Registries Stakeholder Group Statement

ICANN Draft FY24-28 Operating and Financial Plan and Draft FY24 Operating Plan and Budget

Date statement submitted[1]: 13 February 2023

Reference url: *https://www.icann.org/en/public-comment/proceeding/draft-fy2428-operating-financial-plan-and-draft-fy24-operating-plan-budget-14-12-2022* .

Background[2]

Documents for input
- **Draft FY24–28 Operating and Financial Plan and Draft FY24 Operating Plan**
- **Draft FY24 Budget**
- Highlights of the Draft FY24-28 Operating & Financial Plan and Draft FY24 Operating Plan & Budget

RySG comments on previous Draft Budgets
- RySG comment on the Draft FY23-27 Operating & Financial Plan and Draft FY23 Operating Plan & Budget (February 2022)
- RySG comment on the Draft FY22-26 Operating & Financial Plan and Draft FY22 Operating Plan & Budget (February 2021)
- RySG comment on the Draft FY21-25 Operating & Financial Plan and Draft FY21 Operating Plan & Budget (February 2020)
- RySG comment on the Draft FY20 Operating Plan and Budget and Five-Year Operating Plan Update (February 2019)
- RySG comment on the Draft FY19 Operating Plan and Budget and Five Year Operating Plan Update (February 2018)

Registries Stakeholder Group Comment

Introduction

The Registries Stakeholder Group (RySG) welcomes the opportunity to comment on the *ICANN Draft FY24-28 Operating & Financial Plan and Draft FY24 Operating Plan & Budget*.

The RySG first provides overarching comments on the document and process, before focusing on individual projects and budget items of concern to the RySG.

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[1] This is a copy of the text submitted via the ICANN Public comment platform.
[2] Background: intended to give a brief context for the comment and to highlight what is most relevant for RO's in the subject document – it is not a summary of the subject document.

I. Overarching comments

Presentation and complexity

The RySG appreciates the effort to provide comprehensive and detailed documentation, and efforts to thoroughly plan and track expenditure. We acknowledge the important improvements in recent years to how the information is presented and shared with the community. We appreciate the optimisation from 15 to 11 Operating Initiatives by merging overlapping initiatives.

This said, the ICANN planning and budget documents remain a massive and challenging amount of information to deal with from a community and volunteer perspective. The Multitude of Operating Initiatives (11) and Functional Activities (33) continue to make it difficult to assess where ICANN is focussing (or not) its resources.

To assist the community in processing the documentation and facilitate a more efficient and effective public comment process we want to reiterate some of our earlier suggestions:

- Red-line document: Replicating the documents' structure and content, and indicating new initiatives, provides transparency. A red-line or comparison version that shows what has changed from year-to-year would be extremely helpful to focus comments.

- Updates on achievements and progress: We appreciate ICANN's feedback on our recommendation to include for items that were initiated in prior years brief narratives and updates on achievements, ongoing actions and plans for the upcoming years, and situate the current state of initiatives compared to its ultimate goal(s). We understand ICANN's concern, as stated in ICANN's feedback to our prior year comments, that the plans and budget are 'forward looking plans with activities, estimated resources, progress measurement to be reported, etc.' and not output reports, and that 'ICANN org reports performance via the CEO Reports to the Board and ICANN's annual Report, which are published on icann.org.'

  We recommend ICANN to bring the information from these reports together in one place, structured according to the structure of the plans and budget. At a minimum, we believe including links to these relevant documents where appropriate in the budgeting documents would be helpful. This will help community members and avoid that they have to track and consult different sources to find this information.

- Public comment questions: Our comments last year suggested ICANN to compile specific questions for key issues on which ICANN org is seeking community input during the public comment proceeding to enhance the focus for specific comments. We were pleased to read in the Report on Public comments about ICANN's intention to 'work with the relevant functional teams to evaluate this suggestion, and where appropriate, incorporate the suggestions in future planning cycles', and would welcome to understand what feedback was received.

Zero base budgeting

Considering that industry growth is expected to be relatively flat for the next years, a zero-based accounting of all ICANN's activities (instead of building a spending plan to match projected revenues) may help to streamline the many spending proposals. The RySG requests ICANN to duly consider this change.

Support Fund for Implementing Community Requirements and Operating Budget Contingency

More detail around the planned expenditures from the Support Fund for Implementing Community Requirements (SFICR) and/or the Contingency line item of the Operating Budget would be appreciated. It is our understanding that these funds are to address Board priorities that weren't anticipated in the budget cycle. What happens when projects take multiple years and the Board adds additional priorities to the list?

Constituent Travel

"4.4.1 Constituent Travel
ICANN provides travel support for selected community members to:
- *Advance the work of ICANN*
- *Provide support for those who might otherwise not be able to afford to attend ICANN Public Meetings*
- *Broaden participation in ICANN's processes*

ICANN.org publishes travel guidelines that form the basis for making travel allocations.
The number, cost, and support of funded seats for Supporting Organization (SO) and Advisory Committee (AC) constituent travel remain at FY23 Budget levels. Likewise, the number of travel seats funded for Fellows and NextGen participants at each of the three ICANN Public Meetings remains the same as FY23 Budget levels."

Noting the specific line item relating to the GNSO allocated finding for constituent travel under section 4.4.1 of the Draft ICANN FY24 Budget, the RySG would request that ICANN specifically considers the inclusion of an increase of funding, sufficient to provide the following travel slots:

Secretariat Travel Support: The RySG currently employs a secretariat for support for our stakeholder group, the salary costs of which are fully supported by the RySG. The RySG, where possible, provides direct funding from our budget to support travel for our secretariat to attend ICANN meetings. Attending the ICANN public meetings is a key part of the support our secretariat provides to the RySG: she coordinates the scheduling of all RySG sessions with the GNSO secretariat, is responsible for disseminating session information and agendas to our membership, manages the participation of remote attendees to the RySG sessions, and develops and distributes materials that support our outreach efforts to engage new members. The funding for the secretariat's travel to ICANN meetings is not always available from our own budget, thus we must operate at ICANN meetings without that important support. Not only does our secretariat provide significant support to the RySG and Contracted Parties House during ICANN meetings, she also provides support to ICANN Staff, namely the GNSO Secretariat, when needed, including by serving as the remote participation manager for both RySG sessions and other GNSO sessions if called upon. We are aware that ICANN provides specific and dedicated funding for full time secretarial support to a number of SGs/SO/ACs. The RySG does not make a request for such a full support, however we would like to request for important supplementary funding for the provision of a dedicated and guaranteed travel slot for ICANN meetings for our secretariat.

Reasoning: Given the vital support provided by the secretariat in both the coordination, running and maintenance of the the RySG, as well as the expectations of the secretariat in furthering the RySG role at ICANN meetings, we respectfully submit that the provision of additional funding for travel to ICANN meetings, specifically allocated to support the RySG Secretariat, is not only of objective benefit to the RySG, but of continued support and benefit the effective achievement of ICANN goals and missions at those meetings. We would therefore formally request an increase in allocated budgets under 'Constituent Travel' in section 4.4.1 to provide permanent funding, specifically for the RySG Secretariat support for travel to ICANN meetings.

II. Comments on individual items

Operating initiative 3: Evolve and Strengthen the Multistakeholder Model to Facilitate Diverse and Inclusive Participation in Policymaking.
FY24-28: p. 19-21 / FY24: p. 131-133

RySG comment:

The RySG expressed concern in its comments on the *Pilot Holistic Review Draft Terms of Reference* and while we reiterate that conducting the review as proposed would be a risk to the transparency and accountability we expect to be at ICANN, we also highlight scope concerns which could lead to increased costs. We understand that the ICANN Board and Staff are in the process of reviewing input to the public comment period and will engage with the community to clarify the scope of the review and agree on the approach to a pilot.

Operating initiative 7: Geopolitical Monitoring, Engagement, and Mitigation
FY24-28: p. 28-30 / FY24: p. 142-145

RySG comment:

The RySG continues to appreciate ICANN's efforts to monitor geopolitical developments relevant to ICANN and the Community.

Operating initiative 9: Implement New gTLD Auction Proceeds Recommendations as Approved by the Board
FY24-28: p. 32-33 / FY24: p. 148-149

RySG comment:

The RySG appreciates that the FY24-28 Operating Plan provides a tentative timeline for the launch and evaluation of the first grant cycle and preparation of the subsequent cycle.   The RySG suggests below (see ICANN Reserves) to return funds to the Auction Proceeds to partially replenish what ICANN diverted to the Reserve Fund in 2018.

> **Operating initiative 11**: ICANN Reserves.
> *FY24-28: p. 36 / FY24: p. 151*

RySG comment:

Reserve Fund - The ICANN Board, in its 2018 resolutions set the target level of the ICANN Reserve Fund 'at a minimum equivalent to 12 months of operating expenses' and agreed on a replenishment strategy 'to increase the Reserve Fund through annual excess from the operating fund of ICANN organization by a total amount of US$32 million over a period of seven to eight years, starting with FY19' and an allocation of US$36 million of Auction Proceeds.

As noted in earlier [comments](#), the RySG is supportive of replenishing the Reserve Fund from surplus operating funds in combination with a diligent cost control of ICANN's expenditure. A financially prudent ICANN - an organization with operating expenses comfortably less than, not equal to, the income in a given financial year - will necessarily be a lower risk operation and therefore a targeted 12 month Reserve Fund is more than adequate to mitigate the appropriate risks. Moreover, the Reserve Fund should be targeted to ensuring the operation of critical core operations, such as the IANA function within PTI, and does not necessarily need to cover all aspects of ICANN's operation.

The RySG notes that there has been an accelerated supplementing of the Reserve Fund compared to the seven to eight years envisaged by the Board, and that with the FY23 US$19M transfer the Reserve Fund balance (US$ 164M) is already well above the 12 month target (US$145).

The RySG suggests returning the excess funds above target, including the additional US$1M in the FY24 budget, to the Auction Proceeds to replenish the US$36M that ICANN diverted to the reserves in 2018.

> **Comments on the ICANN Functional Activities** (p. 37-115)

> **Policy Development and Implementation Support**
> - Policy Development and Advice *(FY24-28: p. 50-53 / FY24: p. 166-168)*
> - Policy Research and Stakeholder Programs *(FY24-28: p. 54-55 / FY24: p. 169-170)*
> - Contracted Parties Services Operations *(FY24-28: p. 56-57 / FY24: p. 171-172)*
> - Technical Services *(FY24-28: p. 58-59 / FY24: p. 173-174)*
> - Strategic Initiatives *(FY24-28: p. 60-62 / FY24: p. 175-177)*
> - Constituent and Stakeholder Travel *(FY24-28: p. 63 / FY24: p. 178-179)*

RySG comment:

Noting the specific line item relating to the GNSO allocated finding for constituent travel under section 4.4.1 of the Draft ICANN FY24 Budget, the RySG refers to its comments above requesting ICANN to include of an increase of funding sufficient to provide dedicated travel support for the RySG secretariat. The secretariat salary is fully funded by the RySG and we are seeking only dedicated travel support for the secretariat.

Summary of Submission:

The Registries Stakeholder Group (RySG) welcomes the opportunity to comment on the Draft FY24-28 Operating & Financial Plan and Draft FY24 Operating Plan & Budget.
We appreciate ICANN's effort to provide comprehensive and detailed documentation in a structured way but remain concerned about the ability of the volunteer community to process the huge amount of information, and effectively comment.
The RySG provides overarching comments as well as comments on individual operating initiatives.