

**Functional Series 600  
Budget and Finance**

**INTERIM UPDATE #30**

**SUBJECT: Revised Emphasis Area Coding System**

**NEW MATERIAL: This notice describes the agreement that has been reached on how OYB target setting for specific agency and Congressional areas of interest will be established as well as the coding of actual year program accounts**

**EFFECTIVE DATE: 11/08/2000**

**POLICY**

**USAID/General Notice  
M/B  
11/06/2000**

**SUBJECT: Revised Emphasis Area Coding System**

This notice is to inform all Agency staff that after several months of internal review and discussion with Congressional staff an agreement has been reached on how OYB target setting for specific agency and Congressional areas of interest will be established as well as the coding of actual year program accounts. The attached memo from Acting Senior-DAA/G Linda Lion and M/B Director James E. Painter explains this process. The revised codes and definitions will be posted to the M/B office intranet site. Electronic copies of both the attached memo and the codes/definitions will be sent to each Bureau DP office.

**POINTS OF CONTACT:** For general information on this notice contact Peter A. Theil in the Office of Budget on Ext. 24484. Contacts for specific areas of concern related to the codes and coding system itself are included in the attached memo.

Notice 1111

## MEMORANDUM

TO: All Washington DP Offices and Overseas Missions

FROM: A-SDAA/G, Linda Lion  
M/B/OD, James E. Painter

SUBJECT: The Revised Emphasis Area Coding System

Overview: Over the past four months, M/B and G met with Regional and Central Bureau DP staff and Sector Councils to discuss ways in which the Emphasis Area coding system could be modified. Our objectives were to: (1) make the coding process easier, faster and more user friendly; and (2) make the data more accurate and relevant. We believe that we have come up with a system and code definitions that will achieve these objectives. A complete set of the codes and definitions and their relationship to the Agency's strategic plan and goal areas can be found on the USAID Budget Office intranet site. Electronic copies of the codes/definitions are also being E-mailed to each DP Office for transmission to the field.

**We cannot emphasize enough the importance of providing accurate coding information.** Missions have made it clear that they do not understand what purpose coding serves for their programs and operations and that they perceive the coding process to be too time-consuming and arbitrary. However, the data provided by the coding system does play a vital role in making resource allocation decisions, in justifying Agency budget requests, and in demonstrating how the Agency has met Congressional earmarks, directives and Presidential priorities.

Specifically, the coding system provides data that allows the Agency to: (1) track a wide variety of Congressional earmarks, directives and interests as well as Administration priorities; (2) determine the amounts that have been obligated in the multiple program accounts against five of the Agency's seven goal areas and related objectives as well as provide data that assists in establishing the initial OYB; (3) prepare the Agency's Annual Performance report to OMB and the annual report to the DAC; and (4) prepare several reports on research to outside agencies including OMB. We also rely on the coding data to provide essential information to the Congressional Reference Service as well as for Congressional testimony by the Administrator and AAs and for responses to numerous Qs and As that result from Congressional hearings and briefings. Finally, with the growing importance of the Child Survival and Diseases Fund account, the codes enable us to answer the many questions we receive from the Congress and outside groups about activities undertaken within that program. Thus, the completeness and accuracy of the data are critical. We strongly urge you to take the time to carefully consider the codes that you use so they are not arbitrary and most accurately reflect your programs.

Background on Coding System: The Emphasis Area codes-(previously called Activity Codes/Special Interest Codes) were originally designed as a way for the Agency to collect information and report to the Congress, to others in the Administration, and to various Agency constituency groups on how program resources had been directed to a variety of areas of interest.

Over time this coding mechanism took on an additional and very different purpose: that of verifying planning targets (for the purpose of budget justification) and budget implementation controls. So, rather than being simply descriptive, the codes became a prescriptive means of allocating pre-determined minimum levels of resources to certain priorities, such as support for agriculture and funding through PVOs. As a result, program coding by program managers in operating units in Washington and overseas became inextricably linked to finalizing budget requests and settling OYB-setting debates. Consequently, it took too much time and seriously delayed the provision of required information to Congress and the Administration.

Two recent efforts tried to remedy this problem by reducing the number of codes, but neither effort yielded significant reductions. Thus, the hoped for speed up of budget-setting dependent on codes was not achieved. The general consensus was that reductions, if any, in the number of codes alone would not appreciably cut budget-setting time.

The New Coding System: As a result, we have instituted a new approach for budget planning and OYB-setting: establishing prospective budget targets for the budget request and the OYB that are set separately from coding and can be reported internally and externally. Coding will become a means of retrospectively reporting on the use of funds programmed in the prior year.

We have agreement within the Agency and with Congressional staff on a limited set of priorities that will be subject to targets. We have also been able to reconcile these targets and the code categories so that information can be collected later to verify that plans were met.

The targets are not radically different from the sector budget planning levels and OYB controls we have been using informally for some time. The areas where we are not able to unilaterally establish targets ahead of time are with the non-DA accounts. For these accounts (SEED, FSA, and ESF), we will first use the amounts that the bureaus have projected in their Bureau Program and Budget Submissions (BPBS) for various target areas. After an appropriation bill is passed and at the beginning of the OYB setting process, we will ask the relevant bureaus if they need to revise their estimates in the non-DA accounts. These revised amounts will then become the final agreed upon target levels for those accounts.

Coding: Codes will no longer be required for three years, just for the actual prior year obligations, and they will be against SO obligation levels. The "primary" codes --- four letters --- should total 100% of program budgets. The "secondary" codes --- three

letters --- can total less than 100% when used alone and can exceed 100% when used in combination with other secondary codes. When coding, either percentages or dollar amounts of the SOs can be used.

The secondary codes provide supplemental information on certain, potentially overlapping, areas of concern. While the number of codes has been reduced, especially among secondary codes, most of them will be familiar to program managers. There are some new cross-cutting secondary codes to capture specific information on: (1) Information Technology and Telecommunications; (2) Gender Equality; (3) Trafficking in Women and Children; (4) Victims of Torture; and (5) Conflict Mitigation. These new secondary codes are in addition to the secondary codes already used for research, PVOs, agriculture and economic growth.

We also have simplified the emphasis area code definitions but the biggest changes have been in the PHN goal area. Beginning with FY 2001, the Child Survival and Diseases Fund account (CSD) will have a different structure that reflects directives and expectations for funding of specific categories of the Agency's health programs. The revised codes reflect the account and directive structure, and program managers should become very familiar with the structure and how these codes should be used. Finally, there have been a number of revisions to the environment emphasis area codes in order to better depict what is being done in this area. As a trade off, all but one environment secondary code, Global Climate Change (GCC), have been eliminated.

The coding system itself will remain independent of Phoenix for a number of technical reasons. M/B will make the system available through the Agency's website. Each December, Missions and Washington bureaus will be asked to code actual prior year obligations (in FY 2001 that means coding FY 2000 actual obligations) so we will have the data in time for submission of the annual Budget Justification (formerly the CP) to Congress. Thus, coding will occur just once a year and for a single fiscal year only.

Contacts: In order to assist program managers, we are providing a list of staff in Washington whom you can contact to answer questions in each of the program areas as well as about the system itself.

For assistance on the system itself, contact John Richter, M/B.

On coding issues dealing with specific program areas, contact:

- Economic Growth: Carol Carpenter-Yaman
- Democracy: John Wiebler
- Human Capacity (including Information Technology and Telecommunications): Donald (Buff) Mackenzie
- Population/Health: Irene Koek
- Environment: David Grossman
- Gender Equality: Mary Knox
- PVOs: Hal Gray

- Conflict Mitigation: Ajit Jushi
- Victims of Torture: BHR/PVC Office
- Trafficking in Women and Children: Mary Knox

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