

ICANN BOARD PAPER NO. 2021.02.08.1b

TITLE: **FY22 IANA Operating Plan and Budget**

PROPOSED ACTION: **For Board Consideration and Approval**

EXECUTIVE SUMMARY:

As required by the ICANN Bylaws, the draft FY22 IANA Operating Plan and Budget (OP&B) was developed and posted for public comment and discussion on 08 October 2020. The Board of Public Technical Identifiers (PTI) adopted the FY22 PTI OP&B on 13 January 2021. The FY22 PTI OP&B then was provided to ICANN as input into the FY22 IANA OP&B. All public comments have been taken into consideration, and where appropriate and feasible, have been incorporated into a final FY22 IANA OP&B. Per the Bylaws, the IANA OP&B is to be adopted by the Board and then posted on the ICANN website.

BOARD FINANCE COMMITTEE (BFC) RECOMMENDATION:

The BFC recommended, after careful consideration of the public comments received and the corresponding responses, that the Board approve the FY22 IANA Operating Plan and Budget.

PROPOSED RESOLUTION:

Whereas, the draft FY22 IANA Operating Plan and Budget was posted for public comment in accordance with the Bylaws on 08 October 2020.

Whereas, comments received through the public comment process were reviewed and responded to and provided to the BFC members for review and comment.

Whereas, all public comments have been taken into consideration, and where appropriate and feasible, have been incorporated and a final FY22 IANA Operating Plan and Budget.

Whereas, per the Bylaws, the IANA Operating Plan and Budget is to be adopted by the Board and then posted on the ICANN website.

Resolved (2021.02.08.xx), the Board adopts the FY22 IANA Operating Plan and Budget.

PROPOSED RATIONALE:

In accordance with Section 22.4 of the ICANN Bylaws, the Board is to adopt an annual IANA budget and publish it on the ICANN website. On 08 October 2020 drafts of the FY22 PTI Operating Plan and Budget and the FY22 IANA Operating Plan and Budget were posted for public comment. The PTI Board approved the PTI Budget on 13 January 2021, and the PTI Budget was received as input into the FY22 IANA Operating Plan and Budget.

The draft FY22 PTI Operating Plan and Budget and the draft FY22 IANA Operating Plan and Budget were based on numerous discussions with members of ICANN org and the ICANN Community, including extensive consultations with ICANN Supporting Organizations, Advisory Committees, and other stakeholder groups throughout the prior several months.

All comments received in all manners were considered in relation to the FY22 IANA Operating Plan and Budget. Where feasible and appropriate these inputs have been incorporated into the final FY22 IANA Operating Plan and Budget proposed for adoption.

Adopting the FY22 IANA Operating Plan and Budget will have a positive impact on ICANN in that it provides a proper framework by which the IANA services will be performed, which also provides the basis for the organization to be held accountable in a transparent manner.

This decision is in the public interest and within ICANN's mission, as it is fully consistent with ICANN's strategic and operational plans, and the results of which in fact allow ICANN to satisfy its mission.

This decision will have a fiscal impact on ICANN and the Community as is intended. This should have a positive impact on the security, stability and resiliency of the domain name system (DNS) with respect to any funding that is dedicated to those aspects of the DNS.

This is an Organizational Administrative Function that has already been subject to public comment as noted above.

Submitted By: Xavier Calvez, SVP Planning & Chief Financial Officer
Date Noted: xx January 2021
Email: xavier.calvez@icann.org

Proposed for Adoption IANA FY22 Operating Plan and Budget

Internet Assigned Numbers Authority (IANA)

19 January 2021



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IANA Operating Plan and Budget

1 Changes Between Draft and Proposed for Adoption Versions

This section shows the changes made to the Proposed for Adoption FY22 IANA Operating Plan and Budget based on input received from the Public Comment period and internal review.

Section Number	Change Type	Change Description
2 Executive Summary	Additional wording	Added a Financial Overview sub-section
3 Introduction	Added sub-section	Added sub-section regarding the impact of Covid-19 on PTI Operations and F22 budget assumptions
Appendix	Added Section	Added appendix section for a glossary of terms

2 Executive Summary

The annual IANA Operating Plan and Budget is comprised of the full Public Technical Identifiers (PTI) budget, as well as other costs associated with governance and delivery of IANA functions that are not performed directly by PTI.

SEPARATION OF PTI AND IANA BUDGETS

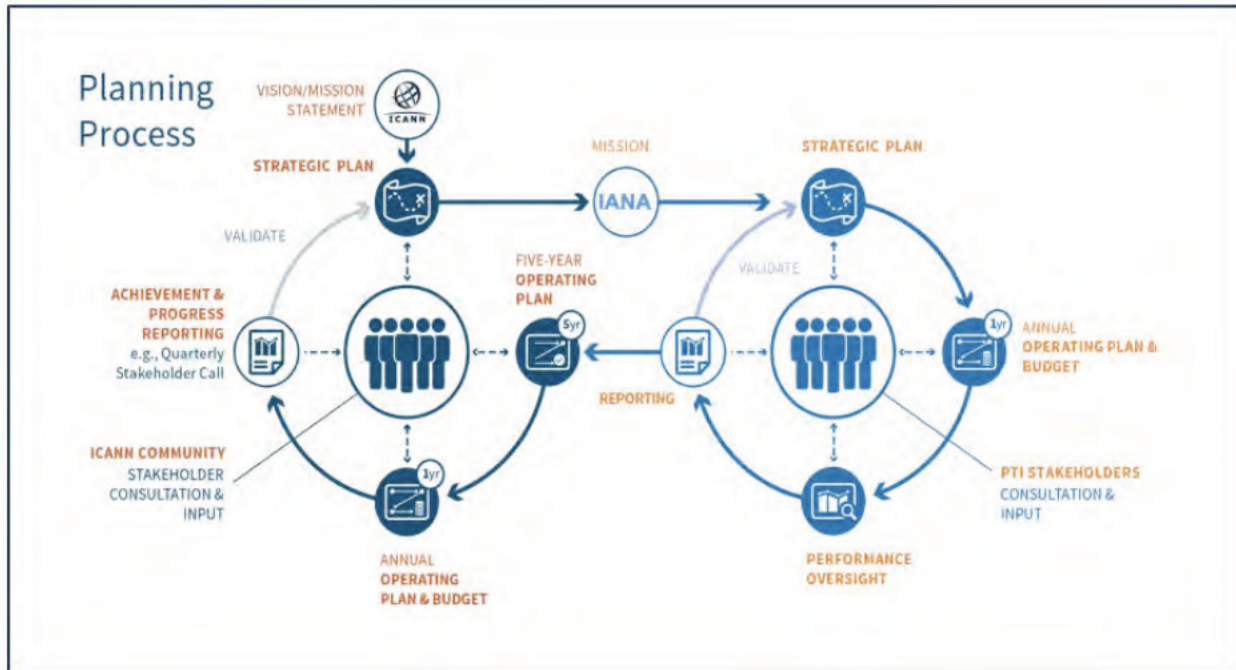
PTI and the IANA services will each be included in the overall IANA budget, as described in this document.

STRUCTURE OF WORK

The ICANN-funded PTI operational activities and PTI technical systems enhancements (PTI services) are outlined in the Proposed for Adoption FY22 PTI Operating Plan and Budget. This represents the PTI services component of the Proposed for Adoption FY22 IANA Operating Plan and Budget. The other component of this plan and budget is the IANA services performed by ICANN, that are not borne directly by PTI in its role as the IANA Functions Operator.

PLANNING AND BUDGET OVERVIEW

This graphic below shows the IANA planning process and the encompassing ICANN planning process. The annual IANA Operating Plan and Budget is included in ICANN's Five-Year Operating Plan and will become a component of ICANN's FY22 Annual Operating Plan and Budget.



FINANCIAL OVERVIEW

The Proposed for Adoption FY22 IANA Operating Plan and Budget is \$10.3M, of which \$9.7M is for PTI services and \$0.6M is for IANA services (not performed by PTI). PTI services is \$0.3M less than the FY21 Budget primarily due to one less headcount and decreases in direct shared and shared services allocations; partially offset by incremental direct costs for capital. The IANA Services component is relatively flat compared to the FY21 Budget.

3 Introduction

CONTENTS OF THE DOCUMENT

This document contains the Proposed for Adoption Fiscal Year 2022 (FY22) Internet Assigned Numbers Authority (IANA) Operating Plan and Budget, which was posted for public comment as required by the Internet Corporation for Assigned Names and Numbers' (ICANN's) Bylaws, and in accordance with ICANN's public comment process.

This document provides the details of the IANA functions and other IANA services for FY22, from 1 July 2021 through 30 June 2022. This Proposed for Adoption FY22 IANA Operating Plan and Budget includes the amounts covered in the Proposed for Adoption FY22 PTI Budget and the amounts for the IANA services performed by ICANN as the IANA Functions Operator, and which are not performed by PTI. All amounts referenced are in U.S. dollars unless otherwise stated.

Section 6 of this document describes the IANA functions, other IANA services, and the activities performed to deliver them. Where useful, comparative information for FY21 Budget is provided,

which represent the total of IANA functions and other IANA services budget information for FY21.

YOUR PARTICIPATION

ICANN sought community input on the Draft FY22 IANA Operating Plan and Budget through the Public Comment process. Your feedback and participation is an important part of ICANN's planning process and multistakeholder model.

COVID-19 GLOBAL PANDEMIC

Shortly after the publication of the FY21 Adopted PTI and IANA Operating Plans and Budgets, the world started to be affected by the Covid-19 global pandemic. PTI and ICANN org has conducted almost all of its work remotely since March 2020. The organization has managed operations during this economic crisis by being even more cost conscious, working remotely, and holding all meetings virtually, including three ICANN Public Meetings. Fortunately, ICANN org's funding has remained relatively stable thus far.

While many factors of the pandemic and its economic impact remain to be seen, PTI and ICANN org have developed a set of projections and assumptions to help guide the FY22 Proposed for Adoption Budget.

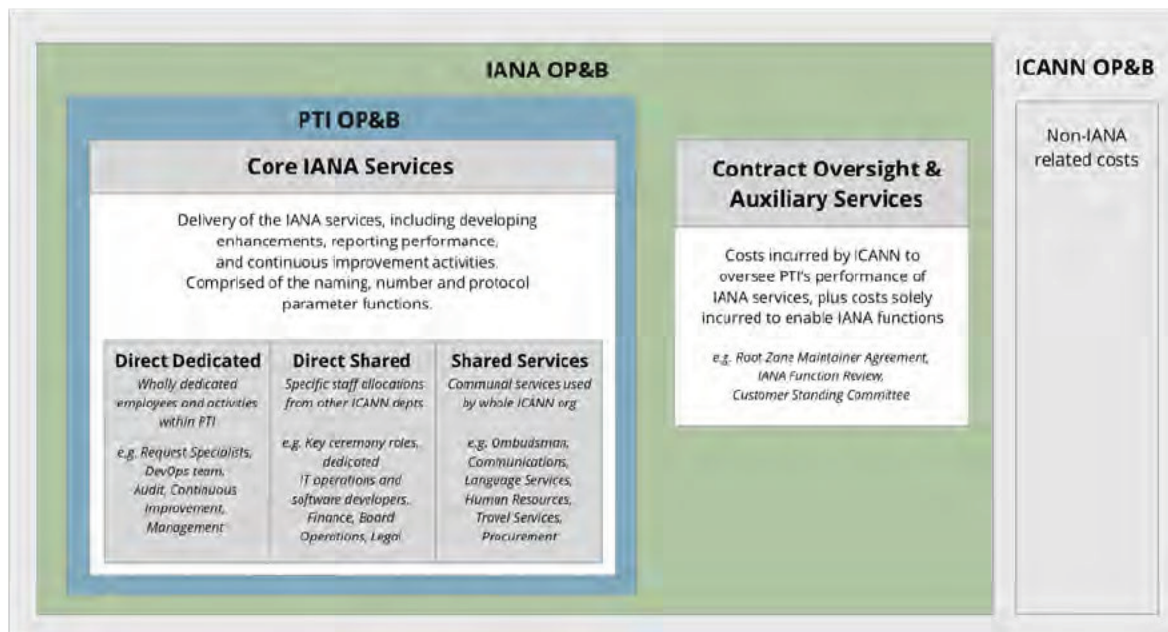
- Funding for PTI Operations and IANA Services remain a priority and will continue to support all expected expenses.
- Travel & Meetings assume three face-to-face ICANN Public Meetings and otherwise unrestricted travel.
- Key signing activities are planned to be fully operational, with contingency plans in place to allow their successful operation despite the COVID-19 pandemic. The associated changes are anticipated to have no material fiscal impact beyond typical operational costs.
- Other cost categories are aligned with trends and operational activities.

ICANN org and PTI understand that their roles remain crucial to maintain the effective operation of the Internet. PTI and ICANN org's technical coordination of the Internet's unique identifier systems plays a critical role in the security, stability, and resiliency of the Internet, and ICANN org will continue to oversee this endeavor. Throughout the pandemic, the organization, community, and ICANN Board have performed their work successfully without face-to-face interaction. Although ICANN org plans for FY22 to have stable funding and expenses based on historical levels, the organization is prepared to resume conducting its work remotely and reevaluate costs if necessary. Organizational activities will continue to be carried out under principles of increased prudence, frugality, and with heightened attention to necessity

4 IANA Operating Plan and Budget Overview

The PTI Board adopts the PTI Operating Plan and Budget each year, which constitutes a large component of the IANA Operating Plan and Budget. This is included in ICANN’s Operating Plan and Budget, which is sent to the ICANN Board to review and adopt.

The ICANN-funded PTI operational activities and PTI technical systems enhancements (PTI Services) are outlined in the Proposed for Adoption FY22 PTI Operating Plan and Budget. This represents the PTI services component in this document. The other component is the IANA services performed by ICANN, that are not borne directly by PTI in its role as the IANA Functions Operator.



4.1 IANA Operating Plan

The IANA functions and other IANA services support ICANN’s strategic objectives to sustain a healthy, stable, and resilient unique identifier ecosystem. The IANA functions and other IANA services include four activities: two activities, in which PTI performs work that includes operational activities and system enhancements, and two activities for the IANA services within ICANN that include activities performed as the IANA Functions Operator.

Of the two PTI activities, one is focused on operational activities and the other is focused on system development and improvement. The two other IANA service activities include the activities that ICANN performs as the IANA Functions Operator.

PTI is structured in two groups of thematically aligned activities:

1. PTI Operations

Delivery of IANA services and all associated operational responsibilities in addition to maintaining and enhancing processes, tools, and systems.

2. IANA Operations

The IANA services performed by ICANN include activities that ICANN performs as the IANA Functions Operator as well as logistical support for the Customer Standing Committee (CSC) and the Root Zone Evolution Review Committee (RZERC). These services also include the IANA Naming Functions Review (IFR) and the CSC Effectiveness Review, as well as activities supporting the continued evolution of the root server system.

☉ Support Policy Development, Policy-Related and Advisory Activities

Description: Optimize effectiveness of community policy development and advice efforts.

☉ Root Systems Operations

Description: Facilitate the continued evolution of the root server system to ensure its ongoing security, stability, and resiliency as a domain name system. As operations change over time, it is crucial to maintain relationships with the root server operators, Root Server System Advisory Committee (RSSAC), and related stakeholders. This includes the activities that ICANN performs as the IANA Functions Operator.

☉ Global Domains Division (GDD) Strategic Programs

Description: These programs handle work related to the Global Domains and Strategy strategic policy in support of a healthy, secure, stable, and resilient identifier ecosystem.

4.2 FY22 IANA Budget

The Proposed for Adoption FY22 IANA Budget is \$10.3 million, of which \$9.7 million is for PTI services and \$0.6 million is for IANA services (not performed by PTI). The reason PTI services is \$0.3M less than the FY21 Budget is primarily due to one less headcount and decreases in direct shared and shared services allocations; partially offset by incremental direct costs for capital. The IANA services component is relatively flat compared to the FY21 Budget with only slight increases for inflation.

FY22 IANA Budget in Millions, USD	FY22 IANA Budget	FY21 IANA Budget	Under/(Over)		FY20 IANA Actuals	Under/(Over)	
			Total	%		Total	%
PTI Services	\$9.7	\$10.0	\$0.3	2.8%	\$7.5	(\$2.2)	-29.9%
IANA Services (a)	\$0.6	\$0.6	(\$0.0)	-5.2%	\$0.5	(\$0.1)	-12.5%
TOTAL	\$10.3	\$10.6	\$0.3	2.4%	\$8.0	(\$2.3)	-28.7%

(a) IANA Services includes the Root Zone Maintainer function, Customer Standing Committee, Root Zone Evolution Committee and IANA Naming Function reviews. These costs are funded by ICANN Operations.

Dollar figures are shown in millions of U.S. dollars with a granularity of \$100,000. Due to rounding, numbers presented may not add up precisely to the totals indicated, and percentages may not precisely reflect the absolute figures. An absence of an expenditure is shown with a dash.

5 Appendices

Appendix A — FY22 Proposed for Adoption IANA Budget

FY22 IANA Budget in Millions, USD	IANA Budget FY22	IANA Budget FY21	Under/(Over)		IANA Actuals FY20	Under/(Over)	
			Total	%		Total	%
FUNDING	\$10.3	\$10.6	\$0.3	2.4%	\$8.0	(\$2.3)	-28.7%
Personnel	\$6.4	\$6.6	\$0.2	3.3%	\$5.1	(\$1.2)	-24.3%
Travel & Meetings	\$0.6	\$0.5	(\$0.1)	-16.8%	\$0.2	(\$0.4)	-238.0%
Professional Services	\$1.6	\$1.7	\$0.1	4.1%	\$1.2	(\$0.4)	-37.6%
Administration	\$0.9	\$0.9	\$0.1	8.8%	\$1.2	\$0.4	31.4%
Contingency	\$0.5	\$0.5	\$0.0	0.0%	\$0.0	(\$0.5)	0.0%
Capital	\$0.3	\$0.1	(\$0.2)	-173.9%	\$0.3	(\$0.0)	-7.6%
Depreciation (a)	\$0.1	\$0.3	\$0.2	63.0%	\$0.0	(\$0.1)	-5251.3%
TOTAL CASH EXPENSES	\$10.3	\$10.6	\$0.3	2.4%	\$8.0	(\$2.3)	-28.7%
EXCESS/(DEFICIT)	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	\$0.0	0.0%
Average Headcount (F) (b)	23.5	24.7	1.2	4.8%	21.2	(2.3)	-10.8%

(a) Depreciation is treated as a cash expense for PTI since it will be reimbursed to ICANN

(b) FTE: Full-time staff equivalent

Appendix B — FY22 Proposed for Adoption PTI Services and the Proposed for Adoption IANA Budget Summary

FY22 PTI Budget in Millions, USD	PTI Services FY22 Budget	PTI Services FY21 Budget	Under/(Over)		PTI Services FY20 Actuals	Under/(Over)	
			Total	%		Total	%
FUNDING	\$9.7	\$10.0	\$0.3	2.8%	\$7.5	(\$2.2)	-29.9%
Personnel	\$6.1	\$6.3	\$0.2	3.8%	\$4.9	(\$1.2)	-24.7%
Travel & Meetings	\$0.6	\$0.5	(\$0.1)	-16.9%	\$0.2	(\$0.4)	-224.1%
Professional Services	\$1.3	\$1.4	\$0.1	5.0%	\$0.9	(\$0.4)	-50.4%
Administration	\$0.9	\$0.9	\$0.1	8.8%	\$1.2	\$0.4	31.4%
Contingency	\$0.5	\$0.5	\$0.0	0.0%	\$0.0	(\$0.5)	0.0%
Capital	\$0.3	\$0.1	(\$0.2)	-173.9%	\$0.3	(\$0.0)	-7.6%
Depreciation (a)	\$0.1	\$0.3	\$0.2	63.0%	\$0.0	(\$0.1)	-5251.3%
TOTAL CASH EXPENSES	\$9.7	\$10.0	\$0.3	2.8%	\$7.5	(\$2.2)	-29.9%
EXCESS/(DEFICIT)	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	\$0.0	0.0%
Average Headcount (FTE) (b)	22.0	23.0	1.0	4.3%	19.9	(2.1)	-10.4%

(a) Depreciation is treated as a cash expense for PTI since it will be reimbursed to ICANN

(b) FTE: Full-time staff equivalent

FY22 IANA Budget in Millions, USD	FY22 IANA Budget	FY21 IANA Budget	Under/(Over)		FY20 IANA Actuals	Under/(Over)	
			Total	%		Total	%
PTI Services	\$9.7	\$10.0	\$0.3	2.8%	\$7.5	(\$2.2)	-29.9%
IANA Services (c)	\$0.6	\$0.6	(\$0.0)	-5.2%	\$0.5	(\$0.1)	-12.5%
TOTAL	\$10.3	\$10.6	\$0.3	2.4%	\$8.0	(\$2.3)	-28.7%
Average Headcount (FTE)	23.5	24.7	1.2	4.8%	21.2	(2.3)	-10.8%

(c) IANA Services includes the Root Zone Maintainer function, Customer Standing Committee, Root Zone Evolution Committee and IANA Naming Function reviews

These costs are funded by ICANN Operations.

(b) FTE: Full-time staff equivalent

Dollar figures are shown in millions of U.S. dollars with a granularity of \$100,000. Due to rounding, numbers presented may not add up precisely to the totals indicated and percentages may not precisely reflect the absolute figures. An absence of an expenditure is shown with a dash.

Appendix C — IANA Caretaker Budget

Under the ICANN Bylaws, after the ICANN Board approves the IANA Budget and Operating Plan, the Empowered Community has the right to reject it. The rejection process must be concluded in order for the FY22 IANA Budget and Operating Plan to go into effect. If FY22 begins prior to the completion of the Empowered Community's rejection process, the Caretaker IANA Budget must go into effect until that rejection process has concluded pursuant to Annex D of the ICANN Bylaws.

For the purposes of FY22, the "Caretaker IANA Budget" as described in Annex F to ICANN's Bylaws, is defined as the FY20 IANA Operating Plan and Budget as approved by the ICANN Board in May 2019.

Appendix D — Glossary of Terms

Terminology used in the operating plan and budget is derived from the various contracts and documents that govern the business activities of PTI. ICANN org and PTI work to adhere to this terminology accurately to be faithful to these community agreed documents, which may come at the expense of clarity. In addition, the term “IANA” has limited allowable usages under the Intellectual Property Rights (IPR) agreements that govern its use.

FINANCE TERMINOLOGY:

Finance Term	Meaning
Over	Over on financial charts means that the current FY22 is higher or an increase versus prior year
Under	Under on financial charts means that the current FY22 is lower or a decrease versus prior year

ICANN Organization’s Report of Public Comment Proceeding

Draft PTI and IANA FY22 Operating Plans and Budgets																			
Publication Date:	18 December 2020																		
Prepared By:	Kirsten Crownhart and Shani Quidwai																		
<table border="1"> <thead> <tr> <th colspan="2">Public Comment Proceeding</th> </tr> </thead> <tbody> <tr> <td>Open Date:</td> <td>08 October 2020</td> </tr> <tr> <td>Close Date:</td> <td>30 November 2020</td> </tr> <tr> <td>Staff Report Due Date:</td> <td>18 December 2020</td> </tr> </tbody> </table>		Public Comment Proceeding		Open Date:	08 October 2020	Close Date:	30 November 2020	Staff Report Due Date:	18 December 2020	<table border="1"> <thead> <tr> <th colspan="2">Important Information Links</th> </tr> </thead> <tbody> <tr> <td colspan="2">Announcement</td> </tr> <tr> <td colspan="2">Public Comment Proceeding</td> </tr> <tr> <td colspan="2">View Comments Submitted</td> </tr> </tbody> </table>		Important Information Links		Announcement		Public Comment Proceeding		View Comments Submitted	
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Announcement																			
Public Comment Proceeding																			
View Comments Submitted																			
Staff Contact:	Kirsten Crownhart	Email:	planning@icann.org																
Section I: General Overview and Next Steps																			
<p>PTI (Public Technical Identifiers) was incorporated in August 2016 and became operational in October 2016. Under PTI’s Bylaws, draft Operating Plans and Budgets for PTI must be submitted to the PTI Board nine months before the start of each fiscal year. A draft Operating Plan and Budget for PTI for FY22 were presented to the PTI Board and ICANN Board Finance Committee for review and published for public comment on 08 October 2020.</p> <p>The FY22 PTI Operating Plan and Budget will be proposed for adoption by the PTI Board in early January 2020. As required under the PTI Bylaws, the PTI Operating Plan and Budget will also be presented to the ICANN Board as an input into ICANN org’s budget process and will also be the basis for the required IANA Budget. The FY22 IANA Operating Plan and Budget will be proposed for adoption by the ICANN Board at the end of January 2020.</p> <p>ICANN org and PTI use comments on draft planning documents to identify areas of strength and areas for improvement. Comments provided in this public comment proceeding will help identify specific changes that may be incorporated into the final budget documents and/or implemented in the next planning process. This analysis is part of our commitment to continuous improvement.</p> <p>Monetary references are in U.S. dollars unless otherwise stated. All references to suggested changes in the FY22 Operating Plan and Budget are subject to approval by the Board.</p>																			

Section II: Contributors

At the time this report was prepared, 6 communities and one individual posted comments to the forum. The following table lists these contributors in alphabetical order. Any quotations taken from contributor comments will reference the contributor's initials.

Organizations and Groups:

Name	Submitted by	Initials
ICANN At Large Advisory Committee	ICANN At-Large Staff on behalf of ALAC	ALAC
Article 19	Ephraim Percy Kenyanito	Article 19
ICANN Business Constituency	Steve DelBianco	BC
Country Code Names Supporting Organization – Strategic and Operational Planning Committee	Giovanni Seppia	ccNSO-SOPC
Generic Names Supporting Organization Council	Berry Cobb on behalf of the GNSO Council	GNSO
Non-Commercial Stakeholders Group	Tomslin Samme-Nlar	NCSG
Registrar Stakeholder Group	Zoe Bonython	RrSG
gTLD Registries Stakeholder Group	Elizabeth Bacon	RySG

Section III: Summary of Comments

General Disclaimer: This section intends to summarize broadly and comprehensively the comments submitted to this public comment proceeding but does not address every specific position stated by each contributor. The preparer recommends that readers interested in specific aspects of any of the summarized comments, or the full context of others, refer directly to the specific contributions at the link referenced above ([View Comments Submitted](#)).

There were eight submissions to the public comment forum on the Draft FY22 PTI and IANA Operating Plans and Budgets. The comments were further broken down into a total of 41 individual comments and segmented by theme. Further analysis follows in the section below.

Many comments pertained to financial management or document structure on both the PTI and IANA documents. These comments provided suggestions for changes to improve readability and understanding. Other comments included those pertaining to general comment, level of detail provided in the documents, and strategic planning.

Comments have been separated thematically, and not based on the group submitting them, to gain a better understanding of the comments. The comment themes are listed here and the analysis section provides a high-level assessment of the observations, questions, and requests. Responses to individual comments are provided in the appendix.

Themes

Financial Data and Format (17 Comments)
PTI Structure and Information (6 Comments)
Public Comment Process (2 Comments)
Glossary of Terms (4 Comments)
General Feedback and Comments (12 Comments)

Section IV: Analysis of Comments

General Disclaimer: This section provides a brief description of the comments submitted within each theme.

Financial Data and Format

There were 17 comments submitted by six groups on various aspects of ICANN org's and PTI's expenses and data format.

PTI Structure and Information

There were 6 comments submitted by three groups on various aspects of PTI Strategy and supporting details.

Public Comment Process

Two comments were submitted in regard to the public comment process and format.

Glossary of Terms

Four comments were submitted regarding clarity of the terminology utilized throughout the PTI and IANA budget documents.

General Feedback and Comments

12 comments were received giving general feedback, observations, or statements of comment

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1 Introduction

ICANN org and PTI published the Draft FY22 PTI and FY22 IANA Operating Plan and Budgets on 08 October 2020 for public comment. We received 41 specific comments from eight community groups.

This document provides ICANN org and PTI's responses to the 41 comments submitted through the public comment process. These responses were organized into four relevant themes, which constitute the four sections that follow this Introduction and precede the Appendix. To more effectively address the comments, this document presents a narrative of ICANN org's responses and all of the comment are located in the Appendix noted with relevant response section.

To find responses to submitted questions:

- Community organizations and individuals should first locate their organization name (or individual name) in the left-hand column (the Contributor column) of the Appendix.
- The middle column (the Question/Comment column) displays the comment submitted by the organization or individual. If an organization or individual submitted more than one comment, these are located sequentially in the middle column adjacent to the name of the organization or individual.
- The right-hand column (the Reference column) displays the section of this document that contains the response to the submitted comment.

ICANN org and PTI welcome and recognize the diverse participation from stakeholders as ICANN org and PTI's planning processes continue to evolve, including ICANN org's Strategic Plan, Operating Plan, Budget, and on-going operational and financial updates.

2 Financial Data and Format

2.1 Financial Data

In future publications, a brief synopsis of the overall financials will be incorporated into the Executive Summary sections of both the PTI and IANA Operating Plan and Budget documents.

ICANN org and PTI acknowledge that changing the verbiage of the charts to indicate the change from one year to the other has been confusing. These changes were made in order to keep the PTI and IANA documents consistent across ICANN org documents. ICANN org and PTI will work to make the verbiage clear and concise in future publications. In reference to the Appendices in the Operating Plan and Budgets, ICANN org and PTI will revise footnotes for more clarity and insight for community members. Section 5 of this document includes a brief glossary and overview of terms to help clarify meanings and usage. This glossary will also be incorporated into the PTI and IANA Operating Plan and Budget documents.

Figures are shown in millions in order to maintain consistency with financial best practices across the ICANN org. ICANN org and PTI will also consider showing more cost details and granularity in future publications.

IANA customers and the core maintenance of the Root Zone Maintainer System, as well as other IANA functions, are well accounted for in the budget and remain a priority. The FY22 PTI and IANA Operating Plan and Budgets represent the appropriate support for the PTI and IANA services. Therefore, a need for a base and an investment budget is not applicable.

ICANN org and PTI continually strive to provide more information in the published documents to enhance transparency and accountability. ICANN org and PTI will implement further controls and align formatting and style for future operating and budget plans. ICANN org and PTI encourage input from the community for improvements to future iterations.

2.2 Covid-19 Global Pandemic

Shortly after the publication of the FY21 Adopted PTI and IANA Operating Plans and Budgets, the world started to be affected by the Covid-19 global pandemic. PTI and ICANN org has conducted almost all of its work remotely since March 2020. The organization has managed operations during this economic crisis by being even more cost conscious, working remotely, and holding all meetings virtually, including three ICANN Public Meetings. Fortunately, ICANN org's funding has remained relatively stable thus far.

While many factors of the pandemic and its economic impact remain to be seen, PTI and ICANN org have developed a set of projections and assumptions to help guide the FY22 Draft Budget.

- Funding for PTI Operations and IANA Services remain a priority and will continue to support all expected expenses
- Travel & Meetings assume three face-to-face ICANN Public Meetings and otherwise unrestricted travel.
- Key signing activities are planned to be fully operational, with contingency plans in place to allow their successful operation despite the COVID-19 pandemic. The associated changes are anticipated to have no material fiscal impact beyond typical operational costs.
- Other cost categories are aligned with trends and operational activities

ICANN org and PTI understand that their roles remain crucial to maintain the effective operation of the Internet. PTI and ICANN org's technical coordination of the Internet's unique identifier systems plays a critical role in the security, stability, and resiliency of the Internet, and ICANN org will continue to oversee this endeavor. Throughout the pandemic, the organization, community, and ICANN Board have performed their work successfully without face-to-face interaction. Although ICANN org plans for FY22 to have stable funding and expenses based on historical levels, the organization is prepared to resume conducting its work remotely and reevaluate costs if necessary. Organizational activities will continue to be carried out under principles of increased prudence, frugality, and with heightened attention to necessity.

2.3 Year over Year Variances

In response to comments regarding PTI's FY20 expenses, FY20 expenses were lower than budget by \$2.5M driven by lower than planned Personnel of 2.6 headcount or (\$1.0M), Travel & Meetings (\$0.4M), and Professional Services (\$0.6M). Travel & Meetings expenses were lower than budget due to travel restrictions resulting from the Covid-19 pandemic. Professional Services expenses were lower than budget due shared services expenses across ICANN org. The FY22 budget includes 2.1 additional headcount versus FY20 and assumes Travel is back to pre-pandemic levels.

Capital expenses have increased over FY21 due to budgeting methodology. For FY20, the capital expenses were \$0.3M, of which \$0.2M was for software development costs for the root zone. During the budgeting process capital labor was previously not captured. For FY22, this oversight has been corrected and the appropriate amount of \$0.2M of capital labor for root zone software development has been captured.

In reference to the variances of figures for PTI Services by Names, Numbers, and Protocol Parameters, a steady decline is shown in all three groups versus the FY21 budget and a comparable increase across the three services versus the FY20 actuals.

2.4 Personnel Expenses

The FY22 PTI Operating Plan and Budget shows a reduction in headcount of 1 personnel in the direct dedicated cost pool. In alignment with the ICANN org new hire process, requests to create new positions or fill existing vacant positions must be approved by the ICANN President and CEO, CFO, and the Senior Vice President of Human Resources. This rigorous process allows ICANN org to strategically evaluate each new hire, controlling headcount growth and ensuring proper allocation of resources. At the time of the FY22 budget publication, the one personnel request still open from FY20 and FY21 budget had not yet been officially approved. Therefore, the cost was not reflected in the FY22 budget. PTI is a priority for ICANN org and new hires will be assessed accordingly. Current staff will maintain their responsibilities and roles and as requirements increase, new hires will be evaluated and given priority.

The incremental personnel expense growth from FY20 to FY22 is comprised of both merit/fringe increases and additional headcount:

- Merit and fringe increase of 3% for current staff to occur in both FY21 and FY22. The merit/fringe expenses refer to standard of living increases as well as overall corporation health and benefits costs.
- 2.3 additional headcount.

3 PTI Structure and Information

3.1 Strategic Planning

PTI's work resides under one of ICANN's strategic goals in ICANN's FY22-FY26 Strategic Plan, to "Continue to deliver and enhance the IANA functions with operational excellence." The PTI Strategic Plan outlines multi-year development plans that have achievements and milestones reached year. Many of the activities are inter-dependent of each other and rely heavily on personnel staff time and therefore definitive timelines difficult to predict. ICANN org and PTI will assess adding more texture and possible time frames in future publications.

Workstream 2 is a policy driven recommendation that ICANN org is currently working on implementation. As such, PTI will receive and follow guidance from ICANN org on workstream 2 policy guidelines.

ICANN org and PTI acknowledge that the GNSO council New gTLD Subsequent Procedures Policy Development Process Working Group is currently developing policy that may lead to changes to the existing Introduction of New Generic Top-Level Domains policy recommendations from 8 August 2007 as well as the Applicant Guidebook dated June 2012.

3.2 PTI and IANA Structure

ICANN org is committed to funding all IANA Functions per the ICANN bylaws "To maintain ongoing operational excellence and financial stability of the IANA functions (so long as they are performed by ICANN or pursuant to contract with ICANN) and PTI, ICANN shall be required to plan for and allocate funds to ICANN's performance of the IANA functions and to PTI, as applicable, that are sufficient to cover future expenses and contingencies to ensure that the performance of those IANA functions and PTI in the future are not interrupted due to lack of funding".

ICANN org acknowledges that the relationships between ICANN, IANA and PTI can be confusing at times. ICANN is continually working to better communicate how each group fits together and the roles and responsibilities of each function. Enhancements will be considered for both the visual and written explanation to better communicate the relationships.

4 Public Comment Process

ICANN org and PTI are continually revising and assessing how best to utilize the public comment process. ICANN org and PTI acknowledge that a more interactive question format may be more beneficial to the community and will review the feasibility of adding this functionality to future public comments.

5 Glossary of Terms

Terminology used in the operating plan and budget is derived from the various contracts and documents that govern the business activities of PTI. ICANN org and PTI work to adhere to this terminology accurately to be faithful to these community agreed documents, which may come at the expense of clarity. In addition, the term “IANA” has limited allowable usages under the Intellectual Property Rights (IPR) agreements that govern its use. ICANN welcomes identifying ways of adding clarity to the presentation that does not contradict these governing documents.

In reference to financial charts, please see explanations of terminology below:

Finance Terms	Meaning
Over	Over on financial charts means that the current FY22 is higher or an increase versus prior year
Under	Under on financial charts means that the current FY22 is lower or a decrease versus prior year

6 Appendix – Contributor Question/Comment and Reference to Response

6.1 List of Public Comments Received

Contributor	Question / Comment	Document Section Reference
Country Code Names Supporting Organization — Strategic and Operational Planning Committee (ccNSO)	The ccNSO SOPC is grateful for the opportunity to review and comment on the draft PTI and IANA FY22 Operating Plan and Budgets. After a careful assessment, we believe that the Plans are relevant and coherent and meet the community's expectations. We would also like to commend the team for making them concise and easy to read. We appreciate the clarification about the increase of certain budget lines (e.g. for the PTI Budget, the cost for "Travel and Meetings" is expected to grow in FY22 "due to additional needed trips for Key Signing Ceremonies further"). We want to commend PTI for continuous efforts and investments to assess and improve existing procedures and management. As ever, the SOPC remains available to support the shaping of any further plan.	Thank you for your comment and ICANN appreciates your feedback.
ICANN At Large Advisory Committee (ALAC)	The budget - especially the operating plans - are an improvement on both PTI and IANA functions, as well as a transparent initiative to show the community "Operational Improvements Activities and System Enhancements" in advance. Although there is a 30% increase in the budget from the last real results (FY20), the ALAC is glad to see that ICANN org is dedicating more resources to its core function.	Section 2: Financial Data and Format
Non-Commercial Stakeholders Group (NCSG)	NCSG strongly supports the continued maintenance of the PTI budget to ensure continuity of service in the IANA functions. The relatively flat year on-year approach of the FY22 budget is acceptable to NCSG as long as the IANA customers and the core maintenance of the RZMS and the other IANA functions are sufficiently accounted for in the FY22 budget	Section 2: Financial Data and Format
Non-Commercial Stakeholders Group (NCSG)	As we stated in our two previous comments on PTI and/or IANA budgets, NCSG would look favourably on increasing the precision of the numbers presented in future budgetary documents. Indeed, irrespective of accounting standards, a comparatively small budget of 10 million USD (or 600 000 USD for IANA alone) would in our view require rounding up to no more than the closest 10 000	Section 2: Financial Data and Format

Contributor	Question / Comment	Document Section Reference
Non-Commercial Stakeholders Group (NCSG)	<p>In addition, several elements of the two documents under comment here are presented without definitions, explanations or in a generally obtuse way. As a not-for-profit organization accountable to its community, it is paramount that ICANN deploys the required efforts in order to properly enable that community to inform itself, produce comments and generally engage the organization on issues it deems important. This is especially important when such information is of a quantitative character. Proper communication of quantitative information requires dedicated efforts. This is not about simply finding the right amount of details to include in disclosure documents, but also about presentation choices.</p>	Section 5: Glossary of Terms
Non-Commercial Stakeholders Group (NCSG)	<p>In our two previous comments, we made similar remarks on the importance of presentation and definitions. While we observe certain improvements in explaining the roles and relationships between ICANN, IANA and PTI, there remains several lacunae, which we have outlined previously. We restate them below.</p> <p>Naming conventions - there is no standard usage of terms, and it appears several terms overlap each other, at least partially or completely (“Core IANA Services”, “IANA Services”, “PTI Services”, “PTI Operations”, “IANA Operations”, “PTI O&B”, “Contract Oversight and Auxiliary Services”) This makes reading and understanding difficult, if not outright guesswork. NCSG would strongly recommend the usage of defined terms, with one single term per item or concept, as is common practice in the professional services industry, with an appendix giving a list of definitions.</p>	Section 5: Glossary of Terms
Non-Commercial Stakeholders Group (NCSG)	<p>Relationship between ICANN, IANA and PTI - these are three different entities (or group of “functions,” as far as IANA is concerned) which are easily confused. While the boxes visual is a helpful aid, the variation in language across the document undermines the usefulness of that aid. NCSG would strongly recommend an individual explanatory section, which would contain both a visual and text, both using the standardized vocabulary recommended above.</p>	Section 5: Glossary of Terms
Non-Commercial Stakeholders Group (NCSG)	<p>Footnote (a) of Appendix A and B cannot be understood without precise knowledge of the context of the transition of IANA from ICANN to PTI. NCSG is happy to work further with the relevant persons and departments of ICANN org to find ways to improve the accessibility of future budgetary documents while meeting ICANN org’s objectives of uniform presentation.</p>	Section 2: Financial Data and Format

Contributor	Question / Comment	Document Section Reference
Non-Commercial Stakeholders Group (NCSG)	<p>Moreover, it also appears that this year’s draft budget tables (e.g. Appendix A and B of the draft IANA budget) still make use of the terms “under” and “(over)”, as well as of the additional extra under/over column on the right of FY20 actuals. NCSG maintains the language used in FY20 and prior documents was clearer and continues to believe that reverting to such language would be preferable.</p> <p>Irrespective of knowledge of accounting practices, one may not understand that it is the budget numbers which are understood to be “over” or “under” either the forecast or actuals. This issue is compounded by the fact that the basis for the over/under comparison for actual is not even given. Usage of “increase” and “decrease,” as was the case in the FY20 documents and before, more directly implied that what is planned (next FY budget) is an increase or a decrease over the more certain numbers (the current FY forecast or the actuals for the previous FY). It does not suffice that one may understand the meaning of “over” and “under” by looking at the numbers and reasoning by induction. The meaning of these two terms should be obvious without looking at the numbers, and for now it is not.</p>	Section 2: Financial Data and Format & Section 5: Glossary of Terms
Non-Commercial Stakeholders Group (NCSG)	Generally speaking, there are no statements regarding how the impacts of the COVID-19 pandemic were factored in the budget, if at all. While we may presume that they have, we believe a note to that effect would be in order, providing certain details as to how such impacts were considered.	Section 2: Financial Data and Format
gTLD Registries Stakeholder Group (RySG)	<p>Overarching Points</p> <ul style="list-style-type: none"> - The FY22 budget is fiscally prudent in that it is forecast to be in line with the prior year (FY21) forecast. This prudence is welcomed by the RySG. - The PTI budget as presented improves on the prior year by providing additional narrative detail and linkage to the strategic plan - The format is a statement of the budget as planned and proposed. Community input and comment may be better facilitated or complemented by the authors providing specific questions around key expenditure for community input and comment. 	Section 4: Public Comment Process
gTLD Registries Stakeholder Group (RySG)	We note that this PTI Operating Plan and Budget is published following the September 2020 publication of the first ever PTI Strategic Plan. We welcomed the prior production of the PTI Strategic Plan and are pleased to review the PTI Operating Plan and Budget in this context.	Thank you for your comment and ICANN appreciates your feedback.

Contributor	Question / Comment	Document Section Reference
gTLD Registries Stakeholder Group (RySG)	<p>The FY22 budget as presented represents a (US\$0.3m) small decrease on FY21 forecast and therefore appears to be fiscally prudent; this is generally welcomed by the RySG. That said, the FY21 IANA forecast of US\$10.6m represents a significant uplift on the FY20 actuals (US\$8.0m) so the apparent prudence of FY21 and 22 needs to be seen in that context. Further detailed explanation on the underspend in 2020 and why this will not follow through would be helpful. The major items are clearly staff and travel. In the light of the COVID-19 situation, the FY20 Actual underspend on travel is self-explanatory but the underspend on hiring is less obvious. The frame of reference for FY22 is almost entirely the FY21 forecast, whereas it would be useful to reference equally the “reality” of FY20 actuals, and therefore to ground the FY22 budget in both the FY21 forecast and the FY20 actuals.</p>	Section 2: Financial Data and Format
gTLD Registries Stakeholder Group (RySG)	<p>The document as prepared provides helpful narrative context regarding the Operational Activities and System Enhancements and this is appreciated. But, as we indicated in our prior year comment, we would find it useful to have specific questions posed for our commentary response. Questions could be posed to anyone commenting or, at least, indications of the choices or compromises being made. As commenters, we are not familiar with the detail choices or compromises being made. Therefore, absent such information, it is challenging for a commenter to provide substantial or material input.</p>	Section 4: Public Comment Process
gTLD Registries Stakeholder Group (RySG)	<p>We welcome the development of the previously published Strategic Plan and the opportunity we had to comment on it at the time. More comprehensive, explicit linkage of the Operating Plan and Budget to the Strategic Plan will be a welcome development.</p>	Thank you for your comment and ICANN appreciates your feedback.
gTLD Registries Stakeholder Group (RySG)	<p>Fiscal prudence is only one key parameter and, should the IANA services require investment or critical investment decisions, the RySG would welcome the opportunity to understand and comment on what investment may be required. To this extent, the RySG welcomes interaction with the IANA staff and, potentially, a more interactive style of budget. For example, the budget as presented could offer more than one option for investment. Such an approach could offer two or even three options along the lines of a base budget, a development budget and an investment budget that the community could comment on. We anticipate that users of the IANA services may find such an</p>	Section 2: Financial Data and Format

Contributor	Question / Comment	Document Section Reference
	<p>approach particularly helpful in facilitating more detailed and interactive community comment and input.</p>	
<p>gTLD Registries Stakeholder Group (RySG)</p>	<p>Finally, given the overarching COVID-19 situation at present, a statement specifically dealing with this would be welcome. This could cover any additional risks or issues arising from the COVID-19 pandemic and the prospective variations in the budget arising from the pandemic. For example, what is the range of scenarios for the travel budget and is there adequate practical and financial coverage for key-signing activities?</p>	<p>Section 2: Financial Data and Format</p>
<p>ICANN Business Constituency (BC)</p>	<p>The BC identified that a vital information is missing in the Executive Summary (ES) and that is the total Budget value. The purpose of ES is to have the high-level information on any document and the without having to read the entire document, readers can be acquainted with the key budget data. It was thus recommended that the budget total value be added to Executive Summary.</p>	<p>Section 2: Financial Data and Format</p>
<p>ICANN Business Constituency (BC)</p>	<p>The BC noted PTI's expectation in Fiscal Year (FY) 22 to continue to deliver a comprehensive set of systems and tools to support protocol parameter assignment workflows following a multi-year development effort. As enquired last year, BC wished for PTI to indicate the expected end of this multi-year development effort. Projects and Programmes should have start dates and proposed end dates which are subject to change based on management approval. The idea behind this is to avoid unending/unpredictable multi-year efforts. Once the project/Programme is completed, it can be absorbed into the general day-to-day activity as part of "business as usual".</p>	<p>Section 3: PTI Structure and Information</p>
<p>ICANN Business Constituency (BC)</p>	<p>Overall, the BC is satisfied with the draft FY22 PTI services budget of USD9.7m which is \$0.3m lower than the FY21 Budget due to reduction in one Personnel headcount and decreases in direct shared and shared services allocations; partially offset by incremental direct costs for capital.</p>	<p>Thank you for your comment and ICANN appreciates your feedback.</p>
<p>ICANN Business Constituency (BC)</p>	<p>While the outcome of ICANN org comprehensive hiring process has led to reduction in Personnel cost by one headcount, it is our expectation that no role will suffer as a result. To assist us in understanding where the reduction occurred, please clarify whether the change is in direct dedicated or direct shared resources, and how responsibilities are being adjusted or re-assigned.</p>	<p>Section 2: Financial Data and Format</p>

Contributor	Question / Comment	Document Section Reference
ICANN Business Constituency (BC)	We guess on page 11 that the word "Office" is missing at the end of the Direct Shared Cost line item of "Administration and Rent for Los Angeles (Office)". "	Thank you for your feedback. The budget document has been revised.
ICANN Business Constituency (BC)	<p>The BC notes that variances in FY22 PTI services budget to that of the budget estimates for FY21 under Administration, including rent and other facilities costs, software, and general office expenses, decreased by \$0.1 million from the prior year driven by a reduction in shared services allocations but noticed this expense head was flat in the chart below. (Comment include chart from the budget document)</p> <p>The decrease of \$0.1 million on administration estimates compared to the previous year is consistent with the last two budget estimates and it suggests that the organisation is stable in its operations due to its shared services allocations with ICANN.</p>	Thank you for your comment and ICANN appreciates your feedback.
ICANN Business Constituency (BC)	<p>The BC is concerned that the Capital costs estimates for FY22 went up by 174% over that of the previous year to incorporate software development costs for the root zone. This concern is borne out of the fact that the details of the software's development scope, budgeted for in this estimate is not defined. It is hoped that the development and annual maintenance cost would not cause a spike in the budget Year-on-Year going forward.</p>	Section 2: Financial Data and Format
ICANN Business Constituency (BC)	<p>The BC also notes from the data provided, that the budget estimates for PTI Services in FY2022 for Names, Protocol Parameters and PTI Budget showed a steady decline, whilst estimates for Numbers increased by some margin, when compared to the previous year.</p> <p>There were however no footnotes or explanations in the FY2022 estimates on the Numbers side to help determine if the increase in budget estimates was organically induced or momentary.</p>	Section 2: Financial Data and Format
ICANN Business Constituency (BC)	The BC supports that for the purposes of FY22, the "Caretaker IANA Budget" defined in the FY20 IANA Operating Plan and Budget as approved by the ICANN Board in May 2019 be maintained.	Thank you for your comment and ICANN appreciates your feedback.

Contributor	Question / Comment	Document Section Reference
ICANN Business Constituency (BC)	<p>IANA: The BC noted that a vital information is missing in the Executive Summary (ES) and that is the total Budget value. The purpose of ES is to have the high-level information on any document and the total budget value is a very important information that should be incorporated into the ES so that without having to read the entire document, readers can be acquainted with the key budget data. The thus recommend that the budget total value be added to Executive Summary.</p>	Section 2: Financial Data and Format
ICANN Business Constituency (BC)	<p>IANA: On the last line of the last paragraph of page 4, it appears one of the two of “carried out”, “borne” may need to be struck-out.</p>	Thank you for your feedback. The budget document has been revised.
ICANN Business Constituency (BC)	<p>IANA: The BC noted that the FY22 IANA Services Budget sum of US\$600,000 is flat compared to that of FY20 & FY21. Therefore, prudence is the stated optimization of the services cost is commended.</p>	Thank you for your comment and ICANN appreciates your feedback.
ICANN Business Constituency (BC)	<p>Conclusion It is pertinent to note that ICANN continues to fulfill the PTI Bylaws regulation requiring “at least nine months prior to the commencement of each fiscal year, the Corporation shall submit to the PTI Board and the Board of Directors of ICANN an annual operating plan and budget for the Corporation’s next fiscal year.” This is commendable in the face of all the disruptions that came with the global pandemic and outbreak of COVID-19.</p> <p>The BC supports the FY22 IANA Budget of \$10.3 million, of which \$9.7 million is for PTI services and \$0.6 million is for IANA services (not performed by PTI).</p>	Thank you for your comment and ICANN appreciates your feedback.
Registrar Stakeholder Group (RrSG)	<p>Overall the RrSG is mostly supportive of the FY22 Operating Plan and budgets, but sees one common issue for both PTI and IANA. We note that when looking at the FY20 actuals alongside FY22, there is only a small headcount increase (2.1 for PTI and 2.3 for IANA), but the increase in personnel costs are significant (\$1.2 million for PTI and \$1.3 million for IANA). Even if the FY22 personnel costs are budgeted \$200,000 lower than FY21, in keeping with a small headcount reduction in this period, the overall increase is notable with so few additional staff.</p> <p>The RrSG assumes a portion of these personnel costs must be allocated to salary increases for existing staff. This is not an issue in itself and is no doubt deserved by many hardworking</p>	Section 2: Financial Data and Format

Contributor	Question / Comment	Document Section Reference
	<p>ICANN staff. However, the lack of transparency around what amount of the personnel costs are going to new vs existing staff, or what amount of salary increases are going to executive vs non-executive staff weakens the credibility of these budgets. The RrSG further notes that similar concerns about ICANN personnel cost transparency have been previously raised, most recently in our response to the Draft FY21-25 Operating & Financial Plan and Draft FY21 Operating Plan & Budget.</p> <p>To be fully supportive of the budgets, the RrSG would therefore like to see what percentage of the personnel costs were allocated to new/existing staff and what percentage of any salary increases were awarded to executive/non-executive staff. Depending on this information, the RrSG may have further comments to make</p>	
<p>Generic Names Supporting Organization (GNSO) Council</p>	<p>The GNSO Council notes that one of its current policy development activities potentially intersects with the operations of the IANA Functions by PTI. The New gTLD Subsequent Procedures Policy Development Process Working Group is expected to conclude its policy deliberations at the end of 2020 that will likely lead to substantial changes to the existing Introduction of New Generic Top-Level Domains policy recommendations from 8 August 2007 as well as the final Applicant Guidebook dated June 2012. This may ultimately lead to ICANN instructing PTI to place new gTLDs into the Root Zone. However, it is not anticipated that delegations would occur in FY22.</p>	<p>Section 3: PTI Structure and Information</p>
<p>Generic Names Supporting Organization (GNSO) Council</p>	<p>Last year’s GNSO Council noted PTI’s expectation in FY21 to deliver a comprehensive set of systems and tools to support protocol parameter assignment workflows following a multi-year development effort and that was a welcome development and it is the GNSO Council’s expectation that PTI will continue to focus on service improvement as a culture. The GNSO notes this year (FY22) that PTI will continue to invest in incremental improvements to its service delivery platforms. The cost of such improvements appears to be USD \$600,0000, and reportedly includes modern tooling to improve the customer experience, provides new self-service capabilities, reduces the risk of error, and improves operational workflows within the processing teams.</p>	<p>Thank you for your comment and ICANN appreciates your feedback.</p>
<p>Generic Names Supporting Organization (GNSO) Council</p>	<p>In its comments on the FY21 PTI-IANA Budget GNSO Council recommended that PTI provided more details on such improvements and could also indicate the expected end date of similar projects going forward. The GNSO Council still looks</p>	<p>Section 3: PTI Structure and Information</p>

Contributor	Question / Comment	Document Section Reference
	<p>forward to such improvement. The GNSO Council appreciates that Section 5.3 includes descriptions of operational improvements and systems enhancements. There are no clearly stated start dates and proposed end dates as requested by the GNSO Council, although it is recognized that many of the projects are referred to as being continuous.</p>	
<p>Generic Names Supporting Organization (GNSO) Council</p>	<p>The PTI FY22 budget is US\$9.7M, which is \$0.3M less than FY21. The GNSO Council appreciates the explanation provided in Section 5.4.1 concerning such budget reductions. The Council would also appreciate if the high-level summary budget values are incorporated in the Executive Summary going forward.</p>	<p>Section 2: Financial Data and Format</p>
<p>Generic Names Supporting Organization (GNSO) Council</p>	<p>The GNSO, as a Decisional Participant within the Empowered Community, recognizes that arms-length separation of ICANN and PTI is important. The GNSO is informed that PTI invoices ICANN every quarter for performing the IANA functions. In Section 5.4.4., PTI asserts that “ICANN has a sustainable model of funding expected to generate approximately \$140 million per year, which allows ICANN org to confidently commit to the funding of PTI. Of concern to the GNSO Council is the omission in the PTI-IANA Budget regarding the impact or risk analysis of the COVID-19 pandemic on the PTI-IANA Budget. For instance, the GNSO Council understood that during fiscal year 2021, one of the key signing ceremonies was subsequently delayed due to travel restrictions and ultimately conducted remotely. The GNSO Council requests that PTI provide a risk analysis and possible implications to their operations and budget should the pandemic continue into FY2022. In addition, the PTI-IANA Budget does not contain details concerning COVID-19’s impacts to one of the important IANA functions, namely, key signing ceremonies. The PTI-IANA Budget should take into account and provide some level of detail concerning the additional measures and costs that COVID-19 travel restrictions will have on this important function. For instance, setting forth expenses for the second site (the other coast), operating securely in a remote mode (i.e., no face-to-face meetings for the crypto officers), and other additional costs associated with travel restrictions.</p>	<p>Section 2: Financial Data and Format</p>
<p>Generic Names Supporting Organization (GNSO) Council</p>	<p>The GNSO Council appreciates that the PTI-IANA Budget contains more detail but the budget is lacking linkage to the PTI Strategic Plan FY21-24 and this makes it difficult to comment in substantial detail on any of the key areas of expenditure. The PTI Strategic Plan FY21-24 contains five (5) strategic objectives each with enumerated objectives and a</p>	<p>Section 3: PTI Structure and Information</p>

Contributor	Question / Comment	Document Section Reference
	list of targeted outcomes. Similar to the ICANN Five Year Operating Plan, it would be useful to correlate the Objectives or Target Outcomes from the PTI Strategic Plan FY21-24 with PTI-IANA Budget's expenditures	
Article 19	In our review of the ICANN Draft PTI and IANA FY22, ARTICLE 19 has found two major issues of concern: the lack of clarity of key terms in the budget and the failure to address Workstream 2 implementation goals in the operating plan. We urge ICANN to consider the recommendations below, which would improve transparency and openness and better align the Draft PTI and IANA FY22 Operating Plan and Budgets more closely with ICANN's bylaws and Workstream 2 implementation goals	Section 3: PTI Structure and Information
Article 19	<p>1.Lack of clarity of key terms</p> <p>While we welcome publication of the budget, it appears that numerous key terms are used interchangeably, creating confusion. Some of these key terms include: "Core IANA Services", "IANA Services", "PTI Services", "PTI Operations", "IANA Operations", "PTI O&B", "Contract Oversight and Auxiliary Services".</p> <p>This confusion makes it difficult to provide detailed feedback that would be helpful for the work of PTI and IANA. More fundamentally, it creates the risk of duplicating resources that could be used for other activities, while limiting the ability of others to evaluate how ICANN prioritises resources to carry out its Strategic Plan and key projects, including relevant Workstream 2 implementation sections.</p> <p>We recommend that drafters review and deconflict these inconsistencies in terms. Additionally, we recommend the provision of an appendix that provides a list of definitions, as is common practice in the professional services industry. This will assist both ICANN community members and internet users to fully understand the use of these financial resources.</p>	Section 5: Glossary of Terms
Article 19	<p>2.Failure to address Workstream 2 implementation goals</p> <p>Additionally, the operating plan fails to mention any Workstream 2 implementation goals, despite the fact that they have been anticipated in ICANN's Strategic Plan for Fiscal Years 2021-2025 and the Strategic Plan For Public Technical Identifiers (PTI) (FY21-24).</p> <p>We note that both strategic plans envisage PTI's role to include supporting ICANN in its governance efforts to sustain and improve openness, inclusivity, accountability, and</p>	Section 3: PTI Structure and Information

Contributor	Question / Comment	Document Section Reference
	<p>transparency. The Workstream 2 recommendations provide the necessary cornerstone for ensuring that these efforts are successful. Therefore, the failure to explicitly include or address Workstream 2 implementation goals creates a gap in the improvement of governance efforts, and represents an oversight in setting out the full range of responsibilities that PTI's operations seek to meet.</p>	
<p>Article 19</p>	<p>Conclusion ARTICLE 19 is grateful for the opportunity to engage with ICANN in this process in light of the five objectives under ICANN's Strategic Plan for Fiscal Years 2021-2025.</p> <p>We look forward to continued collaboration to strengthen human rights considerations in the Domain Name System and particularly in ICANN's policies and procedures. We welcome further engagement opportunities and avail ourselves in case of any questions or concerns.</p>	<p>Thank you for your comment and ICANN appreciates your feedback.</p>

ICANN BOARD SUBMISSION NO. 2021.02.08.1c

TITLE: **Board Audit Committee and Board Strategic Planning Committee Membership Change**

PROPOSED ACTION: **For Board Consideration and Approval**

EXECUTIVE SUMMARY:

The Board Governance Committee (BGC) is responsible for “[c]reating and recommending to the full Board for approval a slate of nominees for Board Chair, Board Vice Chair, Chair and membership of each Board Committee, including filling any vacancies which may occur in these positions during the year; and overseeing the creation and membership of Board Working Groups and Board Caucuses.” ([BGC Charter](#), Sec. II.C.) In this capacity, the BGC recently assessed the membership of Board Committees and Danko Jevtović has agreed to step down from the Board Audit Committee and be added to the Board Strategic Planning Committee.

BOARD GOVERNANCE COMMITTEE RECOMMENDATION:

The BGC recommends that Danko Jevtović no longer serve on the Board Audit Committee and that he be added to the Board Strategic Planning Committee.

PROPOSED RESOLUTION:

Whereas, the Board Governance Committee (BGC) is responsible for “[c]reating and recommending to the full Board for approval a slate of nominees for Board Chair, Board Vice Chair, Chair and membership of each Board Committee, including filling any vacancies which may occur in these positions during the year; and overseeing the creation and membership of Board Working Groups and Board Caucuses.”

Whereas, in this capacity, the BGC has recommended that Danko Jevtović no longer serve on the Board Audit Committee and that he be added to the Board Strategic Planning Committee.

Resolved (2021.02.08.xx), the Board approves the change in membership of the Board Audit Committee and Board Strategic Planning Committee as recommended by the BGC.

PROPOSED RATIONALE:

Article 7, Section 7.2 and Article 14 of the ICANN Bylaws call for the Board to appoint the Board Chair, Board Vice Chair, and chairmanship and membership of each Board Committee, including filling any vacancies which may occur in these positions during the year.

As part of its responsibilities, the BGC is tasked with “[c]reating and recommending to the full Board for approval a slate of nominees for Board Chair, Board Vice Chair, Chair and membership of each Board Committee, including filling any vacancies which may occur in these positions during the year; and overseeing the creation and membership of Board Working Groups and Board Caucuses.” ([BGC Charter](#), Sec. II.C.)

In this role, the BGC recently assessed the membership of Board Committees and Danko Jevtović has agreed to step down from the Board Audit Committee and be added to the Board Strategic Planning Committee.

The appointment of Board Committee membership is consistent with ICANN’s Mission and is in the public interest as it is important to ensure that the Board and its Committees have the properly skilled expertise to carry forth ICANN’s Mission, Commitments and Core Values. This decision will have no direct fiscal impact on the organization and no impact on the security, stability or resiliency of the domain name system.

This decision is an Organizational Administrative Function that does not require public comment.

Submitted By: Amy Stathos, Deputy General Counsel
Date Noted: 27 January 2021
Email: amy.stathos@icann.org

ICANN BOARD PAPER NO. 2021-02-08-2a

TITLE: Delegation of the ישראלי. (“Israel”) domain representing Israel in Hebrew script to the Israel Internet Association

PROPOSED ACTION: For Board Consideration and Approval

REFERENCE: 1172755

EXECUTIVE SUMMARY:

As part of PTI’s responsibilities under the IANA Naming Function contract with ICANN, PTI has prepared a recommendation to authorize the delegation of the ישראלי. top-level domain, comprised of the IDN ccTLD Fast Track approved string representing Israel in Hebrew script, to the Israel Internet Association.

Sensitive Delegation Information

PROPOSED RESOLUTION:

Resolved (2021.02.08.xx), as part of the exercise of its responsibilities under the IANA Naming Function Contract with ICANN, PTI has reviewed and evaluated the request to delegate the ישראל top-level domain to the Israel Internet Association. The documentation demonstrates that the proper procedures were followed in evaluating the request.

PROPOSED RATIONALE:

Why the Board is addressing the issue now?

In accordance with the IANA Naming Function Contract, PTI has evaluated a request for ccTLD delegation and is presenting its report to the Board for review. This review by the Board is intended to ensure that the proper procedures were followed.

What is the proposal being considered?

The proposal is to approve a request to create the ישראל country-code top-level domain in Hebrew script and assign the role of manager to the Israel Internet Association.

Which stakeholders or others were consulted?

In the course of evaluating a delegation application, PTI consulted with the applicant and other interested parties. As part of the application process, the applicant needs to describe consultations that were performed within the country concerning the ccTLD, and their applicability to their local Internet community.

What concerns or issues were raised by the community?

PTI is not aware of any significant issues or concerns raised by the community in relation to this request. One party objected to the request and indicated its own intention to apply for delegation. The objector was invited to submit an alternative request but has not provided a timely response that could be assessed against the evaluation criteria. The policy does not provide a basis to delay evaluation of this request based on the potential for an alternate request, the first fully-qualified application is eligible to proceed on its individual merits. The service level agreements in the IANA Naming Functions contract also require the timely evaluation and implementation of qualified requests.

What significant materials did the Board review?

The Board reviewed the following evaluations:

- The top-level domain is eligible for delegation, as the string has been deemed an appropriate representation of Israel through the ICANN Fast Track String Selection process, and Israel is presently listed in the ISO 3166-1 standard.
- The relevant government has been consulted and does not object;
- The proposed manager and its contacts agree to their responsibilities for managing this domain;
- The proposal has demonstrated appropriate local Internet community consultation and support;
- The proposal does not contravene any known laws or regulations;
- The proposal ensures the domain is managed locally in the country, and is bound under local law;
- The proposed manager has confirmed they will manage the domain in a fair and equitable manner;
- The proposed manager has demonstrated appropriate operational and technical skills and plans to operate the domain;
- The proposed technical configuration meets the technical conformance requirements;
- No specific risks or concerns relating to Internet stability have been identified; and
- Staff have provided a recommendation that this request be implemented based on the factors considered.

These evaluations are responsive to the appropriate criteria and policy frameworks, such as "Domain Name System Structure and Delegation" (RFC 1591), "GAC Principles and Guidelines for the Delegation and Administration of Country Code Top Level Domains" and the ccNSO "Framework of Interpretation of current policies and guidelines pertaining to the delegation and redelegation of country-code Top Level Domain Names."

As part of the process, Delegation and Transfer reports are posted at <http://www.iana.org/reports>.

What factors the Board found to be significant?

The Board did not identify any specific factors of concern with this request.

Are there positive or negative community impacts?

The timely approval of country-code domain name managers that meet the various public interest criteria is positive toward ICANN's overall mission, the local communities to which country- code top-level domains are designated to serve, and responsive to obligations under the IANA Naming Function Contract.

Are there financial impacts or ramifications on ICANN (strategic plan, operating plan, budget); the community; and/or the public?

The administration of country-code delegations in the DNS root zone is part of the IANA functions, and the delegation action should not cause any significant variance on pre-planned expenditure. It is not the role of ICANN to assess the financial impact of the internal operations of country-code top-level domains within a country.

Are there any security, stability or resiliency issues relating to the DNS?

ICANN does not believe this request poses any notable risks to security, stability or resiliency. This is an organizational administrative function not requiring public comment.

SIGNATURE BLOCK:

Submitted by:	Kim Davies
Position:	Vice President, IANA Services, ICANN; President, PTI
Date Noted:	20 January 2021
Email:	kim.davies@iana.org

Report on the Delegation of the ישראֵל (“Israel”) domain in Hebrew script to the Israel Internet Association

14 January 2021

This report is a summary of the materials reviewed as part of the process for the delegation of the ישראֵל (“Israel”) top-level domain. It includes details regarding the proposed delegation, evaluation of the documentation pertinent to the request, and actions undertaken in connection with processing the delegation.

FACTUAL INFORMATION

Country

The “IL” ISO 3166-1 two-letter country code from which the application’s eligibility derives is designated for use to represent Israel.

String

The domain under consideration for delegation at the DNS root level is “ישראֵל”. This is represented in ASCII-compatible encoding according to the IDNA specification as “xn--4dbrk0ce”. The individual Unicode code points that comprise this string are U+05D9 U+05E9 U+05E8 U+05D0 U+05DC.

In the Hebrew language, the string’s translation is “Israel” in English. The string is expressed using the Hebrew script.

Chronology of events

The Israel Internet Association (association number 58-029-954-3, hereinafter “ISOC-IL”) was informally established in 1994 as a sub-activity of the Israeli Association for Data Processing and chartered as the Israeli chapter of the Internet Society in January 1995.

In 1996, ISOC-IL began operating the Israeli Internet eXchange (IIX), an intra-Israeli internet exchange that connects a majority of the Israeli ISPs for sole intra-Israel internet communications.

In February 1997, management of the .IL top-level domain was transferred to ISOC-IL from the Israel Inter-University Computation Center. ISOC-IL continues to manage the .IL top-level domain to this day.

On 24 March 1997, ISOC-IL formally registered as an Association with Israel’s Ministry of the Interior whose main purpose is to “encourage connectivity and connection to the Internet of many sectors of the Israeli population through public relations, advertising, seminars, and lectures, and to promote and encourage efficient Internet services at

reasonable prices by service providers.”

In December 2000, the Israeli Minister of Communication issued the Internet Services Licensing Policy expressing the formal position of the Government of Israel regarding the management of the Israeli ccTLD as being within the sole jurisdiction of the Israeli Internet Community.

In 2013, ISOC-IL created an Infrastructure Committee to provide public oversight of the operations of ISOC-IL, including input on the ccTLD registration policies. The committee is composed of two ISOC-IL board members, three public committee members, the CEO of ISOC-IL, and two observers.

On 16 January 2020, ISOC-IL submitted a request to ICANN’s IDN Fast Track program for the string “ישראל” to represent Israel using the Hebrew script. The IDN Fast Track DNS Stability Panel found that the applied-for string “presents none of the threats to the stability or security of the DNS identified in Module 4 of the Fast Track Implementation Plan, and presents an acceptably low risk of user confusion.” On 19 May 2020, ICANN announced the successful String Evaluation of the Israel IDN country code top-level domain.

On 17 June 2020, ISOC-IL initiated a request for delegation of the ישראל. top-level domain.

On 13 October 2020, the Israeli Minister of Communication published an Internet Services Licensing Policy that restates the principles in the 2000 Policy Paper, expressing the government’s formal position that the ccTLD should be self-regulated by the Internet Community. The policy states that "the Ministry expects Internet service provision licensees and the Israeli Internet community to formulate themselves, in an appropriate forum and with public participation, self-regulatory activities for the Internet service industry, without its involvement, subject to the approval of the Antitrust Commissioner, if necessary." It also specifies that "the self-regulatory activities for the Internet industry, insofar as these do not fall under the scope of the Telecommunications Law, may include: (a) Managing the address space with the .il country code, allocating addresses, allocating IP addresses and publishing addresses for users in Israel and around the world."

Proposed Manager and Contacts

The proposed manager is the Israel Internet Association, registered as association number 58-029-954-3, a non-profit society based in Israel. It reports to have around 200 members from various stakeholders in the Israeli Internet community and is managed by seven voluntary board members.

The proposed administrative contact is Yoram Hacohen, Chief Executive Officer at ISOC-IL. The administrative contact is understood to be based in Israel.

The proposed technical contact is Meir Kraushar, DNS Manager at ISOC-IL.

EVALUATION OF THE REQUEST

String Eligibility

The top-level domain is eligible for delegation, as the string has been deemed an appropriate representation of Israel through the ICANN Fast Track String Selection process, and Israel is presently listed in the ISO 3166-1 standard.

Public Interest

Support was provided by the following:

- Lirone Chimoni of LB Annatel Ltd., a local ISP in Israel
- Nir Yogev, Director of Regulatory and Government Relations at Cellcom Ltd., an Israeli ISP
- Moshe Fogel, Chief Executive Officer of Communigal Communications Ltd. (Galcomm.com), an ICANN accredited registrar and registrar of .IL domains
- Dr. Sagit Zilberberg, Chief Executive Officer of ESHNAV - People for Smart use of the Internet, a non-profit non-governmental organization
- Revital Poleg, Executive Director at Wikimedia Israel
- Gadi Blander, Chief Executive Officer at Internic Israel/Interspace Ltd. an ICANN accredited registrar
- Netanel Abargel, Chief Executive Officer and Founder of uPress Inc., a hosting and domain registration company
- Ramy Nahum, Chief Executive Officer at Triple C Cloud Computing Ltd.
- Dr Nicholas John, Department of Communications at the Hebrew University of Jerusalem
- Dr. Anat Ben-David, Senior Lecturer, Department of Sociology, Political Science, and Communication at the Open University of Israel
- Professor Orr Dunkelman, Department of Computer Science at the University of Haifa
- Dorit Lerer, Deputy Director General at the Academy of the Hebrew Language
- Dana Yaffe, Clinical Director of the Legal Clinic on Digital Rights in Cyberspace at the Hebrew University of Jerusalem

Domain the Net Technologies Ltd., a domain name registrar in Israel, provided a statement opposing this request and has expressed its own interest in managing the ישראל top-level domain.

The Government of Israel has been notified about the application but has not provided a statement of support for ISOC-IL or any other party. The Ministry of Justice has asserted that the domain is not under the authority of any specific government ministry. PTI is in receipt of additional letters from specific ministries and government agencies in Israel that disclaim their interest in nominating the party that should manage the domain. The October 2020 Internet Services Licensing Policy supports the notion that it is the position of the Government of Israel to not be involved in these matters.

The application is consistent with known applicable laws and regulations in Israel. The proposed manager undertakes responsibilities to operate the domain in a fair and equitable manner.

Based in country

The proposed manager is constituted in Israel. The proposed administrative contact is understood to be resident in Israel. The registry is to be operated in Israel.

Stability

The application does not involve a transfer of domain operations from an existing domain registry, and therefore stability aspects relating to registry transfer are not relevant.

Competency

The application has provided information on the technical and operational infrastructure and expertise that will be used to operate the proposed new domain.

Proposed policies for management of the domain have also been tendered.

EVALUATION PROCEDURE

PTI is tasked with coordinating the Domain Name System root zone as part of a set of functions governed by a contract with ICANN. This includes accepting and evaluating requests for delegation and transfer of top-level domains.

A subset of top-level domains are designated for the local Internet communities in countries to operate in a way that best suits their local needs. These are known as country-code top-level domains (ccTLDs), and are assigned to responsible managers that meet a number of public-interest criteria for eligibility. These criteria largely relate to the level of support the manager has from its local Internet community, its capacity to ensure stable operation of the domain, and its applicability under any relevant local laws.

Through the IANA Services performed by PTI, requests are received for delegating new ccTLDs, and transferring or revoking existing ccTLDs. An investigation is performed on the circumstances pertinent to those requests, and the requests are implemented where they are found to meet the criteria.

Purpose of evaluations

The evaluation of eligibility for ccTLDs, and of evaluating responsible managers charged with operating them, is guided by a number of principles. The objective of the assessment is that the action enhances the secure and stable operation of the Internet's unique identifier systems.

In considering requests to delegate or transfer ccTLDs, input is sought regarding the proposed new manager, as well as from persons and organizations that may be significantly affected by the change, particularly those within the nation or territory to which the ccTLD is designated.

The assessment is focused on the capacity for the proposed manager to meet the following criteria:

- The domain should be operated within the country, including having its manager and administrative contact based in the country.
- The domain should be operated in a way that is fair and equitable to all groups in the local Internet community.
- Significantly interested parties in the domain should agree that the prospective manager is the appropriate party to be responsible for the domain, with the desires of the national government taken very seriously.
- The domain must be operated competently, both technically and operationally. Management of the domain should adhere to relevant technical standards and community best practices.
- Risks to the stability of the Internet addressing system must be adequately considered and addressed, particularly with regard to how existing identifiers will continue to function.

Method of evaluation

To assess these criteria, information is requested from the applicant regarding the proposed manager and method of operation. In summary, a request template is sought specifying the exact details of the delegation being sought in the root zone. In addition, various documentation is sought describing: the views of the local internet community on the application; the competencies and skills of the manager to operate the domain; the legal authenticity, status and character of the proposed manager; and the nature of government support for the proposal.

After receiving this documentation and input, it is analyzed in relation to existing root zone management procedures, seeking input from parties both related to as well as independent of the proposed manager should the information provided in the original application be deficient. The applicant is given the opportunity to cure any deficiencies before a final assessment is made.

Once all the documentation has been received, various technical checks are performed on the proposed manager's DNS infrastructure to ensure name servers are properly configured and are able to respond to queries correctly. Should any anomalies be

detected, PTI will work with the applicant to address the issues.

Assuming all issues are resolved, an assessment is compiled providing all relevant details regarding the proposed manager and its suitability to operate the relevant top-level domain.

ICANN BOARD SUBMISSION NO. 2021.02.08.2b

TITLE: **Revised Board Committee and Leadership Selection Procedures**

PROPOSED ACTION: **For Consideration and Approval**

EXECUTIVE SUMMARY:

The Board Governance Committee (BGC) is responsible for “[c]reating and recommending to the full Board for approval a slate of nominees for Board Chair, Board Vice Chair, Chair and membership of each Board Committee, including filling any vacancies which may occur in these positions during the year; and overseeing the creation and membership of Board Working Groups and Board Caucuses.” ([BGC Charter](#), Sec. II.C.) In this capacity, the BGC evaluated the Board Committee and Leadership Selection Procedures (Procedures), and is recommending that the Procedures be revised to align with current selection practices. As reflected in the redline Procedures attached as Attachment A to the Reference Materials, the proposed revisions are: (1) adding a reference to the slating of Board Working Groups and Caucuses leadership and membership; (2) adding references to the recently revised [Practice for Board Engagement in Developing Slate for Board Leadership](#); and (3) adding updates to the Board leadership slating process to reflect the same changes that were made in the revised [Practice for Board Engagement in Developing Slate for Board Leadership](#).

BOARD GOVERNANCE COMMITTEE RECOMMENDATION:

The BGC recommends that the Board adopt the proposed revisions to the Board Committee and Leadership Selection Procedures, attached as Attachment A to the Reference Materials, to align with current selection practices.

PROPOSED RESOLUTION:

Whereas, the Board Governance Committee has reviewed and recommended revisions to the Board Committee and Leadership Selection Procedures so that they to align with current practices.

Resolved (2021.02.08.XX), the revised Board Committee and Leadership Selection Procedures are approved.

PROPOSED RATIONALE:

As part of its responsibilities, the BGC is tasked with “[c]reating and recommending to the full Board for approval a slate of nominees for Board Chair, Board Vice Chair, Chair and membership of each Board Committee, including filling any vacancies which may occur in these positions during the year; and overseeing the creation and membership of Board Working Groups and Board Caucuses.” ([BGC Charter](#), Sec. II.C.)

In this role, the BGC has recommended, and the Board agrees, that Board approve revisions to the Board Committee and Leadership Selection Procedures, to align those Procedures with current selection practices.

The action is consistent with ICANN’s mission and is in the public interest as it is important to ensure that procedures for Board Committee and leadership selection are up to date and reflect current practices. This decision will have no direct fiscal impact on the organization and no impact on the security, stability or resiliency of the domain name system.

This decision is an Organizational Administrative Function that does not require public comment.

Submitted By: Amy Stathos, Deputy General Counsel
Date Noted: 26 January 2021
Email: amy.stathos@icann.org

Board Committee and Leadership Selection Procedures

Procedures

BGC Tasks

Pursuant to its charter, the Board Governance Committee (BGC) takes on the task to present a slate for the election of the Board Chair and Vice Chair, and the composition and leadership of Board committees, Board working groups, and Board caucuses.

This includes establishing criteria for the Board Chair and Vice Chair and for the membership and leadership of Board committees, Board working groups, and Board caucuses, considering rotation of committee members, reviewing Board Directors and Board Liaisons (collectively, Board Members) qualifications and any potential conflicts with the organization's interests, assessing the contributions of current Board Members.

Among the criteria are matters such as integrity, effectiveness, decisiveness, common sense, insight, goal orientation, diligence, ability to collaborate, creativity, constructiveness, open-mindedness, ability to summarize vast amounts of data, ability to solve complex problems, communication skills, and leadership skills in the ICANN environment. So also is the capacity to give the time needed to work on the tasks assigned. Also to be considered is status within the term, i.e., new, in middle of term, about to complete term, in second term, in third term.

For the Board Chair and Vice Chair, and committee chairs added to these criteria are: (i) ability to enunciate clearly the wishes of the Board/Committee after orderly debate; (ii) knowledge of the procedures governing the Board and willing to make judgments on issues regarding these procedures; and (iii) capacity and commitment to draw upon the wisdom of all Board Members to reach either a consensus or a majority of opinion on issues presented.

For all committee members, added to these criteria are: (i) knowledge of the issues before the committee; (ii) ability to speak clearly and concisely their opinion on these issues; (iii) ability to make contributions to debate based upon personal experience and wisdom using objective or subjective reasoning; (iv) consideration and respect for the ideas of other committee members; and (v) ability to visualize the outcomes and enunciate the consequences of proposed decisions and actions.

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The task is to fit the people into the roles in a logical way that supports and serves as an incentive for good performance not only of the committee members and the committee chairs, but also of the members who would subsequently serve on these committees.

Attention should be given to where overlap in membership among committees would be valuable. For example, having the Vice Chair of the Board serve on the BGC could be helpful. It would provide overlap of BGC and the Executive Committee. Other Executive Committee members might or might not also serve on another committee or even lead it.

There may be other committees for which overlap with the BGC would be helpful such as the Finance Committee. But the greatest need is for people who have knowledge and an interest in the activities and responsibilities of each Board committee, and who are courageous, constructive, and diplomatic.

Board Liaisons that are selected for committees shall be non-voting members and shall not be counted for purposes of quorum. Any Board Member may be selected as Chair of a Board committee in accordance with the committee's charter.

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Normally a Director will not serve as Chair of more than one committee, but there might be exceptions in certain circumstances, provided that a three-quarters majority vote of the Board is obtained. The Chair of the Board shall be the Chair of the Executive Committee and Compensation Committee.

As a general rule Board Members should not serve more than three consecutive years in the same committee position, but there might be exceptions in certain circumstances.

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In constructing the slate for Board approval, careful consideration will be given to ICANN's Mission, Commitments and Core Values, as well as to geographical, functional, and cultural diversity.

BGC Consultations

Members of the BGC will consult either by means of a survey sent to Board Members and/or by discussions with other Board Members to understand: (i) Board Member skills and interests in relation to tasks of the various committees' and other Board groups' roles and agendas for the coming year; (ii) Board Member suitability for leadership or membership in the committee areas or in leading the Board; and (iii) Board Member performance of the roles/duties assigned to date. This is an effort to align talent with tasks and to serve as an

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incentive for future good performance. A matrix can help to map what is needed with what is available.

For Board committee Chairs, the BGC should look into past performance in these or relevant other roles, leadership capability, skills/knowledge base, credibility of leadership in the substantive areas of the role. The BGC will explore with the proposed Chairs about their willingness to serve, and their ideas for committee composition, but the determination of the committee membership slates will be the judgment of the BGC.

BGC Slating Process

After these consultations, the BGC will discuss the results and develop a proposed slate for Board Chair, Board Vice Chair, committee chairs, committee members, and other Board group members. To help inform the BGC's proposal as it relates to the Board Chair, Vice Chair, and the BGC Chair, the Board will follow the "Board Governance Committee Practice for Board Engagement in Developing Slate for Board Leadership." (See <https://www.icann.org/en/system/files/files/informing-leadership-slate-practice-13aug20-en.pdf>.)

Once the proposed slate is ready, the whole package will be presented to the full Board for discussion (in private) and approval (in public). This is not a rubber stamp act: some conversation is expected; but since all concerned will have been consulted early in the process, there should be an easy path to consensus on the whole slate.

This BGC slating process will take place in advance of the Annual Organizational Meeting. Consultations could start two to three months in advance, sometime in the third calendar quarter. The process will not conclude until after the new Board Members (who will be seated at the Annual Organizational Meeting which is usually immediately after the Annual General Meeting) have been selected.

This process will have three outcomes: (i) the slate for the Board structure for the next year; (ii) better understanding among Board Members of the Board structure and roles in it; and (iii) a part of the Board self-assessment will have been accomplished. The three need to go hand in hand, but the last item is larger in scope than just the preparation for selection of leadership and committee structure and will require additional effort.

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REFERENCE MATERIALS – BOARD SUBMISSION NO. 2021.02.08.2b

TITLE: Revised Board Committee and Leadership Selection Procedures

Documents

The following attachment is relevant to the Board's consideration of the proposed revisions to the Board Committee and Leadership Selection Procedures

Attachment A is the proposed revised Board Committee and Leadership Selection Procedures in redlined format.

Submitted By: Amy Stathos, Deputy General Counsel

Date Noted: 26 January 2021

Email: amy.stathos@icann.org