

Registries Stakeholder Group Statement



Public Comment: **Draft FY22-26 Operating & Financial Plan and Draft FY22 Operating Plan & Budget**

Date statement submitted: **15 February 2021**

Reference url: <https://www.icann.org/public-comments/draft-opplan-budget-fy22-26-2020-12-17-en> .

Background¹

- **Highlights** of the Draft FY22-26 Operating and Financial Plan & FY22 Operating Plans and Budget: <https://www.icann.org/en/system/files/files/draft-highlights-op-financial-fy22-26-opplan-budget-fy22-2020-en.pdf>
- **Draft FY22-26 Operating & Financial Plan** and **Draft FY22 Operating Plan** <https://www.icann.org/en/system/files/files/draft-op-financial-fy22-26-opplan-fy22-2020-en.pdf>
- **Draft FY22 Budget** <https://www.icann.org/en/system/files/files/draft-budget-fy22-2020-en.pdf>

Related comments

[RySG comment on the FY21-25 Plans and FY21 Operating Plan and Budget](#) (25 Feb 2020).

Registries Stakeholder Group comment

Introduction

The Registries Stakeholder Group (RySG) welcomes the opportunity to comment on the Draft FY22-26 Operating & Financial Plan and Draft FY22 Operating Plan & Budget. This comment is structured as follows: the RySG first provides overarching comments on the document and process, then lists different issues that would benefit from further clarification and detail, and finally, we focus on individual projects and budget items of concern to the RySG.

I. Overarching comments

- **Presentation and Complexity**

The RySG appreciates ICANN's efforts to provide comprehensive and detailed documentation, continued fiscal vigilance, and efforts to thoroughly plan and track expenditures. This said, the documents have become massive and challenging to deal with from a volunteer perspective.

We appreciate that ICANN is responding to longstanding community requests for more detailed and transparent plans and budgets. We recognise this and so encourage ICANN to continue to improve

¹ *Background: intended to give a brief context for the comment and to highlight what is most relevant for RO's in the subject document – it is not a summary of the subject document.*

how information is presented to and shared with the community in a digestible manner to offer more transparency and accountability.

Unfortunately, providing detail is not without risk, it can reduce clarity of focus and make it more difficult to find information. The Plans do provide a substantive overview of the full range of actions and initiatives, but miss providing the information on progress, ongoing activities, work already done and priorities for the upcoming financial year(s), that allows the community to gain insight and perspective. Brief narratives that link achievements, ongoing work in the current fiscal year, and next year's plans and priorities, would help the community to better assess where any given project stands in relation to its goal.

RySG suggestions to rationalize the documentation and optimize the public comment process on ICANN's Plans and Budgets

The RySG suggests a number of actions and hopes to see improvements when next year's Plans and Budgets are presented:

- Replicating structure and content of the documents, and the use of an indication (*a delta* (Δ)) for new initiatives is extremely helpful. In addition, we request that a redline version is made available that shows all changes within these documents from year-to-year.
- For items that were initiated in prior years, we recommend including a brief narrative that updates on achievements, ongoing actions, and plans for the upcoming year, and situates the current state of the initiative compared to its ultimate goal(s).
- To facilitate the Public comment proceeding, we suggest ICANN to compile specific questions for key issues that ICANN is seeking community guidance on. Clearly, such an approach should not limit or exclude commenting on other issues but instead provide an enhanced focus for specific comments.
- Prepare more detailed quarterly financial updates (that provide information on ongoing projects and activities, as background to the current high-level update on Funding and Expenses).
- Provide details on how specific initiatives perform and how budget is being spent in a concise but dynamic way throughout the year. For example in the form of a barometer on the initiatives (via wiki-page) that feeds into the detailed quarterly financial updates suggested above.
- Include budget updates with the relevant regular Board updates on how strategic goals are progressing.

- **Policy Support**

The RySG would like to better understand how ICANN org evaluates the need for policy support and how it determines what portion of its funding should be dedicated to this core function of the organization. We request that additional information be added to the documentation, including projections based on the support provided in the current and previous year(s). Adequate funding for this area is critical because policy development is one of ICANN's core and most important functions.

- **Performance and Cost Improvement**

While the documentation provides detailed information on ICANN's Strategic and Operational Activities, it lacks clear definitions and criteria that allow the reader to comment on or assess

performance and success. We request ICANN to complete its plans by not only identifying goals and objectives but to also define success criteria for each of them.

- **Reserve Fund**

The RySG supports the ongoing activity to replenish the Reserve Fund from surplus operating funds. We take note of ICANN's intention to use part of the savings from not having face-to-face meetings to make a previously unplanned 10M USD contribution to the Reserve Fund at the end of FY20. The RySG would like to stress that diligent cost control of ICANN's expenditure remains a critical concern of this group in relation to an effectively functioning ICANN organization.

- **Further Transparency and Accountability Improvements**

We would appreciate more transparency with regard to the Additional Budget Requests procedure, including an opportunity to provide feedback on rejection rationales that parties receive. Such an approach would not only improve transparency but reduce the frustration associated with failed ABRs.

- **ICANN's Eco-footprint**

We appreciate that 'ICANN org has begun to evaluate its existing carbon footprint and 'to gather information about greenhouse gas emissions from ICANN-related travel', as explained in last year's Staff report of Public comments and the ICANN CEO's blog post². We believe more transparency from ICANN regarding progress and a reasonable timeline would be beneficial. ICANN is a global organisation that should reasonably be expected to be both committed to monitoring the impact of its policies and operations - including but not limited to travel - on the environment and to reducing its impact on the consumption of natural resources.

Comments on the Funding Assumptions and Projections and Financial Projections (p173-182)

Constraining the growth in staff numbers is welcome and this is clearly reflected in the average headcount remaining approximately constant throughout the five-year term of the plan. However, no clear rationale is provided for why approximately 400 staff is the correct number and whether or not further operational efficiencies can be achieved. Moreover, a key driver for past headcount growth was the requirement to implement the 2012 new gTLD program on top of an existing operational capability. Implementation of that 2012 program has now given way to steady-state operations at the significantly increased headcount level. Future rounds of new gTLDs are likely to be introduced over the course of the five-year plan and ICANN Org needs to demonstrate how it will continue to manage its operations so as to not create a further upward increment in steady-state costs, including staffing, associated with any new TLD rounds.

Notwithstanding the above, it is self-evident that ICANN's funding is primarily generated by the effective operation of gTLD registries and registrars and it is therefore incumbent on ICANN Org to ensure that such operations are fully and effectively supported by comprehensive funding of ICANN Org's Global Domains and Strategy department and GNSO policy functions.

² FY21 Staff Report of Public Comment, p.13.

Comments on the Overall FY22 Budget ([link](#))

The ongoing focus on an annual contribution to the Reserve Fund (towards the target level) from surplus operating funds is logical. To the extent that the Board has taken the decision that a certain level of reserve funding is necessary to ensure organisational security and stability, it is incumbent on ICANN Org to plan for this via annual contributions to the ICANN Reserve Fund. The RySG supports this ongoing activity. The provision for an approximately US\$5m contingency seems pragmatic but care needs to be taken to ensure that unplanned expenses are effectively controlled so as to remain within the contingency and moreover, that the contingency is seen to be exactly that and so not utilised without very good reason.

II. Issues Requiring Further Detail and Clarification

- **Development of Ethics Policies**

This effort is carried over from the previous FY Operating Plan. The RySG continues to seek clarity on the below questions regarding the initiative to 'Develop Internal and External Ethics Policies' (pages 32-33).

- First, is it expected that the Board will be specifically covered by one of these policies?
- Second, is there an expectation that this will be completed early in the five-year cycle or is it envisioned that these policies can be developed at any point along the five-year period?

- **Spending of 2012 Application fees**

As raised in earlier comments and communication with ICANN, we stress the importance of providing transparency and detail on how the new gTLD Program Funds are being used. On p.23 of the FY22 Draft Budget it is mentioned that 'ICANN org projects to have sufficient cash on hand in the Operating Fund through FY22 despite the uncertainty from the impact of COVID-19. In FY20, \$20 million of New gTLD Program funds were transferred to the Operating Fund as a reimbursement for expenses paid by ICANN in FY18-20.'

We request ICANN to provide transparency with a breakdown and detailed justification of the costs accounted to the 2012 program.

- **Initiatives Awaiting Board Consideration**

The RySG suggests that the budget include an overview of anticipated costs and support for initiatives that are awaiting Board consideration but where implementation is expected to commence within this FY22 budget term. Understanding that for initiatives awaiting Board consideration (e.g. RPM and Subsequent Procedures recommendations) the expenditures would be estimated.

III. Comments on individual items

(this section is structured along the 15 Operating Initiatives)

Operating initiative 1: Support the Evolution of the Root Server System.

FY22-26: p. 15-18 / FY22: p. 186-188

RySG comment:

- RySG members have a strong interest in the ongoing strength of the Root Server System (RSS), and have previously expressed our support for the plan to Evolve the Governance of the RSS.
- We continue to believe the community, including the customers of the RSS, should continue to drive the definition and setting of requirements, as well as future solutions, and not only involve interaction between ICANN and root server operators.
- The RySG appreciates ICANN’s Root Name Service Strategy and Implementation report (OCTO-16) providing additional information about the pros and cons of the hyperlocal root configuration and call attention to the RySG comments to that report.
- The RySG would also appreciate additional clarity about how the activities of the root server operators will be funded.

Operating initiative 2: Facilitate DNS Ecosystem Improvements.

FY22-26: p. 19-22 / FY22: p. 189-192

RySG comment:

- While the RySG supports this initiative in principle, we reiterate our request for ICANN to provide additional information around the purview and intended working methods of the “DNS Security Facilitation Center,” which is not defined or described with any detail. For example: What does ICANN see as its future role in DNS emergency readiness?
- We would also like additional information and engagement with ICANN Org about the kind of research ICANN intends to undertake regarding the use of artificial intelligence to understand abuse trends in domain registration.

Operating initiative 3: Evolve and Strengthen the Multistakeholder Model to Facilitate Diverse and Inclusive Participation in Policymaking.

FY22-26: p. 23-27 / FY22: p. 193-198

RySG comment:

- This is a critical issue for ICANN as it is a fundamental aspect of the bottom-up, multistakeholder model of policy making and Internet governance.

- The report notes that one measure of progress towards milestones in this area is “membership tracking by SOs, ACs, stakeholder groups, and constituencies and other metrics.” (page 196). While we respect the need for inclusiveness and the requirement to ensure that a diversity of perspectives and viewpoints is accounted for in ICANN’s work, we note that the sheer number of participants in policymaking is not a measure of success in and of itself. Participants in the policymaking process should be evaluated on their skills and commitment, and it should be the active participation of skilled participants that is taken as a sign of success. Can ICANN provide clarity into “other metrics” that it uses?
- ICANN’s multistakeholder model will be further strengthened by increased transparency into the activities undertaken by ICANN Org and the CEO, including interactions with governments or regulators. We appreciate ICANN’s continued efforts to increase transparency on these issues.

Operating initiative 4: Evolve and Strengthen the ICANN Community’s Decision-making Processes to Ensure Efficient and Effective Policymaking.
 FY22-26: p. 28-31 / FY22: p. 199-202

RySG comment:

- Similar to Initiative 3, this is another critical issue for the viability of ICANN’s multistakeholder model.
- The RySG continues to emphasize that a critical aspect of facilitating effective decision-making in the policy process is properly scoping work efforts to include specific objectives with precise and manageable tasks.
- ICANN should consider providing increased training and support for chairs and leaders of ICANN work efforts (including Reviews, PDPs, CCWGs, etc.). Strong staff support that provides resources for Chairs to be able to accurately summarize discussions and drive toward decisions is also critical.

Operating initiative 5: Develop Internal and External Ethics Policies.
 FY22-26: p. 32-33 / FY22: p. 203-204

RySG comment:

- The RySG reiterates its requests for clarity on this initiative. The RySG is curious to know whether ICANN intends for this initiative to take the full five years that the Strategic Plan covers, or whether it can establish these policies more quickly?
- The RySG would also like to know whether such policies would also apply to Board members?

Operating initiative 6: Promote and Sustain a Competitive Environment in the Domain Name System.

FY22-26: p. 34-37 / FY22: p. 205-207

RySG comment:

- As ICANN is examining competition within the Domain Name System, it is imperative to examine other markets within the industry in order to fully understand the competitive landscape, and eventually promote and sustain competition.

Operating initiative 8: Root Zone Management Evolution.

FY22-26: p. 39-43 / FY22: p. 211-213

RySG comment:

- As ICANN is considering user management improvements to allow more parties to be authorized as TLD managers, the RySG continues to urge ICANN to proceed with caution and put parameters in place that will prevent wide-scale DNS changes that may pose stability risks to the root.
- Staff retention is an absolute necessity for the success of PTI / IANA functions.

Operating initiative 9: Evaluate, Align, and Facilitate Improved Engagement in the Internet Ecosystem.

FY22-26: p. 44-46 / FY22: p. 214-216

RySG comment:

- The RySG believes that an effective GAC is a crucial part of an effective multistakeholder model for ICANN.
- The RySG appreciates ICANN's work to continue to improve transparency around ICANN's engagement with governments and intergovernmental organizations and forums.

Operating initiative 10: Through Targeted Engagement Improve Governments and Intergovernmental Organizations (IGOs) Engagement and Participation in ICANN.

FY22-26: p. 47-50 / FY22: p. 217-220

RySG comment:

- As with initiative 9, the RySG believes that an effective GAC is a crucial part of an effective multistakeholder model for ICANN.

Operating initiative 11: Monitor Legislation, Regulation, Norms, Principles, and Initiatives in Collaboration With Others That May Impact the ICANN Mission.

FY22-26: p. 51-53 / FY22: p. 221-223

RySG comment:

- Monitoring is useful to understand what is coming and we appreciate ICANN's efforts in this area and to engage with the community to determine the type and level of engagement based on topical guidance and look forward to continued work on transparency and community engagement in this area.

Operating initiative 12: Formalize the ICANN Org Funding Model and Improve Understanding of the Long-term Domain Name Market Drivers.

FY22-26: p. 54-56 / FY22: p. 224-226

RySG comment:

- We suggest where a provision of the plans is the same as, or building upon, a provision from the previous year plans that ICANN indicate progress achieved thus far including on dedication of personnel and arrangement of resources.

Operating initiative 14: Planning at ICANN.

FY22-26: p. 59-60 / FY22: p. 229-230

RySG comment:

- We appreciate the commitment, which we view as essential, that ICANN Org will engage with the ICANN community and the Board as it works on researching and developing prioritization efforts in this regard.

Operating initiative 15: ICANN Reserves.

FY22-26: p. 61-62 / FY21: p. 231

RySG comment:

- As noted above, the RySG supports the ongoing activity to replenish the Reserve Fund from surplus operating funds. We take note of ICANN's intention to use part of the savings from not having face-to-face meetings to make a previously unplanned 10M USD contribution to the Reserve Fund at the end of FY20. The RySG would like to stress that diligent cost control of ICANN's expenditure remains a critical concern of this group in relation to an effectively functioning ICANN organization.