

ICANN's FY20 Operating Plan and Budget ccNSO SOPC feedback 4 February 2019

Introduction

The ccNSO Strategic and Operational Planning Committee (SOPC) welcomes the opportunity to comment on ICANN's FY20 Operating Plan and Budget.

The Strategic and Operational Planning group was created at the Cairo ICANN meeting in November 2008. The working group became a Committee in November 2017. The goal of the Committee remains the same in 2018: to coordinate, facilitate, and increase the participation of ccTLD managers in ICANN's strategic, operational, planning and budgetary processes.

According to the revised [Charter](#) published on 1 November 2017, the Committee may, as part of its activities, hold a position and/or provide input on the public comments forum. It may then relate to ICANN (or other supporting organizations and advisory WGs) on its behalf. The views expressed, therefore, are not necessarily those of the ccNSO (Council and its membership body) or the ccTLD community at large. Membership of the Committee is open to all ccTLD managers (members and non-members of the ccNSO).

SOP Committee members

- Giovanni Seppia, .eu (Chair)
- Wafa Dahmani, .tn
- Irina Danelia, .ru
- Stephen Deerhake, .as
- Philip Du Bois, .be
- Russell Haworth, .uk
- Roelof Meijer, .nl
- Andreas Musielak, .de
- Abdalla Omari, .ke
- Barrack Otieno, AfTLD
- Barbara Povše, .si
- Pablo Rodriguez, .pr
- Leonid Todorov, APTLD
- Mary Uduma, .ng
- Michael Vassilakis, .gr
- Jordan Carter, .nz
- Sean Copeland, .vi

Executive summary

- The ccNSO-SOPC welcomes the extended comment period which takes into account the publication of the Plan prior to a holiday break in several countries.
- We also welcome the improvements to efficiency to which the CEO refers in his introductory letter.
- Regarding the ICANN FY20 Operating Plan and Budget, we continue to notice considerable differences within the text, especially in the 'Risk and Opportunities' sections. Internal training and/or refined guidelines may assist the departments towards a better understanding of narrative consistency under the various headings. This would improve upon the consistency of overall content and would have a direct impact on its accessibility.
- We appreciate the prudent approach for staff and the Reserve Fund replenishment.
- KPIs should be further improved – or even introduced – for some of the objectives.
- Further clarity would be appreciated when the work of the GSE and GE departments is being presented.
- The considerations within the Plan for the enforcement of GDPR, including the ways ICANN.org should cover expenses associated to its implementation, may lead to questioning the aptness of the ICANN office distribution and its capacity to anticipate community needs.
- The Five-Year update contains elements that suggest progress against the organization metrics and performance.

ICANN FY20 Operating Plan and Budget

We have examined the proposed draft highlights, employing the following criteria:

1. Realism (fiscal soundness);
2. Relevance (how well the draft reflects and focuses on the community's needs);
3. Consistency (how it matches the objectives and goals set by the plan).

Our preliminary observation is that ICANN acted appropriately in listing figures for FY19 as baselines for its FY20 projections. In so doing, the draft should be commended for its amplified fiscal realism. Paragraph 3.1.2 specifically is a perfect reflection of this realism, as both the projected FY19 funding and expenses are significantly lower than the respective figures in the adopted FY19 budget.

We acknowledge that significant cuts are scheduled for ICANN staff – an element of substantial concern for the SOPC over the past years. Cost reductions are therefore a step in the right direction. Equally positive is the decision to leave PTI staff costs untouched, which will be appreciated by a community demanding the best value for money. Likewise, major items directly or tangentially associated with the community's needs have remained untouched.

We would also like to commend the effort to retain contingency at the planned level.

The trend to a greater fiscal realism may in some respects seem short-term, as far as the draft FY20 budget. With cuts ranging between € 0.3 and € 0.5 million projected across major items, staff costs increased to nearly match the proposed FY19 figures (€ 70 m vs. € 70.5 m,

respectively). This reduces fiscal realism and practically rules out the hope for austerity with regards to personnel. Once again (with reference to the chart in paragraph 6.2), it is clear that ICANN will hire more staff, to whom few resources will be allocated to technical functions. Concurrently, an increased headcount in the area of internet governance is somehow required to adapt policies to regional requirements. Furthermore, the automatic annual 3 % salary adjustment might be reviewed in light of the financial landscape.

Concerning cost breakdown across major activities, we have detected two interesting patterns. On the one hand, significant increases occur mostly across technical rather than administrative operation (which, once again, should be commended in view of the six modules and major activities thereunder in the drafted 2020 Operating Plan). On the other hand, there are a couple of notable exceptions: Governance Support, for example, which is up by USD 0.9 m, may need further substantiation. Indeed, it is unclear whether ICANN's corporate governance meets the expected standards and/or is in need of radical improvement, or whether ICANN is facing new challenges of which we should be made aware. Another exception is the USD 0.5 m increase for the 'Global Stakeholder Engagement'. On numerous occasions, the SOPC has reiterated the need for unambiguous indicators of measurement for ICANN's efforts in this area. We fail to see, however, development and/or refinement of those KPIs.

Regarding funding projections, we continue to recommend a prudent approach. The lowest estimates seem to remain relatively positive despite current domain name trends suggesting other scenarios.

We support ICANN's plan to continue replenishing the Reserve Fund. Furthermore, we favour the proposal to retain excess money from auctions, and the unused money from the initial filings, in order to further replenish, with the community's consent, the Reserve Fund. These actions would be able to keep ICANN and IANA operational via the Fund in the event of fiscal loss.

To recapitulate the major points: the FY20 Budget appears more realistic, conservative and transparent than in the previous years. Moreover, it is better aligned with the six modules and major operations thereunder.

Specific comments:

- Page 5, section 1 reads, 'The modules do not describe all of the organization's planned work for FY20. They include only some of the activities that are of particular interest to the ICANN community.' It would be beneficial to know the criteria on which ICANN has assessed the interest of the community and, therefore, the selection of its activities.
- Page 8, under Module 1, reads, 'These engagement strategies help to define the goals and priorities for the annual work plans in those regions.' We would like to ask you on what basis ICANN decided to drop the strategies for other regions and, as they are no longer in place, what process does ICANN follow to define priorities in the regions that are not covered by any short/medium/long-term strategy.
- We would like to request clarification regarding efforts that are in place to prevent overlap in the plans/actions of the GSE and GE departments.
- Page 12 reads, 'Demand-driven requests for capacity-building workshops and thematic and technical skills will increase in FY20. In FY18, GE developed a mechanism to receive and define these requests and work collaboratively with regional GSE team members and OCTO to design and deliver these workshops.' We feel that this suggests that efforts should be better streamlined.

- Page 10 reads, 'From all regions, ICANN receives important requests for technical capacity development and ongoing engagement from its GSE and OCTO. We also receive more requests for technical and policy training, general ICANN knowledge, and sponsorships.' We would be grateful to learn how these requests are assessed, prioritized and approved.
- As the ICANN office in Geneva placed 'a senior team member in Brussels to address European Union and European Commission regulatory decisions and to serve in the European arena', as suggested in the past we believe that ICANN should run a cost/benefit analysis of having an office in Geneva before moving forward with the renewal of its rental agreement.
- Page 13 reads, 'Technical Engagement will prioritize development of [a] "think tank"' – is more information available about this?
- On page 14, the text under the 'Global Stakeholder Engagement' and 'Government Engagement' fails to address the 'Risk and Opportunities' which the two departments may face when developing their activities. The content under 'Risk and Opportunities' varies considerably from department to department across the Operating Plan. Thus, we recommend that the ICANN Finance team produces and/or refines the guidelines which should be instrumental to the various teams to determine what to include under such heading.
- The priorities of the Policy Development Support and GDD (page 22) are well-formulated and clearly delineated.
- Page 35 reads, 'Since the scope of GDPR requirements is not finalized, there may be unforeseen program costs. Any changes to business practices as a result of the GDPR are considered part of the normal course of business. In this case, contingency dollars will be allocated to GDPR.' We are quite puzzled by this sentence. It is true that ICANN is still in the process of discussing the extent of GDPR implementation against its functions and databases. Nevertheless, at this stage, ICANN should have developed various scenarios for the enforcement of GDPR, including a budget estimate for each scenario, especially considering that GDPR passed into law in 2016.
- Page 37 reads, 'Personnel often provide subject matter expertise to mitigate identifier system abuse.' Receiving some figures concerning this activity would be beneficial.
- Assessing the budgetary view, we fail to see which cost- and resource-optimization efforts ICANN plans to roll out. This has been a long-standing comment and recommendation of the SOPC.

Comments on Draft FY20 Five-Year Operating Plan update

We compared:

- 1) The third update (adopted FY19).
[*Internet Corporation for Assigned Names and Numbers \(ICANN\) Adopted Five-Year Operating Plan Update - FY19 \(.pdf\)*](#)
- 2) The fourth update (proposed Draft FY20 Update).
[*Internet Corporation for Assigned Names and Numbers \(ICANN\) Draft FY20 Five-Year Operating Plan Update \(.pdf\)*](#)

General comments:

- This is the fourth update of the five-year 2016-2020 Operating Plan. The ICANN Board approved the third update in May 2018. Compared with the third update, the document at hand contains the intended status end FY19 for each of the 16 strategic goals in addition to updated activities for FY 19 and some FY20 goals. Additional metrics are described for some of the strategic goals.
- Overall the document appears well-structured and well-drafted.
- It would make it much easier to comment on the proposed document if one does not need to read both (the old and new version) in parallel and search for changes. Is there a reason for not publishing a document where changes from the adopted version are highlighted? We believe this would add some transparency; it would make it much easier to participate and save considerable time when comparing the two versions.
- The first two strategic goals in the fourth update document (1.1 and 1.2) are better formulated and easier to understand compared to the third.
- Comparing metrics per strategic goal between this update and the third, we are happy to conclude that ICANN developed improvements in this area. The number of parameters is rather large: many are relevant and quite specific; few remain vague.
- Comparison of the 'Planned FY' with 'Intended Status at end of FY19' overview for each strategic goal shows that ICANN performed well concerning its FY19 Operations Plan. There are no genuinely significant shortcomings, while on specific strategic objectives that have been developed more than planned.
- Comparing 'FY20 Planned' in the third update with 'FY20 Planned' in the fourth update demonstrates ICANN's work. Some changes involve more specific wording, while the others are added activities that are foreseen for FY20.
- The Operating Plan should consider a system that regularly captures the skill sets of existing and new community members (who are mostly volunteers) with the objective of aligning/matching them with the strategic objectives that can benefit from those skill sets as a way of enhancing 3.3 and 4.4 (Section 2 FY20 Operating Plan and Budget).

Specific comments per strategic objective:

- 2.2: The two additional metrics seem to be rather vague. We are glad to notice that more achievements are intended for the end FY19 than initially planned (mainly on new identifiers). We support the three new activities (publications) included in FY20.
- 2.3: 'FY20 Planned' is missing (probably in error).
- 3.3: We welcome the newly-added metrics.

- 4.1: We support the addition of two specific activities for FY19 (plan & intended), ECOSCO and IGF 2018.
- 4.2: We are glad to notice more details in both FY19 Planned and Intended Status (HLGM, HLGM, GAC).
- 4.3: We are glad to notice the specific activity added for FY19 (plan and intended), to create a legislative and regulatory tracking mechanism to monitor initiatives that may affect ICANN's scope.
- 5.2: We are glad to notice the eight specific and detailed metrics added here. We support the two new activities for FY20, specifically regarding privacy/data protection and WS2 implementation.
- 5.3: Improvements to metrics are welcome here. We support the three activities added for FY20, specifically education/capacity development, ICANN Fellowship, Next Gen and Newcomer Programs and Public Interest initiatives.