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All responses to this notice will be summarized. All comments will also become a matter of public record.

Government Paperwork Elimination Act

FAS is committed to compliance with the Government Paperwork Elimination Act, which requires Government agencies, in general, to provide the public the option of submitting information or transacting business electronically to the maximum extent possible.

Background

Section 3107 of the Farm Security and Rural Investment Act of 2002, Pub. L. 107-171, authorized the President to establish a program to be known as the McGovern-Dole International Food for Education and Child Nutrition Program. This program would provide agricultural commodities and financial and technical assistance to carry out preschool and school food for education programs and maternal, infant, and child nutrition programs, in foreign countries. By Presidential Memorandum, March 11, 2003, the President delegated the responsibility for implementing this program to the Secretary of Agriculture and it has been further delegated, within the Department of Agriculture, to the Administrator, Foreign Agricultural Service. Congress directed that \$100 million of Commodity Credit Corporation (CCC) funds be used for this program in fiscal year 2003. Thereafter, the program is subject to annual appropriations.

In comparison to the pilot Global Food for Education Initiative, there will be an increased emphasis on education and nutrition under the McGovern-Dole International Food for Education and Child Nutrition Program. The Farm Security and Rural Investment Act of 2002 (Farm Act of 2002) indicates that funds should be used in part to improve literacy and primary education, particularly with respect to girls, and to put emphasis on identifying beneficiaries who are malnourished or undernourished. In addition, cooperating sponsors should attempt to coordinate supplementary feeding and nutrition programs with existing programs that provide health-needs interventions.

The McGovern-Dole International Food for Education and Child Nutrition Program is implemented under the authorities of the Foreign Agricultural Service and, therefore, this new program will be subject to regulations that are separate from other foreign assistance commodity grant programs operated under the authority of the Commodity Credit Corporation (CCC), *i.e.*, section 416(b) and Food for Progress. However, because there are many similarities between these programs and it would be advisable to retain the same procedures and rules to the extent practical, this proposed rule would adopt, and repeat in 7 CFR part 1599, most of the regulations currently in 7 CFR part 1499 that are applicable to the section 416(b) and Food for Progress programs. Sections 1599.7 and 1599.8, which cover procedures that apply to procuring ocean transportation, and arranging for entry and handling of commodities in the foreign country, are nearly identical to 7 CFR part 1499. Comments are encouraged regarding whether using this identical language could cause any unforeseen problems under the new program.

The legislation authorizing the new program would require certain additional information to support proposals for funding and authorizes certain expenditures not generally permitted under section 416(b) or Food for Progress. Also, certain department-wide grant regulations not presently applicable to CCC authorized grants would be applicable to the McGovern-Dole International Food for Education and Child Nutrition Program. These department-wide regulations are referenced in the proposed rule. The applicability of these department-wide rules has necessitated certain deviations from the rules applicable to section 416(b) and Food for Progress grants. Of particular note are the provisions on advances, interest earned on advances, changes to Program Budgets, and audit requirements.

Under the McGovern-Dole International Food for Education and Child Nutrition Program, FAS may pay certain costs not permitted under the earlier pilot Global Food for Education Initiative operated under the authority of section 416(b). This includes costs for transportation, storage and handling within the recipient country in non-emergency situations when certain specified findings are met. FAS may also pay administrative expenses of nongovernmental Cooperating Sponsors and other costs of nongovernmental Cooperating sponsors that enhance the effectiveness of program activities. These costs, to the extent FAS agrees to

pay them, would be detailed in the Program Operations Budget, which becomes part of the program agreement. The Farm Act of 2002 provides for participation by the Food and Nutrition Service (FNS) under the McGovern-Dole International Food for Education and Child Nutrition Program, wherein FNS may provide technical advice on the establishment and implementation of programs, including providing field expertise in recipient countries.

Costs that "enhance the effectiveness" of activities is a vague concept. FAS is proposing to give priority coverage of these costs to those that would increase the likelihood of meeting the activities objectives. Examples of costs that may enhance the effectiveness of a school feeding program may be the purchase of text books, utensils and food trays, the provision of incentives to teachers, as well as the use of consultancies to provide technical assistance in the educational improvement area when conducting teacher training. While monetization proceeds could also be requested and used to cover any program costs that are necessary to have a successful activity to enhance the effectiveness of a program, organizations need to demonstrate that monetization offers more benefits than a direct cash outlay.

Another significant difference between the McGovern-Dole International Food for Education and Child Nutrition Program and the prior pilot program is that the new authority requires that Cooperating Sponsors demonstrate that the activities undertaken with program resources must be sustainable after FAS assistance ends. Consequently, FAS will require that proposals include sufficient information to allow the Associate Administrator to make a determination that this will be the case.

The development and implementation of the McGovern-Dole International Food for Education and Child Nutrition Program helps to meet the objective of supporting international economic development and trade capacity building set forth in the USDA Strategic Plan for FY 2002-2007. Under that objective USDA provides targeted foreign food assistance to developing countries to foster economic growth and development.

USDA uses an interagency process to review food aid policies and programs to ensure the necessary coordination and management of these programs, and will continue to use this process for the McGovern-Dole International Food for Education and Child Nutrition Program. FAS will cooperate with USAID, FNS and other Federal Agencies in the