

the foreign donation of resources, including agricultural commodities, to implement the McGovern-Dole International Food for Education and Child Nutrition Program. Comments on the proposed rule were received from one private voluntary organization, one nutritionally focused organization, and the Maritime Administration (MARAD). Their comments are discussed below, except for those dealing with issues outside of the scope of the proposed rule, or those making editorial suggestions.

Types of Food Available

Comment: A PVO asked if there is any assurance that food types will be consistent from one year to the next. The PVO expressed concern that it is very difficult to manage a program when it is unsure—from one year to the next—whether the same commodities will be available. This is important for both monetization and distribution, as any organization selects commodities based on marketability and acceptability to target beneficiaries.

Response: USDA may procure commodities of U.S. origin for use in the McGovern-Dole International Food for Education and Child Nutrition Program. The program is not subject to declarations of surplus or lack of availability. The program is not subject to the surplus determinations required for section 416(b) programs nor the limitations resulting from determinations of short supply, which limit the commodities available under Pub. L. 480 Title I and Title II. FAS is willing to sign multiple year agreements with the funding of each year subject to the annual appropriations process. So assuming that funds are available, if FAS commits to provide a specific commodity, a PVO can be assured of receiving that commodity.

Focus on School Feeding and Maternal-Child Health

Comment: A PVO requested that USDA determine in advance of programming decisions, the allocation of resources between school feeding and maternal-child health (MCH). The PVO expressed concern regarding the implications of opening up the program to an entirely new sector, given that the resources are already reduced in comparison to the pilot Global Food for Education Program, and all of the pilot projects were in education.

Response: No set division between the school feeding and MCH components will be established by USDA. USDA would give priority consideration to those proposals that integrate a MCH component within an educational

environment. This could be done through several means, but not limited to: (1) Situations where the school can be utilized as a setting for normalcy to the family undergoing a crisis situation (conflicts in the country, natural disasters, etc.), and (2) areas where children entering school are not exhibiting sufficient growth and development to maintain age-to-grade graduation targets. USDA will also look favorably upon those proposals that link MCH programs funded through outside resources to the proposed school feeding program.

USDA Providing Financial/Technical Assistance

Comment: A PVO requested clarification on the provision of technical assistance to programs during project implementation, which is mentioned in the proposed rule. The PVO further requested that FAS indicate who will set the priorities in terms of what type of technical assistance is needed, and how can PVOs benefit from it.

Response: USDA considers technical assistance to cover any type of supplemental or specialized technical knowledge that the organization needs to establish and implement the program. An example of technical assistance in the establishment phase of the program would be providing expertise to organizations to develop a health curriculum to be used in the implementation phase of the program. Technical assistance could also include the cost of nutritionists to design appropriate meals, the cost of health specialists to design de-worming programs, and the cost of specialists who would design teacher training classes. The Farm Security and Rural Investment Act of 2002 (Farm Act of 2002) allows for the Food and Nutrition Service (FNS) to provide technical advice under the McGovern-Dole Program. FNS may, for example provide field expertise or work with the Cooperating Sponsor to evaluate the nutritional impact of the fortification of commodities under the McGovern-Dole Program.

Budget Reporting Requirements

Comment: A PVO questioned the need for the reporting requirements in § 1599.15(c)(3)(v) in the proposed rule “Disbursements from the special account, including date, amount and purpose of the disbursement”. The PVO states that including the date in the report implies that cooperating sponsors would need to give details on every single item purchased or activity performed out of these funds. If sales

proceeds are used for program activities, disbursement might be on an almost-daily basis. This report might be very lengthy and time-consuming for both cooperating sponsor and USDA. The PVO requested that FAS remove this date requirement and allow the cooperating sponsor to categorize expenses.

Response: The requirement to include the date of disbursements made from the special funds account is necessary because it provides an accurate record of the expenditures made from the account for the specific purpose of monitoring and evaluating the financial transactions of the agreement. A broad categorization of expenses would not allow the adequate tracking of the progress of the agreement and disbursements made during the designated reporting period. The requirement to include dates of disbursement is consistent with regulations covering other USDA programs. Previous participants in these other programs have not reported any difficulties.

Fortification of Commodities

Comment: A nutritionally focused organization requested that FAS incorporate expenditures related to evaluation of the potential nutritional impact of the fortification of commodities, as well as their actual impact on targeted recipients in post-program implementation, into the overall plan for implementing the McGovern-Dole International Food for Education and Child Nutrition Program.

Response: USDA did not add requested language to the proposed rule. USDA believes that the costs discussed in the comment could be considered as technical assistance. The proposed rule makes clear that Cooperating Sponsors can request technical assistance.

Ocean Freight Differential

Comment: MARAD requested that, since the amount of ocean freight differential (OFD) is jointly determined by USDA and MARAD, the definition in § 1599.1 regarding OFD be revised to read: “OFD—the amount as jointly determined by FAS and the Maritime Administration, by which the cost of ocean transportation is higher than would otherwise be the case by reason of the requirement that the commodities be transported on U.S. flag vessels.”

Response: The OFD is solely computed by USDA, therefore, FAS will maintain the language as is. MARAD's involvement is limited to interagency reimbursements, which is outside the scope of this rule.