ICANN´s FY21-25 Operating and Financial Plan
ccNSO SOPC comments
24th February 2020

Introduction

The ccNSO Strategic and Operational Planning Committee (SOPC) welcomes the opportunity to comment on ICANN's FY21-25 Operating and Financial Plan.

The SOP working 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: to coordinate, facilitate, and increase the participation of ccTLD managers in ICANN's strategic and operational, planning and budgetary processes.

According to the revised Charter published on 1 November 2017 (https://ccnso.icann.org/sites/default/files/field-attached/sopc-charter-01nov17-en.pdf) the Committee may, as part of its activities, take a position and/or provide input on the public comments forum, and subsequently relate back to ICANN or other supporting organisations and advisory WGs on its own behalf. The views expressed, therefore, are not necessarily those of the ccNSO (Council and membership) 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)
- Sean Copeland (.vi)
- Wafa Dahmani, .tn
- Irina Danelia, .ru
- Stephen Deerhake
- Philip Du Bois, .be
- Atsushi Endo, .jp
- Russell Haworth, .uk
- Dmitry Kohmanyuk, .ua
- Landry Kouadio Assi, .ci
- Roelof Meijer, .nl
- Andreas Musielak, .de
- Biyi Oladipo, .ng
- Abdalla Omari, .ke
- Barrack Otieno, AfTLD
- Barbara Povše, .si
- Pablo Rodriguez, .pr
- Leonid Todorov, APTLD
- Mary Uduma, .ng
- Michael Vassilakis, .gr

Observers
- Jordan Carter, .nz
- Nicholas Lisse, .na

Background

On 19 July 2019, the SOPC submitted their comments on the 'Draft Operating Initiatives for the development of the 2021-2025 Operating and Financial Plan'. The main challenge was to assess initiatives that were:

- presented with a limited set of information and did not describe their milestones and, above all, the resources required to develop them;
- not prioritised;
- missing the rationale that led to 16 initiatives moving forward and the others discarded.

At the ICANN meeting in Montreal, and during a call that took place in Q4 2019, the SOPC discussed a possible approach for submitting comments on the ICANN FY21-25 Operating and Financial Plan. The high-level approach is outlined below.

- General Logic of the Plan. General sweep of 5 Year Plan to check, for each of the main areas, whether the general logical train is adhered to as follows:
  Strategic Objective > Strategic Goals > Activities > Targeted Outcomes > Strategic Risks.
- Analysis of gaps in the Operating Initiatives.
- Assessment of Operating Activities.
- Focus on key areas.

Comments on the FY21-25 Operating and Financial Plan

Generic

We would like to commend ICANN for having improved the quality of the Plans considerably over the past ten years, both in the quality of the information and the transparency. At the same time, the Plan has become a monumental document that makes the contribution of the large community very difficult.

We notice that the headcount remains at 410 HR for the coming five years. While we appreciate the ICANN effort to stabilise the HR, we recommend regular reviews of the HR to evaluate if staff are able to cope with existing and future challenges.

Operating Initiatives

In terms of the 15 Operating Initiatives of the 35 Targeted Objectives, we still fail to understand whether ICANN has applied prioritisation logic, and whether the allocation of budget takes into account their importance. As a matter of fact, we believe that not all the Operating Initiatives are equally important. A cost/benefit analysis of each Initiative may facilitate the understanding of its relevance against the Objectives.

The Operating Initiatives seem like a balanced scorecard but without the 'balancing'; furthermore, it is unclear how measurable these Operating Initiatives and Targeted Objectives/activities are. Adding clear KPIs in all cases will be an extra step towards transparency. We encourage ICANN to set a publicly available scorecard for each part of the Operating Plan, to enable the community to keep track of the progress of the Initiatives, as it has been done in the past. The tracking mechanisms presented in the Plan are quite limited. A final, high-level report of the previous Operating Plan cycle would be desirable to have an overview of the achievements, changes in the Plan, and, above all, lessons learnt.

In terms of resources allocated to the Initiatives, we would recommend intermediate levels between the low and high estimates for each.

We encourage ICANN to introduce a specific objective and initiative to become a fully environmental-committed company that monitors its carbon footprint and promotes green values across its system, starting from the meetings that are held at worldwide level.

The five-year financial estimate for the Operating Initiatives includes Mid-point, High and Low figures. We wonder what the assumptions behind these figures are. For some Operating Initiatives, High and Low figures are just +/- 33 %, but for others the proportion is different.

The Strategic Plan FY 021-2025 document uses 'top-down' presentation: Strategic Objective > Strategic Goals > Targeted Outcomes. The Operating Initiatives described in Operating Plan are connected with Targeted Outcome, but there is no clear explanation about the Strategic Goal and Objective /SO that each Operating Initiative should support. As such, the reader takes additional time and effort to find the connection and to understand whether Strategic Goals are supported by Operating Initiatives. It would be useful to have information (possibly a user-friendly, accessible infographic) to show the connection between Operating Initiatives, Strategic Goals and Strategic Objectives.

Additionally, if Strategic Objectives, Strategic Goals, Operating Initiatives and Targeted Outcomes were numbered, it would be easier to refer to them and find matches during review.

We were not able to find any Operating Initiative that aims to support the following Targeted Outcomes mentioned in Strategic Plan:

- *ICANN org's geographical presence and international strategy continue to effectively support ICANN's global community.*
- *Widespread understanding of the ICANN multistakeholder model is established through increased communication with relevant organizations and institutions.*
  (from the description of Strategic Goal *"Sustain and improve openness, inclusivity, accountability, and transparency",* Strategic Objective *" Improve the effectiveness of ICANN's multistakeholder model of governance").*
- *ICANN has processes and tools in place to effectively prioritize and periodically reprioritize its work.*
- *Community's engagement in prioritization and decisions about affordability measurably increases.*
- *Funding, expenses, and reserves are addressed in each plan in a manner consistent with policies, Board decisions, strict financial responsibility, and conservatism.*
  (from the description of Strategic Goal *"Sustain and improve openness, inclusivity, accountability, and transparency",* Strategic Objective *" Ensure ICANN's long-term financial sustainability").*

Comments on specific Operational Initiatives

1. Operating Initiative: *Evolve and strengthen the ICANN community's decisionmaking processes to ensure efficient and effective policy making*

The purpose of this initiative is rather vague, on the same level as the Strategic Goal. The KPIs of the section 'How progress is tracked' are all quantitative rather than qualitative (recurring SOPC comment).

2. Operating Initiative: *Develop Internal and External Ethics Policies*

It seems that this Operating Initiative aims to ensure the implementation of Strategic Goal *Strengthen ICANN's bottom-up multistakeholder decision-making process and ensure that work gets done and policies are developed in an effective and timely manner* (only Targeted Outcomes '*ICANN Board and org continue enhancing transparency initiatives and upholding accountability', 'ICANN community enhances their transparency practices to increase cross-community accountability and trust'*).

The objective and scope of 'Ethics Policy' remains unclear. We believe that the equivalent to an Ethics Policy for the community already exists, for example 'Expected Standards of Behavior'. Given this fact, there is a need to define what kind of 'policy' ICANN.org is going to develop further. The efforts to establish the perfect 'Ethics Policy' may become endless. The SOPC has already commented, during the first public comment period in July 2019, suggesting that this should fall under the 'Operating Activities' (currently renamed 'Functional activities') and we still believe that it should.

3. Operating Initiative: *Promote and Sustain a Competitive Environment in the Domain Name System*

We fail to see the logic between the next application window/the new gTLD Programe and the evolution of the unique identifier systems/competitive environment. We recommend ICANN develops more sound studies about the past and future impact of new gTLDs.

4. Operating Initiative: *Root Zone Management Evolution*

Certain elements of the initiative seem to overlap and/or be similar with the Operating Initiative 'Promote Domain Name System Security Extensions and increase its deployment'.

5. Operating Initiative: *Universal Acceptance*

It seems that this Operating Initiative aims to ensure the implementation of Strategic Goal *Foster competition, consumer choice, and innovation in the Internet space by increasing awareness of, and encouraging readiness for Universal Acceptance, IDN implementation, and IPv6.* We would like to have more in-depth explanation on the steps that are mentioned in the section HOW PROGRESS IS TRACKED. With reference to the action '*Undertake remediation of technology over FY21 to FY23*', we would appreciate clarification on the meaning of 'remediation of technology'.
Regarding the training foreseen in the Initiative, the Plan should be more specific about its distribution and possible target attendees.
We believe that at least one review and assessment of the results should be conducted during the five-year period, with the aim of checking the effectiveness of the efforts and, eventually, adjusting the communication strategy (i.e. is the technical community still the target audience or the focus should be moved to web-site holders and end-users?).
We are surprised and concerned to see a reduction of the expenses allocated to these initiatives: the UA budget in FY 2020 is 1.2 million vs only 0.4 million per year in FY 2021-2025.

6. Operating Initiative: *Evaluate, align and facilitate improved engagement in the Internet ecosystem*

This Initiative is a copy of similar actions that ICAN has committed to develop in past Plans. Nevertheless, it would be highly desirable that the findings of the first two actions (FY21: Complete a cross-functional inventory of relationships in the Internet ecosystem and FY21 to FY22: Assess the current mechanisms and identify gap) under 'How Progress is tracked' are shared with the community when the yearly Operating Plans are produced.

7. Operating Initiative: *Through Targeted Engagement Improve Governments and Intergovernmental Organizations (IGOs) Engagement and Participation in ICANN*

It seems that this Operating Initiative aims to ensure the implementation of Strategic Goals *Identify and address global challenges and opportunities within its remit by further developing early warning systems, such as ICANN org's Legislative and Regulatory Development Reports* and *Continue to build alliances in the Internet ecosystem and beyond to raise awareness of and engage with global stakeholders about ICANN's mission and policymaking.*.

The entire 'How the progress is tracked' is a *deja-vu* from past Plans. In further detail, we would like clarity on certain KPIs, beginning with 'Metrics related to the number of countries and intergovernmental organizations represented in the GAC as well as the number of countries and IGOs actively participating in GAC and ICANN policy processes.'

8. Operating Initiative: *Monitor Legislation, Regulation, Norms, Principles, and Initiatives in Collaboration with Others that May Impact the ICANN Mission*

It seems that this Operating Initiative aims to ensure the implementation of Strategic Goal*Identify and address global challenges and opportunities within its remit by further developing early warning systems, such as ICANN org's Legislative and Regulatory Development Reports*. The Initiative is far too broad, making it overly ambitious. ICANN itself acknowledges the challenges of delivering against this Initiative. In the Considerations section is found the following: 'Limited ability to provide briefings, technical trainings, and other engagement efforts in some political structures'. We would sincerely recommend that ICANN learns from lessons from the past (e.g. GDPR legislation by the EU) to properly train its staff in the regional hubs to anticipate the possible implications of local and/or international legislations on its work and/or on stakeholders. The work done by CENTR to inform its membership should be seen as exemplary.

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

It seems that this Operating Initiative aims to ensure the implementation of Strategic Goals*Implement a five-year Financial Plan that supports the five-year Operating Plan* and *Develop reliable and predictable funding projections*.
We would recommend ICANN continue to rely on the intelligence that might be provided by the various stakeholder groups in terms of understanding the long-term domain name market drivers. Again, the intelligence produced at the CENTR membership level has proven to be sound and very professional. A regular session at each ICANN meeting with DNS industry leaders could help ICANN in this task significantly.

10. Operating Initiative: *Implement New gTLD Auction Proceeds Recommendations as Approved by Board*

None of the items listed in this section of the Plan under 'goals and targeted outcomes' are in fact measurable, so there are no targets. Additionally, none of these items seem to be a direct outcome of the Initiative. While we strongly believe that Action Proceeds will be allocated in accordance with principles mentioned among targeted outcomes (i.e. 'Funding, expenses, and reserves are addressed in each plan in a manner consistent with policies, Board decisions, strict financial responsibility, and conservatism' and 'ICANN prioritizes its activities to deliver its mission in the global public interest in the most cost-effective way'), the proceeds will most probably be spent to support projects in other areas.
The targeted outcome for this initiative should be derived from the Proposed Final Report of the new gTLD Auction Proceeds Cross Community Working Group https://www.icann.org/en/system/files/files/proposed-new-gtld-auction-proceeds-final-23dec19-en.pdf that mentions the following: '*Benefit the development, distribution, evolution and structures/projects that support the Internet's unique identifier systems; Benefit capacity building and underserved populations, or; Benefit the open and interoperable Internet.*'
We fail to see how the items listed in the Plan follow up on the recommendations.

11. Operating Initiative: *Planning*

The Complexity of ICANN at the organisational level and, consequently, the complexity of the planning process makes meaningful contributions from the community difficult – perhaps even impossible – and limited in scope. Therefore, we strongly recommend that

ICANN includes 'How to make the planning processes more accessible to the community' as a key goal of this Initiative.

12. <u>Operating Initiative:</u> *ICANN Reserves*

We commend the ICANN Finance team for having a plan that follows up on what has been agreed.

Specific questions

Does ICANN.org need to spend 18 million USD a year to consultants under 'professional services'?

Does ICANN need all these offices worldwide? Their added value should be assessed regularly as we do not see a precise, long-term strategy about local presence.
In the FY 2021 Budget we have not found any data on expenses by Operation Initiative.

The highlights of the FY21-25 Operating & Financial Plan and FY21 Budget documents mention 35 Functional activities. However, we have counted 36.

Comments on the Functional Activities that are the most relevant to ccTLDs within the five service groups:
- Technical and DNS Security
- Policy Development and Implementation Support
- Community Engagement and Services
- ICANN org Governance
- ICANN Shared Services

<u>Technical and DNS Security</u>

Office of the CTO
- Breaking the operational activities into external and internal operations is appropriate and should be kept throughout all other sub-sections.
- Providing support, training, engagement and outreach is an excellent idea. We recommend ICANN coordinates these efforts with other bodies already committed to similar actions, including regional organisations (ROs) to achieve maximum impact.

ICANN Managed Root Server
- We believe that (Item 1) 'Supporting the evolution' and (Item 2) 'Facilitating improvements of the DNS ecosystem' must include coordination with ccTLDs to increase the chances of success at a local level. The mid-point level of invest of $ 4.5 and 6.0 million USD seems a good starting point.
- Tracking the number of ICANN Managed Root Servers (IMRS) instances deployed annually is one good measure of achieving the objective.
- Concerns about hiring and retaining personnel may be offset by collaborating with the technical arms of ROs and/or ccTLDs.

Internationalized Domain Names and Universal Acceptance
- Developing and undertaking training for technology developers and email tools for service providers to promote Universal Acceptance (UA) readiness is a much-needed activity to increase the inclusion of the next billion users. Again, full coordination with ccTLD at the local level would be valuable to achieve the desired objectives.

IANA Functions

- "Activities" and "How the Progress is Tracked" sections duplicate each other. Considerations: one of them, namely 'Losing personnel' can significantly impact the function. Most roles in the team lack redundancy and filling positions when personnel depart has often proved challenging. This element seems to be particularly worrisome and is not mirrored in the respective Strategic Goals.
- Collaborating agreements with the technical committees within the ROs may reduce the risk of loss of personnel.

Policy Development and Implementation Support

Policy Development and Advice

- With reference to 'Providing neutral advice on procedural and strategic approaches for successful consensus-building and effective policy outcomes', ICANN is not supposed to be an arbiter – rather, it should be an unbiased advisor.
- The statement 'Professional services are a cost-effective, flexible way to supplement full-time personnel resource requirements and allow for organizational efficiencies in driving improvement efforts and should be considered along with additional hiring' (p.80) seems to contradict the statement about technical and DNS services on pages 73-74 that states 'in-house services ensure economies of scale'. Is the conflict due to the different nature/features of these different departments' operation?

Policy Research

- Why is the focus exclusively on new gTLDs?

Global Domains Division Strategic Programs

- Interest and participation in the new gTLD Program measurably increase as indicated by inquiries and new entrants in the round- whether it is a strategic objective or a desired outcome is not clear.

Constituent and Stakeholder Travel

- We fail to see how ICANN measures the success of the financial support to constituent and stakeholder travel (recurring SOPC comment).

Community Engagement and Services

The concept of resource optimisation is completely missing from the entire service.

Global Stakeholder Engagement

- "Each regional office needs one team member added to support its work" is too general of an estimation.
- Increased funding needed for GSE should also include ccTLDs, not only new gTLDs.
- Close collaboration with ROs can increase local presence while increasing the number of capacity development and training events to regional stakeholders.
- Close collaboration with ROs can maximize DNSSEC regional training and local adoption by TLDs, ISPs, and others.

Regional Offices

- This could be merged with item 1, because their targets are almost identical.
- Collaboration to address engagement gaps (with ROs), develop an engagement gaps matrix, and incorporate into an organisation-wide platform is an excellent initiative.
- Consider a collaboration with ROs to reduce the need for resources such as regional personnel, administrative support, shared office spaces for face-to-face meetings.

Public Responsibility Support

- The Fellowship program is an excellent vehicle to get more ccTLD operators to participate in-person in ICANN meetings.

Consumer Safeguards
- With reference to DNS security threats and combating DNS abuse, we recommend proper interaction with the ccTLD community as this is an area of increasing importance for us.

Global Communications and Language Services
- We suggest ICANN coordinates the actions with ROs to improve the use of translated materials.

ICANN org Governance

Board Activities
- We recommend reviewing this section to include corporate governance, accountability and integrity mechanisms as well as a code of conduct.

Office of the President and CEO
- No reference to the internal communication function within ICANN.org.

Complaints Office
- The Complaints Office handles complaints regarding ICANN org that do not fall into an existing complaint mechanism, such as Contractual Compliance, Request for Reconsideration, or the Office of the Ombudsman. The establishment and operation of this Office should still be questioned. According to its intermediate report, there have been 36 complaints filed and considered since its onset (i.e. roughly 12 per year). Meanwhile, the number of its staff remains unidentifiable and thus also its current and projected effectiveness.

Strategic Planning and Strategic Initiatives
- There is no reference to the review of the implementation of past strategic initiatives and projects. A review of trends is not sufficient to streamline and improve operation.

Accountability Reviews
- The recommendations must be prioritised and their effectiveness evaluated.

ICANN Shared Services

Operations Planning
- Internal Audit & Control may require additional resources. We believe that this function should also report to the Audit & Governance committee to ensure checks on the work performed. Systems to increase oversight and add additional insight on effectiveness are hard to challenge.

Finance and Procurement
- It is believed that resources are expected to increase in FY21 but it is not clear where the need is greatest.

Engineering and Information Technology
- There is a shift to trying to make the team and associated projects led by internal staff. There is no issue with that, but it is believed that we should support them in funding career training and development; otherwise there will be hiring and retention issues.

Global Human Resources and Administrative Services
- It is surprising to learn that of the 35 offices, 19 are US state offices. There must be opportunities for consolidation (this also applies to offices located outside the US).

Security Operation
- An absence of cyber security strategy or focus was identified. Consequently, a clear explanation is required in order to know more about what they are doing to keep the business and related operations secure. The narrative of this section suffers from a considerable gap.