a full detailed quantification is not proposed.

To put this figure into context:

- 1) given that in 2009/10 the total amount of EU fund disbursed was slightly more than €128 million, ACs due to reg. 657/2008 represent 4.28% of funds, and ABs represent 4.11%. This is a significant share of burdens over total funds, still it is lower than other expenditure programmes in the Agriculture priority area.³⁷ For instance, the Single Payment Scheme and the Single Area Payment Scheme, which are by far more complex schemes, generate about €2.5billion of recurring burdens out of a total expenditure of about €34billion (that is 7.4% of burdens over expenditure).³⁸ The ratio of burdens over total funds is higher than for the SFS because the number of educational establishments is proportionately higher. More participants mean a larger population per each IO, and population is the major driver of burdensomeness.
- 2) indeed, the burden per school is quite similar to that of SFS. Given our estimates about the number of educational establishments, burdens per school amount to €34. Given that the weighted averages of a salary of a clerk amounts to about €15, this is equivalent to about two hours and twenty minutes of work. This figure does not have a “straightforward” meaning, given that i) not all burdens are borne by educational establishments; and ii) burdens per educational establishment vary quite widely depending on whether schools are directly applying to the scheme, or whether they pass through an intermediary. In any case, the figure is clearly too low to say that burdens constitute the main obstacle for schools to participate in the programme. Other costs are probably more substantial, such as the costs of organising the physical distribution, or the costs in terms of time and resources. Burdens may be relevant only if schools’ human resources are assumed to be already under such a pressure that they cannot sustain other administrative tasks, though marginal. Indeed, especially when schools are not direct applicants, the only administrative burdens they have to bear are due to gathering information about the programme, indirectly applying to e.g. a supplier, keeping invoices, and, for about 1% of educational establishments, assist public officials when they perform on-the-spot checks. The figure looks also negligible in terms of burdens per pupil, amounting to €0.28.
- 3) in terms of cost per quantity supplied, in 2008/2009 385,433 ton of milk and milk products had been supplied under the SMS. Given the conversion ratio from milk products to milk provided in reg. 657/2008, it is equivalent to 766,477 ton of milk. Burdens per ton of milk are equal to €6.87, that is 3.79% of the Community aid (that is 181.5€ per ton of milk).

³⁷ As another term of reference, for VAT legislation the ratio between burdens and revenues is about 6%. Still, comparison is not fully appropriate, as SMS is a EU-funded programme and VAT a tax scheme.

³⁸ Cf. Study on administrative burden reduction associated with the implementation of certain Rural Development measures, available on the internet at: http://ec.europa.eu/agriculture/analysis/external/rd-simplification/full-text_en.pdf (last accessed on December, 2011).

4 SOME PROPOSALS FOR SIMPLIFICATION

Unlike our usual quantifications, in this report we provide a tentative analysis for possible simplification of the programmes and reduction of administrative burdens. The impact of these suggestions on the effectiveness of SFS and SMS is also provided. Our policy recommendations are, to a certain degree, limited, since they focus only on administrative costs and burdens. We give some hints about how to reduce burdens, but we always warn that simplification should be achieved taking into account possible consequent reduction of benefits, e.g. in terms of subsidiarity, effectiveness or soundness of management.

Consideration no. 1: flexibility comes at a cost

Part of the burdens are due to the flexibility of the schemes. Member States, and sometimes also local authorities and even participants, enjoy a high degree of freedom in defining the eligible products, the modality of distribution, the frequency, the accompanying measures (in case of SFS), and other parameters.

In the case of the SFS, more flexibility requires more documents and more checks to ensure consistency, effectiveness, and, most of all, financial soundness of the programme. Therefore, flexibility increases burdens and the right equilibrium for this trade-off should be achieved. Like for milk aid, the SFS regulation could directly fix the maximum quantities of fruits and vegetables which could be subsidized and the corresponding amount of fund e.g. per kg or per portion. This would greatly reduce burdens as, for example, it would reduce the effort of national authorities to define eligible products, the need for suppliers and schools to agree upon the products to be delivered e.g. through a formal agreement, the documents to be kept and the depth of checks. Nevertheless, whilst milk is a rather homogeneous product, fruits and vegetables are not. They vary among Member States and seasons. Therefore, it is not realistic to thoroughly compress Member States and schools' freedom in this respect. Moreover, the SMS is quite an old subsidy, whilst the higher degree of subsidiarity enjoyed under the SFS is a symptom of its "youth", i.e. of a new approach to EU schemes.

Consideration no. 2: flat rate may be an opportunity

A possibility would be for Member States to apply a flat rate for aids under the SFS, as it is already provided by art. 102 of reg. 1234/2007 for the SMS. Educational establishments or other participants would then be free to decide which products are to be supplied, the duration, and the frequency of distribution as long as their costs fall within the flat rate. The Flemish Community of Belgium, some German regions, and, since 2010/11, Poland use this option. According to the Polish managing authority, this reduced burdens borne by both participants and public administrations, especially in terms of keeping records and documentary checks. The Polish managing authority decides the features of the portions to be delivered (i.e. by imposing to deliver at least a certain number of portions of fruits, vegetables or juice per week) and imposes an average flat-rate based on data about quantities of products distributed in the past year, and about which specific products have been more requested by schools.

Although it reduces costs and burdens, this system must be thoroughly controlled to avoid exploitation by suppliers, which could, in theory, reduce quantities and quality of products to appropriate of the difference between costs and flat rate. Our analysis does not allow us to draw a sharp conclusion on this issue, since reduction of burdens may be compensated by a larger room for unsound financial management of the programme. Still, we would like to suggest the Commission to explore this opportunity more, possibly in co-operation with the Member States already applying it.

Consideration no. 3: should direct or indirect school participation be preferred?

In terms of administrative costs and burdens on schools, there is a substantial difference if they can directly participate in the SFS/SMS or if other organisations, e.g. mostly suppliers, act as intermediary between public administrations and educational establishments. In our opinion, the two systems are more or less on the same level in terms of overall burdens. What changes is not the overall level of burdens, but the share of burdens borne by educational establishments. When educational establishments do not directly take part in the SFS/SMS, they are shielded from part of the administrative costs, e.g. in terms of aid applications, keeping records and checks.

From a law and economics perspective, when suppliers are involved, they have a stronger incentive, compared to public administration, to promote the programme, as their revenues depend on the quantities managed and supplied. The case of the SFS in Italy, where few participating suppliers achieved the target of spending all EU funds, which represented the second biggest amount after Germany, is an indication of the degree of effectiveness. Nevertheless, it should also be investigated whether adding a layer between public administration and schools increases overall costs, e.g. measured as unitary cost per quantity of fruit/milk. In this case, not only administrative burdens would be relevant, but also overall costs, that is the whole EU and Member State funds. Finally, it should be ensured that there is sufficient competition to be granted the status of applicant via e.g. public procurement, and that the tender procedures are sufficiently open and transparent, to avoid inefficiencies and/or excessive costs.

Consideration no. 4: be aware that burdens behave like fixed costs for participants

The fixed costs aspect of administrative costs and burdens should also be explored. Several burdens measured in this report behave like fixed costs: they do not increase when the quantities of products supplied under the scheme increases. Indeed, the cost of posters and of the general authorisation stay almost the same regardless whether 1 litre of milk / 1 kg of apple or 1 ton of milk / 1 ton of apple is distributed. Besides, also burdens due to checks and payment requests are likely to grow less than proportionately compared to quantities distributed.

Therefore, to reduce burdens both schemes should aim at ensuring that programmes:

- 1) Cover as many pupils as possible per school. Burdens for the educational establishments are the same whether 10% or 100% of pupils participate in the programme;
- 2) Last for a period as long as possible. Part of the administrative costs is not going to increase whether programmes last for 1 day, 1 month or the whole school year. This is especially an issue for the “younger” SFS.

Ideally, educational establishments or other entities participating in the schemes should credibly commit to distribute at least a minimum quantity of product under them. If quantities per school increase, the ratio of burdens per quantity distributed would be lowered, enhancing the cost-effectiveness of the programme.

Such restrictions in terms of pupil participation, duration or minimum quantities clash against the freedom of Member States and educational establishments to implement the SFS/SMS according to their capability or needs. Still, some form of minimum requirements looks acceptable to us also from the point of view of subsidiarity, and it is needed to ensure a minimum level of cost-effectiveness.

Consideration no. 5: be aware that burdens behave like fixed costs for Member States

As red tapes are more burdensome, in proportion, on SMEs, at the same time they are more burdensome for small Member States. This is especially true when a small pupil population, which constitutes the basis for the allocation of SFS funds, is matched with a very high cost of labour, as in Scandinavian countries. Indeed, in small Member States where the cost of labour is not high, the minimum threshold of €175,000 provided under the SFS regulation, or any amount close to it, could still constitute a sufficient incentive to implement the Scheme.³⁹ In States in which the salaries of 2-3 public workers are likely to completely absorb this amount, this may not be the case. Therefore, the Commission should consider either to increase the minimum threshold or to link allocation of fund not only to the number of pupils, but also, partially, to the cost of labour. In this case, especially if funds partially reflect differences in costs, Sweden and Finland would have higher incentives to take part in the SFS. Another possibility would be to increase *tout-court* the amount of funds eligible under the SFS from the current amount of €90 million.

Consideration no. 6: e-government helps

“E-government helps” is quite a banal statement. Still, *repetita iuvant*, and we would like to make sure that providing electronic procedure is key to reduce burdens both for participants and (most of all) for managing authorities.⁴⁰ Several amending acts falling into the scope of the AB reduction programme provide for mandatory requirements for Member States to allow submission of documents via electronic procedures in order to reduce burdens, and the Commission should consider whether such a provision would be appropriate in the context of the SFS and the SMS. Member States have encouraging experiences upon which lessons about the design of the scheme could be drawn.

E-government, whose achievement is a common effort across different policy areas and Member States, would also produce synergic effects. E.g., currently even countries allowing for e-submission of aid requests require for (a copy of) supporting documents to be delivered physically.

³⁹ According to reg. 288/2009, 9 Member States are entitled, on the basis of child population, to less than €1 million. Three of them, that is Cyprus, Luxembourg and Malta, are entitled to the minimum threshold.

⁴⁰ At least when the IT system runs at full steam and its costs have been discounted.

Nevertheless, the EU initiative on e-invoicing is likely to radically alter this framework, making e-submission of supporting documents possible as well.

Consideration no. 7: tie SFS and SMS

While educational establishments are free to apply for either the SFS or the SMS, many schools receive funding under both schemes. Since the SFS and the SMS have a very similar structure in terms of administrative procedures, it is not unthinkable to propose common authorisations, payment requests, and checks. It would be necessary to harmonise forms, deadlines and frequency of aid requests, but this could cause a considerable reduction of duplicated burdens. Fruit/vegetables and milk supplies would be financed under different schemes, but schools would face a single administrative procedure for both of them. In theory, it could be possible to design forms/procedures such as that schools have just to “tick a box” to indicate whether they participate to either the SFS or the SMS or both. We are aware that this presents quite a far-reaching suggestion, but the Commission should consider unifying procedures to get access to funds under SFS and SMS.