# S1. Executive summary

## S1.1. Purpose of the evaluation

The purpose of this study was to analyse how the mechanisms for implementing the School Milk Measure have performed, to assess the validity of the means implemented to achieve the objectives and to evaluate their efficiency and effectiveness.

The objectives against which the performance was assessed are the extent to which the measure helps expand the market for milk products[1] by maintaining or increasing the consumption of milk products by school children, encouraging the habit of consuming milk products, ensuring that milk products are available in schools at prices that can compete with alternative products and improving the image of and knowledge about milk products by providing information on their nutritional and other properties. The primary delivery mechanism used is the provision of a price subsidy.

## S1.2. Evaluation goals, methods and data used

*a) Key causal links and hypotheses examined*

The hypotheses tested in the evaluation focused on the following:

- that by subsidising the price of milk products sold to schoolchildren, consumption of milk products will increase to a level that is higher than would otherwise have occurred;
- that the consumption of milk products can be positively influenced by encouraging the habit of consumption and that this pattern and level of consumption will continue as people age;
- that there is a positive link between consumption of milk products and the level of information and education about the positive health and nutrition benefits of consuming milk.

*b) Methodology and data sources*

The evaluation tools used were desk research and analysis supported by limited, qualitative interviews with representatives of managing agents, administrating authorities and national government departments. The research focus was across six Member States. Primary data collection, especially amongst scheme beneficiaries was not undertaken.

Identifying clear causality between the scheme and specific outputs and objectives has not been possible for some aspects and the conclusions drawn are, in some instances based on limited data and qualitative perceptions. Whilst this represents a weakness of the evaluation it should be recognised that the limited time period and budget made available for the evaluation was set by the Commission and effectively constrained the evaluation to using these tools. Despite this the methodology used is considered to have been sufficient to enable reasonably robust conclusions (and recommendations) to be drawn. The relatively high degree of similarity in the findings found across the six countries examined also means that these findings are probably reasonably representative of the EU 15 as a whole.

## S1.3. Evaluation findings

[1] It should be noted that only the objective relating to increasing consumption is explicitly stated in the founding regulation of the measure.

### S1.3.1. General

One of the most important factors influencing take-up and operation of the scheme is Member States' national policies. This encompasses both policies towards the specific implementation of the EU scheme (eg, which options are taken up) and also broader social policies relating to the provision of education and health services. Consequently, in examining the findings and conclusions below it is important to place them within the context of Member States' School Milk Scheme-specific and broader national social policies.

### S1.3.2. Scheme efficiency

The main findings relating to the scheme and its efficiency are as follows.

*a) Impact of the measure on the prices paid by school children for milk*

As a significant proportion of milk provided to schoolchildren is free (eg, liquid milk for drinking to nursery schools) or served as an ingredient or part of a meal (provided free in some countries), there is often no transparent price available for allowing a comparison between the price paid by schoolchildren relative to unsubsidised competing products. Nevertheless:

- where milk is provided as a drink and schoolchildren are required to pay for the drink themselves at time of consumption there is clear evidence of significant differences between the subsidised price and the price of milk available from normal retail channels;
- the price of subsidised liquid milk in schools was significantly lower than the price of competing products (where offered) such as mineral water, soft drinks and fruit juices;
- competition from other drinks tends to be more heavily influenced by non price factors (see below).

*b) Impact of the measure on the availability of milk and milk products in schools*

Factors external to the scheme are far more important in influencing product availability than the scheme. The most important factor is health and general education policy set at the national and school level. This is especially so at nursery and primary schools where only milk and limited alternatives are made available. Even at secondary schools where the opportunity to consume alternatives is greatest, the same factors determine availability of alternatives although the willingness of companies supplying competing drinks to provide free vending machines and to offer commission to schools on sales has also probably increased the availability of alternatives.

In terms of impact of the scheme on milk product availability there is very limited evidence of impact. For example, in the UK when the country opted out of the secondary school element of the scheme in 1994/95, consumption of milk in secondary schools was reported to have fallen by 20%. However, it is not possible to fully attribute this decline in consumption to the withdrawal of the scheme because of a lack of data. In addition, it is noted that milk product availability in the scheme is greater in some countries than others especially since the changes initiated to the scheme in 1994/95. It has however not been possible to identify empirical data relating to the reasons why some countries take up scheme options and others do not and whether these relate to the scheme. However, it is evident that external factors such as national budgetary savings and perceptions that the scheme has limited and declining take up have probably been important factors influencing scheme option take up at the Member State level. Overall, the School Milk Measure has probably had a very small, positive impact on product availability in schools.

*c) Number of beneficiaries relative to target population*

Scheme take-up across the EU in 1996/97 was equivalent to only 12% of the maximum subsidy entitlement volume. This compares with 19% in 1992/93. This suggests a relatively poor level of efficiency and effectiveness in reaching the target population especially as the Union expanded from 12 to 15 Member States during this period.

There are variations in take up across the EU which mainly reflect national and local policies on general health education rather than the scheme itself. Hence in relatively high uptake countries such as Finland and Sweden, product provision under in the scheme is wide, products for drinking made available to pupils reflect underlying consumption trends, milk plays a prominent role in health educational programmes, there is often limited/restricted access to alternative drinks (notably at primary and nursery levels), school milk is made freely available to nursery school children and all school children receive free milk products as part of free school meals. In contrast, relatively low uptake (eg, Germany) reflects a combination of limited product option take-up, no provision of additional national scheme aid, a wider availability of alternative drinks, very limited access to school meals (the main focus of consumption) and a common perspective amongst many in the education services that they should play only a limited role in the provision of health/nutritional education and information.

Whilst factors external to the scheme are the primary factors of influence for take up, the scheme itself contributes in a very limited way to increasing product availability and by offering milk at prices that are competitive relative to alternatives (see above). However, the scheme administrative and financial requirements are considered by some to have acted as a disincentive to scheme take up at the school level. This stems mainly from the time commitments required to implement and administer school milk and the requirement for schools to fund the purchase of milk and then wait up to four months before being reimbursed.

Overall, the scheme's efficiency and effectiveness in reaching its target population is poor. It probably makes a small positive contribution to increasing the level of product availability and consumption amongst schoolchildren.

### S1.3.3. Scheme effectiveness

*a) Impact of the scheme on the market for milk products*

The volume of milk and milk products supplied under the scheme is extremely small relative to the size of the EU market (0.3% of total milk delivered to EU dairies in 1996/97). It is also declining in relative importance. This suggests that any net positive impact of the scheme on consumption levels identified in the study (see below) should be seen within this broader context of total EU consumption. At best, any impact of the scheme has been very small relative to the context of the total market and the scheme's primary objective.

*b) Effectiveness in increasing consumption of milk products*

*Assessment of the relative importance of price as a factor affecting consumption*

Price does not appear to be a major factor influencing take-up of milk and milk products by consumers including school children. This is clearly apparent given that in countries such as the UK, France and Germany, over the last five years:

- the price (real and nominal) of liquid milk has fallen yet consumption of liquid milk over the same period also fell;

- the price competitive position of liquid milk relative to soft drink has improved (ie, milk prices fell relative to soft drink prices) yet consumption of liquid milk decreased whilst consumption of alternative rinks such as fruit juices, soft drinks and mineral water increased.

This suggests that the main delivery mechanism of the School Milk Measure (price subsidy) is targeted at a factor of minor influence in determining consumption of milk and milk products. Not surprisingly, this means that its net impact on consumption is likely to be very small.

*c) Effectiveness on consumption: the form of consumption and relevance to tastes and customs*
*Form of consumption and presentation*
The majority of liquid milk consumed in countries such as France, Germany and the UK is with other products. For these forms of 'complementary product consumption', price of the milk is considered to be of negligible importance to the consumption level (eg, of breakfast cereals or hot drinks). Given that price has been shown above to be of minor importance to influencing consumption of milk *per se*, in cases where milk is consumed as a complementary product, the effectiveness of the subsidy scheme is even further diminished.

In relation to the form of consumption of other milk products, research identified from France only shows that a significant proportion of total cheese and yoghurt consumed tends to be with the mid day meal. This suggests that the scheme is reasonably effective in targeting this point of consumption for schoolchildren where yoghurts and cheese are provided within the scheme.

*Relevance of product availability to underlying tastes and preferences*
The eligible list of products available within the scheme leaves out some products for which there are underlying upward changes in consumption within the EU (notably semi-skimmed yoghurts, skimmed milk and low fat cheeses). Whilst this suggests that the scheme conditions relating to product eligibility may be contributing to reducing the effectiveness of the scheme in providing products for which there is increasing demand amongst schoolchildren, it should be recognised that factors external to the scheme are far more important in influencing product availability (see above). This factor has therefore had a marginal impact on effectiveness of the measure.

*d) Contribution to encouraging the habit of consumption (after children leave school)*
Limited evidence (from France) shows that the frequency of liquid milk consumption per week declines with age, especially after the age of 20 whilst the frequency of cheese consumption per week tends to increase with age. This suggests (if applicable across the EU) that these underlying consumption habit changes with age constrain the effectiveness of the measure in seeking to encourage the habit of liquid milk consumption but may assist in developing the habit of consuming cheese.

*e) Effectiveness in improving knowledge of the nutritional qualities of milk products*
The main finding of the research shows that the School Milk Measure has hardly figured in any milk product promotions across the EU. Consequently, the measure has probably had negligible effect on improving knowledge of the nutritional qualities of milk products. This is, however not surprising given that the School Milk Measure has no funding provision for promotional activities and is essentially a price subsidy measure only. The only way in which the scheme may make a positive contribution towards improving nutritional knowledge is by increasing product availability to school children and hence increasing the opportunity to consume. As indicated above the scheme has probably only made a very limited positive impact on product availability.

*f) Value for money considerations*

Examined strictly from the stated objectives of the School Milk Scheme *Regulation 'as a measure to help expand the market for milk products'* and as a *'surplus disposal mechanism'*, the scheme has been poor value for money. Its costs of disposal per tonne have been significantly higher than costs per tonne of disposal via other mechanisms such as subsidised use of skimmed milk in animal feed and casein and the use of butter and butterfat. In relation to making a possible value for money comparison between the School Milk Measure and other EU funded measures to promote consumption of milk and milk products this has not been possible because of data limitations (about the impact of promotional measures on consumption).

### S1.3.4. Scheme relevance

The School Milk Measure mainly seeks to address a need to contribute to milk and milk product market stabilisation by encouraging consumption. This pre-supposes that there is an underlying position of surplus supply in the EU market. Examination of recent and future, forecast[2] EU dairy sector supply balances shows the EU has been in a position of surplus supply of milk and milk products throughout the last five year period and is likely to continue in such a position over the next few years. Hence, the underlying rationale for the measure appears to be relevant both now and in the next few years.

In respect of the second logic for the scheme intervention (contributing to the positive educational and nutritional development of children), evidence from various Member States (eg, issuing of dietary guidelines for a healthy diet and surveys of dairy product consumption levels relative to these) shows that in most Member States some children fail to meet such targets. This suggests that there is a continuing logic to initiating measures that aim to encourage consumption of milk and milk products in children on health and nutrition grounds.

Overall, the underlying rationale or relevance of the scheme remains both currently and for the foreseeable future.

### S1.4. Recommendations

The following recommendations for consideration by the Commission are made. These are presented in order of priority with the most important recommendations presented first.

Judged purely against the current, stated documented objectives of the measure (maintaining and increasing consumption of milk products), the measure has had a marginal, positive impact and represents poor value for money. This suggests that the Commission should give serious consideration to withdrawing the measure. The main implications of such action would be to place the onus for continuing to provide any form of subsidised milk to schoolchildren on Member State governments. Whilst it is impossible to predict the outcome of such an action it is likely that the net effect of such action would undoubtedly lead to decreased availability of milk products and decreased consumption in schools. However, the evidence presented in this report suggests that the impact would probably be very limited.

Given that the underlying rationale for the School Milk Scheme continues to be valid (see above), it is recommended that the financial resources currently allocated to the measure might be re-deployed. This re-allocation should be to other measures that aim to meet the key objectives set for the School

[2] Made by DG VI.

Milk Measure and that can demonstrate reasonable effectiveness and are better value for money than the School Milk Measure. These fall into two main areas:

*Measures to increase consumption of milk and milk products*

One such measure of note is the provision of funding for promotional measures to encourage consumption. However, due to the inherent difficulty in identifying and attributing causality for changes in milk consumption to any promotional activities undertaken it is recommended that before any such diversion of funds might be considered, the effectiveness of promotional activities is fully established[3].

*Measures to contribute to the positive educational and nutritional development of children*

As indicated above the School Milk Measure plays a role within broader general and health/nutritional policy objectives set and operated at the Member State level. However its contribution to achieving this objective has to date probably been extremely limited. Bearing these factors in mind, it is recommended that if consideration is given to diverting resources to Member State level measures that can be demonstrated to be more effective in educating schoolchildren about the positive health and nutritional benefits of milk product consumption. Assessing the effectiveness of measures that target health and nutritional objectives is however difficult and hence if such a course of action were to be taken, careful preparation into how the effectiveness of such measures might be measured should be undertaken.

*Scheme specific issues*

As the main recommendations given above focus on dis-continuation of the measure and use of resources for alternative, more effective measures, no further recommendations relating to improving the efficiency of the existing measure are made. The authors consider that the focus of any change should seek to address the fundamental weaknesses of the measure in achieving its objectives. Whilst making recommendations for improving the efficiency of the existing measure could be offered these would not significantly address the issues contributing to the very limited effectiveness of the measure.

[3] The authors are not aware of any published data that fully assesses the effectiveness of such measures in the EU.