

SOPC comments on Draft ICANN FY26–30 Operating & Financial Plan, ICANN/IANA FY26 Op Plans & Budgets

Introduction

The ccNSO Strategic and Operational Planning Committee (SOPC) welcomes the opportunity to comment on the Draft ICANN FY26-30 Operating & Financial Plan and Draft ICANN FY26 Operating Plan, the Draft ICANN FY26 Budget, and the Draft IANA FY26 Operating Plan and Budget.

The SOP working group was created at the Cairo ICANN meeting in November 2008. The working group became a Committee in November 2017 and the terms of Reference were reviewed and updated in 2022. The goal of the Committee is to coordinate, facilitate, and encourage the involvement of ccTLD managers in ICANN's strategic and operational, planning and budgetary processes. Membership of the Committee is open to representatives from all ccTLD managers (members and non-members of the ccNSO).

According to the SOPC Charter, the Committee may - as part of its activities - on its own behalf take a position and/or provide input on the Public Comment forum, and subsequently relate back to ICANN and/or other Supporting Organizations, Advisory Committees and/or advisory WGs. Therefore, the views expressed in this submission are of the SOPC's only. They are not necessarily those of the ccNSO (Council and/or its membership) nor from the ccTLD community at large, nor individual ccTLD Managers. The SOPC is also mandated through its Terms of Reference to submit a Rejection Action Petition when deemed necessary.

As part of the 2022 review of its Terms of Reference, the SOPC reviewed its working methods. As a result, the SOPC focuses, but does not restrict itself, to those areas of ICANN's planning considered relevant for ccTLDs.

To assist the reader in going through the SOPC's comments, general observations and comments on ICANN's plans are included in section 1 of this submission. Specific comments on the FY26-30 Operating Plan and Financial Plan Strategic Initiatives and Functional Activities are included in sections 2. In Section 3 the SOPC provides its observations and comments with respect to Financials and Budget. Section 4 includes the Comments and Observations relating to IANA's operating plan and budget. If you have any questions with respect to this SOPC submission, please do not hesitate to reach out to us.

On behalf of the Committee,

Andreas Musielak, chair & Irina Danelia, vice-chair of the SOP Committee

1. General Observations

The SOPC again appreciates ICANN's efforts: the documents are well prepared and consistent. Unfortunately, the SOPC notes that the sheer number of different documents makes it very difficult for volunteer participants to provide meaningful contributions. Going forward maybe a simple serialization and linkage process would help to provide a meaningful contribution in time.

It is the SOPC's understanding that the Strategic Initiatives are longer-term, over one (1) year initiatives. We note that compared to last year's operating plans (the FY25-29 and FY25 plans), many of these initiatives, which although developed and undertaken under the FY 21-25 Strategic Plan and under a previous CEO, are again included in the FY26-30 and FY 26 plans. As this is the final year of the current Strategic Plan, and a new CEO has been appointed days before the current public comment period opened, will these Strategic Initiatives be linked to and continue under the FY 26-30 Strategic Plan and under the new CEO?

As noted in previous years the SOPC is pleased to note that in some areas the Key Performance Indicators have matured, but we also reiterate that it remains an area of concern. With 35 Strategic Initiatives and 33 Functional Activities, each again with multiple projects and programs, KPIs are critical for all parties directly involved in these initiatives and activities (Board, staff and volunteers) to understand progress, risks, and success rate over time, and adjust when and where necessary. Related, also in light of the cost-saving efforts, good measurement is critical to understand whether the overwhelming number of tasks is sustainable and - going forward - more importantly should be sustained and can be completed in a reasonable time.

As stated in previous years, members of the SOPC would be willing to participate in a conversation to develop those key performance indicators, which are relevant from a community perspective.

The SOPC understands that under the draft FY 26-30 Strategic Plan, progress of work is a major concern, hence the call for agility. However, in this context taking into account the number of Strategic Initiatives and Functional Activities and the underlying programs, projects and other activities and tasks, the SOPC would appreciate ICANN's view, whether progress is slow because the working methods are not agile enough or there is too much vying for too little resources, both in terms of people and funding.

Related, the SOPC would like to understand whether the Board intends to introduce the mechanism of CEO Goals again to set direction and priorities.

The SOPC welcomes that the FY 26-30 Operating Plan and Budget includes planned activities targeted at ccTLDs, for example capacity-building activities, IANA functions support, and engagement with ccNSO. However, we also note that the potential implementation of both the ccNSO Policies on the introduction of a review mechanism for decisions pertaining to the delegation, transfer, revocation and retirement of ccTLDs and the (de-)selection of IDNccTLD is not foreseen in the Five year plan, nor budgeted for.

The SOPC realizes both policies are currently (February 2025) under Board consideration, but we anticipate adoption in the course of this or next (FY26) Fiscal Year. The SOPC suggests that ICANN plans for the implementation of these policies in the FY26-30 Operating Plan and Budget.

With regard to Strategic Initiatives implementation, the SOPC notes that the description of some of the Strategic Initiatives includes a Project Plan that identifies Activities and Deliverables both in FY26 and 5-year prospective. Additionally, in some the names of Leading Functional Activity are included. It seems logical that the description of Functional Activity would mention these Activities. Deliverables may serve as KPI's. However we failed to find this happening (see concrete examples in comments on Strategic initiatives ## 1, 3, 5 in Section 2 below).

SOPC wonders whether there is another document, not available for public comments, mapping project plans for Strategic Initiatives and resources available by functions or what is the method to ensure resources for the implementation of Strategic Initiatives?

2. Specific Comments on Strategic Initiatives

1. Pilot Holistic Review

The SOPC welcomes that delivering on the Pilot Holistic Review has been turned into a Strategic Initiative and the steps are listed. The SOPC would appreciate a timeline, and whether the work that is ongoing in this area (the Pilot Holistic Review) will not be pre-empted by the launch of the fourth Accountability and Transparency Review (ATRT4). The SOPC expresses its concern and advises against running both implementation work (Pilot Holistic Review) and review of implementation work (ATRT4) in parallel, also in light of the discussions to attract qualified volunteers.

In addition, we failed to see how activities and deliverables planned to implement this Strategic Initiative in FY26 are included in Key activities of the Leading Functional Activity

On page 122 we read:

ACTIVITIES	DELIVERABLES
Pilot Holistic Review Final Report	Sharing of Final Report with Supporting Organization and Advisory Committee chairs Publish and deliver Final Report to Board
Board publishes Final Report for Public Comment	Analysis of Public Comment

LEADING FUNCTIONAL ACTIVITY Policy Research and Stakeholder Programs

However, in the description of this Functional activity on page 176 neither KEY ACTIVITIES nor HOW PROGRESS IS TRACKED sections mention Pilot Holistic Review related activities and deliverables

3. Improving Stakeholder Representation

The SOPC supports this initiative. However it also believes that this initiative as included is ambitious and broad, and lacks a clear timeline. The SOPC is also aware of various initiatives undertaken by Supporting Organizations and Advisory Committees and/or their subgroups, in this area, and would have expected that coordination with these initiatives to be included as an item to create synergies.

In addition, we failed to see how activities and deliverables planned to implement this Strategic Initiative in FY26 are included in Key activities of the Leading Functional Activity

On page 124 we read:

ACTIVITIES	DELIVERABLES
Current Stakeholder Analysis	Comprehensive map and categorization of existing and potential stakeholders

LEADING FUNCTIONAL ACTIVITY Engagement Programs

Description of Engagement Programs Functional Activity (page 187) does not mention Stakeholder Analysis among activities planned for FY26 or stakeholders map and categorization as a target deliverable.

5. Improving Community Engagement and Retention

The SOPC notes that this strategic Initiative is included in the description functional activity, of Improving Community Engagement & Retention’ but no project plan activity included to provide for it under the functional activity. In addition, the SOPC notes that the Review of 15 years of data is noted as a deliverable in the review of NextGen@ICANN Program, but not as a key activity for this item.

6. Academic Engagement

The SOPC notes that the deliverables relating to academic engagement are included in the FY26 Operating Plan but do not seem to be included in FY26-30 Engagement Program KPIs or measures.

7. New Skills and Leadership Training for the Community

The SOPC does not see any mention of allocation of funds for new skills and leadership training. It is also noted that it is not marked for ‘execution’ in Appendix A. Marked ‘To initiate Planning in FY26. The SOPC suggests seeking greater clarity on whether any new funds are available and also on timeline to ensure accountability, and when the program is expected to start.

8. Developing Pathways to Community Leadership

The purpose of the ICANN initiative is to identify the leaders is not clear to the SOPC.

Will these leaders be gathered within the ICANN community? It would be important to know the criteria for identifying the leaders and who defines the criteria for the selection and understand what is the role and responsibilities of communities and ICANN.

9. Coalition for Digital Africa

The SOPC welcomes initiatives to enhance the Internet Infrastructure in the regions. The SOPC urges ICANN and others to coordinate this and other initiatives. For that matter we refer to our comments on the Initiative to redesign Regional Events.

13. Geopolitical Monitoring, Engagement, and Mitigation

In the view of the SOPC there should not be duplication of effort considering all the activities that already exist, DNS forums and other regional activities (see also the SOPC comments on Strategic Initiative 30).

The SOPC suggests that there needs to be robust and strategic push and support to enable reach out and build presence and relevance on a regular basis especially in the highly volatile political and policy-making spaces that render new faces every so often.

We also note that to have a significant impact at national and regional level adequate resourcing will be needed. As stated before, the SOPC believes this is needed to execute ICANN’s WSIS +20 agenda

The SOPC reiterates that it believes there is a need to reflect on these engagement efforts, including on when and how individual ccTLD managers should/could be part of these efforts to build and

support effective global engagement activities with local governments and IGOs. In previous comments the SOPC noted this will to a large extent avoid counter-productive engagement efforts

17. Improve ICANN Org Agility

The SOPC notes that this strategic initiative is included as a Strategic Objective under the draft FY26-30 Strategic Plan, and a core role is envisioned for the Office of President and CEO. The SOPC would like to understand if and how the initiative and objective relate to each other, and what to expect.

19. Evaluating ICANN's Funding Structure

The SOPC notes that no concrete plans are described in this strategic Initiative. We suggest that ICANN explores more concrete activities related to this Strategic Initiative. KPIs are defined for most initiatives in the "How Progress is Tracked" sections. However:

- Some KPIs lack specificity (e.g., funding structure evaluation does not include financial metrics).
- The evolution of the KPIs compared to previous years is minimal for certain recurring activities.

The SOPC suggests refining KPIs to focus on actionable and measurable outcomes. Highlight year-over-year improvements or new metrics added to enhance accountability.

20. Improving Forecasting and Financial Planning

With respect to this Strategic Initiative the SOPC notes that details on how financial assumptions and external economic conditions influence projections are missing as well as specific methodologies for initiatives like improving forecasting and financial planning.

21. Ongoing Cost Controls

The SOPC notes that no concrete plans are described under this Strategic Initiative. The SOPC requests ICANN to explore more concrete activities related to this Strategic Initiative. We suggest that ICANN provides more clarity about this initiative.

23. Ecological Responsibility

The SOPC supports this initiative.

24. Universal Acceptance and Internationalized Domain Names

The SOPC notes that the slow uptake of IDNs is mainly due to the lack of hardware and application support that would support usage of non-ASCII characters in the URL and e-mail addresses and – related - an unclear value proposition. The SOPC would suggest that ICANN itself would directly and indirectly put more effort in reaching out to the hardware and software providers and others in the value chain, to get their support to change the value proposition of IDNs for the customers.

26. Identifying Opportunities to Enhance the Stable and Secure Operations of Unique Identifiers & 27. Evolve Understanding of the Identifier System Landscape

The stable and secure operations of unique Identifiers is a base to a secure and reliable internet and to build and maintain trust in the internet. The SOPC encourages ICANN to prioritize this activity and to closely follow proposed actions.

28. Technological Development Assessment and Responsiveness

In general, the ccTLDs have always been aware of the importance of cooperation between ccTLDs and others to share knowledge on DNS related technologies to improve security and stability of DNS and ccTLD operators. To that end ccTLDs have collaborated regionally through the ccTLD regional organizations and globally through the ccNSO, to promote DNS technologies, security and new approaches.

As two points in case, at the end of 2023 CENTR established the European TLD ISAC (TLD Information Sharing and Analysis Center) and the ccNSO organized tabletop exercises on business continuity for ccTLDs.

Looking at these efforts, the SOPC would encourage ICANN to work closely with ccTLDs directly or through ccNSO or/and regional organization to achieve this strategic activity. For example, ICANN's proposal to create business incentives to promote the adoption of DNSSEC will require a coordinated plan between ccTLDs and their respective registrars, particularly emphasizing the need for collaboration.

30. Regional Events Redesign

The SOPC understands the need for ICANN to host regional events, and their potential to add value to stakeholders in a region or sub-region. However, the SOPC wants to express concerns, which if not addressed, may diminish the value of these regional events for ccTLDs in a region. These concerns are:

- Too many regional meetings – The members of the SOPC noted that in addition to the global (ICANN) meetings where ccTLDs from across the regions meet, most ccTLDs meet at meetings organized by the regional ccTLD organizations (AFTLD, APTLD, CENTR and LACTLD). Attending additional regional events cannot be justified by most ccTLDs, both from a perspective of costing and continuity of operation. The SOPC was informed that in some regions ccTLD Regional Organizations and ICANN representatives start to work together, to explore how cost can be reduced and other measures can be taken to increase the impact and efficiency. The SOPC suggests that in redesigning the regional events ICANN works closely with regional organizations (not limited to the ccTLD RO's for that matter).
- Lack of coordination – Related, and although anecdotal, some ccTLDs have experienced that a local event was organized in their country, relating to DNS, of which they were not informed. The SOPC acknowledges that ICANN regional events do involve and attract representatives of multiple stakeholder groups, however it is also the experience from across the various regions that when ccTLDs are involved, the meetings are more focused. To ensure regional meetings, whether in the current format or in a redesigned format, the SOPC urges ICANN to ensure timely sharing of information.

Finally, to ensure that regional events do add more value to the region, the SOPC urges ICANN to consult ccTLDs, Regional Organizations and others on a regional basis, to develop the design criteria for amending the regional events.

31. KINDNS, Domain Metrica and Identifier Technologies Health Indicators (ITHI)

The SOPC supports ICANN's plan to proactively identify potential security risks that could compromise the Internet's unique identifier systems and take measures to address or minimize these threats.

33. Implementation of the Recommendations of the RSS Governance Working Group (RSSGWG)

The SOPC believes that implementation of the RSSGWG recommendation is of high importance to security and stability of the DNS and will closely follow next steps in this process.

35. Support Coordinated Plans to Address DNS Root Server System Attacks

Since security and stability is of greatest importance for registry operators, SOPC welcomes all the activities to address DNS Root Server System attacks.

3. Comments relating to the FY 26-30 Financial Plan and FY26 Budget

In general, we consider the FY 26 budget to be sound and stable. At the same time, however, we also see some room for improvement.

Starting with the basic approach of how the global economy and market are expected to develop. Therefore, we propose to use in general not only external metrics (like World Bank assessments) for the future market assessment, such as mentioned at the ICANN Planning meeting of 17 December 2024 'ICANN to Host Webinars on the Draft FY26-30 and FY26 Operating Plan and Budget', but also the expertise of ACs and SOs and other contracted parties, such as the expertise of ccTLD managers and regional organisations such as CENTR.

In general the SOPC supports the approach to further reduce the funding level (funding) for ICANN operations to \$142 million (forecast FY25 - \$145 million) while there is potential for an increase, e.g. ICANN org plans to discontinue the 10 percent discount on Variable Accreditation Fees.

The SOPC is neutral on the planned 3% fee increase as it intends to increase the fees paid by contracted parties beginning in January 2025 for registry operators and beginning July 2025 for registrars. This is subject to the parties involved. Therefore, the SOPC also supports the non-consideration for the FY 26 budget.

The SOPC notes that this year only the "activity based" reporting chart was included. As was stated in our comments last year, the SOPC welcomed the introduction of the "activity- based" reporting. However, at the time we requested to continue to include the "traditional view". We regret to see that the chart with the "traditional view" has disappeared. To facilitate the comparison of both the activity- based reporting and traditional view of allocation to activities, the SOPC requests that both views (as charts) are included going forward

The SOPC notes that while the budget allocations are well-documented, there are some gaps and we suggest that:

- The assumptions driving changes in specific expense categories may need further elaboration.
- Metrics for assessing the Return of Investment of certain strategic initiatives (e.g., the New gTLD Program) are not detailed.

Further, the SOPC notes that major projects, such as operational readiness for the New gTLD Program and Universal Acceptance initiatives, appear aligned with strategic goals. However:

- The cost-recovery basis for the New gTLD Program should be clarified to ensure transparency in fund allocation and usage.
- Investments in DNS security and compliance are substantial but justified given their critical nature.

Additionally, we suggest that ICANN conducts a cost-benefit analysis for high-priority projects to confirm alignment with organizational objectives.

The document is consistent in structure and layout with previous years and follows ICANN's established formatting conventions for presenting strategic initiatives, functional activities, and

financial details. However a notable change is the removal of the one-year functional activity resource tables from the main sections, which is now consolidated in the FY26 Expense by Service Group Worksheet. We suggest that ICANN ensures that all stakeholders are aware of the relocation of resource-specific details to avoid confusion.

The SOPC notes that approximately 50 percent of ICANN org's travel and meetings costs are related to support the hosting of the three ICANN Public Meetings a year. The SOPC is pleased to note that cost-saving measures, such as the reduction of attendance of ICANN staff to meetings, have already been implemented and other measures are considered (Reduced attendance of ICANN org staff at ICANN Public Meetings and implementation of an overall meetings strategy that creates efficiencies through actions like co-locating events at a single site and utilizing existing resources such as ICANN offices for event space).

At the same time, approximately \$14.4 million will be spent on planned ICANN meetings in FY26 (page 25). The increase (4.4.2 ICANN Public Meetings) for the FY26 budget for the three public meetings from USD 13.8 million in FY 25 to USD 14.4 million in FY 26 is appropriate, as the actual figures have exceeded the budgeted figures in recent years. We therefore propose to identify further potential savings to reduce cost pressures on the budget in addition to a 2-year fixed planning schedule for the ICANN meeting.

The SOPC is pleased to note that cost-savings initiatives have already been launched, which - if fully implemented - are expected to result in savings of around 10 million dollars per year. We understand that the following cost-savings initiatives were mentioned:

- Reduced personnel expenses, which include a reduction in force that took place in May 2024, a freeze of pay increases in FY25, and a reduction in backfilling vacant roles.
- Reduced attendance of ICANN org staff at ICANN Public Meetings and implementation of an overall meetings strategy that creates efficiencies through actions like co-locating events at a single site and utilizing existing resources such as ICANN offices for event space.
- Identifying and reducing professional services and administrative expenses where feasible.
- Active management of product and service to negotiate lower costs for ongoing expenses, removing outdated or duplicative products and services, and exploring replacement products and services that can offer equal or better performance at reduced or similar cost.

The SOPC would like to point out on the above points that ICANN should ensure that reduction in force and the freeze of pay increases do not undermine ICANN's mission.

The SOPC also recommends that the position "cost savings" (page 14) of \$3.0 million which are needed to balance the FY 26 budget then be secured in advance for future budgets through cost-saving measures rather than through measures in the current budget year.

Personnel costs

SOPC also welcomes the adapted and therefore forward-looking personnel planning, which focuses on the efficient and sustainable use of personnel.

The chart on page 11 shows the resources needed for the implementation of the next round of new gTLDs and will reach the number of 51 employees in FY 26.

As described, these employees are needed to ensure implementation of the next round of new gTLDs. The SOPC therefore wonders how this staff will be allocated in the future after final implementation.

In addition, SOPC would like to understand how the personnel costs are distributed among the four ICANN Activities mentioned in Activity based reporting (Community and Engagement, Internal Operations, Technical Mission, Policy Implementation).

Grant Program

In the SOPC's view, the costs for implementing the grant program are too high compared to the amount that is subsequently distributed among the applicants, totaling 20% of the overall budget. This has already been pointed out in the last public comment rounds.

What are the plans of ICANN for future budgets of the grant program?

Travel expenses

Please explain the rationale for determining the appropriate number of travel slots and other costs per community group? What is the basis for allocating the current number of slots and budgeting for other community events?

4. Comments regarding FY 26 IANA's Operating Plan and Budget

The SOPC welcomes the current budget format, which aligns with typical ICANN/IANA reporting standards, featuring sections such as objectives, initiatives, expense breakdowns, and year-over-year comparisons. This format facilitates the year-to-year comparison.

The SOPC notes that the Strategic Initiatives in the budget tie directly to the broader goals of the FY26–30 Strategic Plan. This reflects that for capacity building, operational improvements, and stakeholder engagement are adequately budgeted.

The initiatives are well-aligned with the stated goals. However, the SOPC suggests that going forward, all listed initiatives remain measurable, actionable, and sufficiently funded.

The SOPC supports the inclusion of the major expense areas such as staffing, IT systems, and operational continuity. They are justified within the strategic context. However, we do suggest that:

- Large projects with multi-year funding might need closer scrutiny for cost management.
- To include additional explanation of cost-efficiency measures.