

Xavier Calvez
Chief Financial Officer
ICANN

15 February 2021

Dear Xavier,

**Statement of the Generic Names Supporting Organization Council on
ICANN's Draft FY22-26 Operating & Financial Plan + Draft FY22 Operating Plan & Budget**

The Generic Names Supporting Organization (GNSO) Council welcomes the opportunity to provide input on those aspects of the draft FY22-26 Operating & Financial Plan ("FY22 OFP") including the draft FY22 Operating Plan & Budget ("FY22 Budget") that are of relevance to the GNSO Council's remit. Thus, while this statement is made on behalf of the GNSO Council, our comments are intended to complement, and not replace, any input that may be provided by individual GNSO Stakeholder Groups and Constituencies.

This comment was prepared by the Council's Standing Committee on Budget and Operations (SCBO), whose membership includes both Councilors and Subject Matter Experts from across the GNSO. The SCBO focused its efforts on exploring whether or not the resources directed at policy development are appropriate, both in relation to current workload, and in view of planned policy activities for FY22 and the risks or threats to the fulfillment of the GNSO Council's responsibilities within ICANN's larger mission and remit.

General Comments:

- The GNSO Council recognizes and takes seriously its responsibilities as a part of the Empowered Community in ensuring ICANN's accountability not only to the GNSO's communities, but to the global community overall.
- These comments are focused on issues directly related to the role of the GNSO Council. As set forth in ICANN's Bylaws, the GNSO "shall be responsible for developing and recommending to the Board substantive policies relating to generic top-level domains" and the GNSO Council "is responsible for managing the policy development process of the GNSO." As highlighted in last year's comments a significant aspect of the GNSO Council's responsibilities is to serve as a manager of the various policy-making and implementation projects. In this respect, expenses related to staff, travel, and resources such as software and non-ICANN employed consultants, are important data points for the GNSO Council to understand. It is also extremely important that the ICANN Finance and Planning team coordinates with the GNSO Council to be prepared for expenses related to these projects.
- As we have mentioned in previous comments, as part of its review, the GNSO Council examines the proposed budget to understand what resources have been allocated to each GNSO Stakeholder Group, and to the other Supporting Organizations and Advisory Committees. In prior years, that information was available to the community in the proposed budgets. However, this information is missing in the FY22 Budget. The GNSO Council requests that this level of information be provided. Although we have budget experts drawn from the various GNSO constituencies as part of the SCBO, we find it is difficult (as noted in prior comment submissions) without greater detail to approximate the levels of financial support

provided directly and indirectly to the various Supporting Organizations, Advisory Groups, and associated Stakeholder Groups and Constituencies. This information is essential for each of these groups, including the GNSO Council to hold ourselves, and others, mutually accountable.

- The GNSO Council further appreciates the Fiscal Year Budgets and the Operating & Financial Plan are being presented in a uniform manner. For instance, the Operating & Financial Plan contains 15 Operating Initiatives that describe how ICANN org will achieve the objectives and goals set out in the ICANN Strategic Plan, including low, midpoint and high fiscal year and five-year financial estimates. These uniform sections and information will allow the GNSO Council through the SCBO's work to track and discuss comments and requests that it made in the previous year and in future years.
- Finally, the time window for the SCBO review always occurs between the last ICANN meeting of the calendar year and the first ICANN meeting of the following year. In the spirit of continuous improvement for future budget and planning cycles, the SCBO will now aspire to be active year-round, which may include, for example, earlier collaboration with ICANN Org prior to the release of the draft budget and planning documents to better inform ICANN Org of anticipated resource needs within the GNSO. The SCBO is cognizant that this increased activity may impact already stretched resources and before making commitments, The SCBO will collaborate with the GNSO Council to consider the expanded scope of work and further collaborate with the SOPC to prevent duplication across both Supporting Organizations.

Specific Comments Related to the draft FY22-26 Operating & Financial Plan:

In the GNSO Council's comments on the Five Year Strategic and Operating Plan ("5YS&OP") it identified the following specific issues that are applicable to the FY22 OFP:

- Evolve and Strengthen the Multistakeholder Model to Facilitate Diverse and Inclusive Participation in Policymaking
 - OFP Issue 1. Maintain adequate staffing for Policy Development Support. See also FY22 Budget Issue 2. In FY22 the level of resources allocated to this Functional Activity indicates 34 FTE and \$7.1M USD. In various sections throughout the FY22 OFP, the document states that "extended operations by the Policy Development Support department's 35 full-time employee (FTE) level runs the risk of: (i) Lower levels of service to the community and regional disparity; (ii) Delayed policy and advisory outputs; (iii) Community frustration and loss of active participants.; (iv) Potential team member burnout. "The GNSO Council notes that over the next several years the Community will need to be engaged in a growing number of workstreams. Further, some of these work streams are highly technical or divisive and the GNSO Council wants to ensure that there are processes and tools in place and consistently utilized by the Community to reach consensus, resolve impasses, and make timely, informed, and effective decisions that are in the global public interest, take policy advice into account, and ensure consistency with ICANN's Mission and Bylaws. As such, the GNSO Council recommends that additional budget, number of FTEs, or outside contractors are placed into the FY22 OFP for the next five years.

- OFP Issue 2. Strategic Priority should be given to collaboration between the GNSO Council, ICANN Org’s Policy Development Support and the ICANN Board and Community on prioritization and planning for anticipated future work. Similarly, the GNSO Council notes that there has been no increase in the FY22 OFP as it pertains to expenditures to increase collaboration and planning for future ICANN Policy Work. The GNSO Council notes that the following program management tools have been developed: Program Management Tool (PMT), Action/Decision Radar (ADR), Project List, and Action Items. However, it is not clear how much budget is allocated to continuous development of the technology platforms devoted to tracking and analysis of the projects from the policy development and implementation support efforts. The GNSO Council requests that this information is provided to it.

- OFP Issue 3. Examine the benefits of Face-to-Face Meetings. In its FY21 comments the GNSO Council acknowledged the usefulness of dedicated face-to-face meetings for certain policy efforts and commented that “[a]lthough the expense of such meetings is more immediately felt, ICANN should examine whether long-range cost savings can be achieved through greater efficiencies and shorter PDP periods from such face-to-face meetings. Due to the COVID-19 Pandemic, in FY21 no Face-to-Face Meetings were held and the GNSO Council is aware that ICANN Org has undertaken feedback from the ICANN Community concerning such remote participation meetings. The GNSO Council will await the results of such a survey and recommend that its data be utilized to look for cost savings where remote participation has served the ICANN Community well. Whilst the virtual meeting format has generally enabled GNSO’s work to proceed during the pandemic, there is also recognition (through community survey, the meeting strategy approach etc.) that either some specific policy issues have been more difficult to address ‘virtually’ or community engagement has proved more challenging, both at SO/AC and SG/C levels. As a result, consideration may be given to specific community or PDP F2F meetings in addition to ICANN F2F meetings to make the expected return-to-normal more ‘efficient and effective’.

- Evolve and Strengthen the ICANN Community’s Decision-making Processes to Ensure Efficient and Effective Policymaking
 - OFP Issue 4. Ensure that the annual Operation and Financial Plan provides Working Group Chairs with tools and support to ensure effective and efficient leadership. In the GNSO Council’s FY21 comments, the following non-exclusive list of tools and support were identified: additional staff resources, software tools, advice from legal/consultants, independent facilitators and data or research. For instance, independent facilitators successfully helped consensus-building during EPDP on the Temporary Specification for gTLD Registration Data face-to-face meetings and supported this EPDP’s leadership. With respect to software tools, the GNSO Council asserted that a cloud-based project management tool that can be integrated with existing ICANN systems, such as CRM software connected to dashboard(s) to visualize workload and metrics to assist with prioritization, is an essential tool to keep track of its complex and numerous workstreams. With respect to personnel, in its FY21 comments, the GNSO Council recommended an FTE program manager and project manager to support PDP management (including WG chairs and policy staff),

and the GNSO Council. The GNSO Council was disappointed that an FTE program manager was not hired and reiterates its recommendation for FY22. If this request is denied, the GNSO Council requests a written explanation as to why.

- Planning at ICANN

- OFP Issue 5. Adequately funding planning and project management oversight. In its FY21 comments, the GNSO Council suggested that ICANN should set aside a substantial line-item budget for planning and project management oversight. The FY21 OFP indicates that

The number of ICANN org resources involved over the five-year plan period are expected to increase as compared to the previous five-year plan period. This is to accommodate the need for operational alignment, prioritization, increased number and quality of plans, and increased communication. Limited external resources will be needed to help with education, skills, and facilitation at the beginning of the period as internal capabilities ramp up.

Resources for this initiative are included within the functional activities of the financial plan core budget and therefore no incremental resources are needed.

The GNSO Council reiterates its suggestion that a line-item entry for planning and project management oversight be added or that these specific resources be identified. This will allow the GNSO Council to evaluate and track the funding of this important resource. Furthermore, the GNSO points out that ICANN acknowledged both in the FY20 and FY21 OFP that ICANN resources dedicated to planning would be increasing. However, no increase appears to be built into the FY22 OFP.

Specific Comments related to the draft FY22 Operating Plan & Budget:

In the GNSO Council's comment on the FY21 Budget, the following issues were identified:

- Policy Development and Advice

- Budget Issue 1. The initiatives, tools and resources associated with PDP 3.0 should be explicitly individualized in the activities to enable the GNSO Council to adequately evaluate whether the recommended changes associated with PDP 3.0 are being adequately funded. Whilst the FY22 OFP provides numerous statements supporting ICANN Org's commitment to "improve multistakeholder model processes, such as Policy Development Process 3.0 (PDP 3.0)", there still are not specific references permitting the GNSO Council to verify that PDP3.0 improvements are funded under the FY22 Budget. This level of detail is lacking. The GNSO Council requests additional detail and insight into future budgets to determine whether PDP 3.0 initiatives, tools and resources are funded in the yearly ICANN Budget.
- Budget Issue 2. Maintain adequate staffing for Policy Development Support. In the GNSO's comment on the FY21 Budget, the GNSO Council remarked that with respect to Policy Development the total budget for FY21 was the same as for FY20, \$6.9M and 35 FTE. See ICANN FY21 Operating & Financial Plan at p. 245. However, the FY22 Budget reports that there were 34

FTE dedicated to Policy Development in FY21 and that the budget was \$5.1M for personnel and \$1.4M for non-personnel (for a total of \$6.5M). The GNSO Council would appreciate an explanation as to why budgeted expenses for Policy Development dropped by \$.4M. In addition, the FY22 Budget holds FTEs steady at 34 and increases personnel and non-personnel budgeted expenses by \$.6M, which appears to be an insufficient increase given the amount of Policy Development work the GNSO is facing for FY22. Lastly, the FY22 Budget indicates that Non-personnel expenses are \$1.7M. The GNSO Council requests details as to what activities make up these expenses. Further, the GNSO Council notes that prior years' budgets had detail to "Project ID number" and were grouped by portfolio and project. This level of detail should be provided in a spreadsheet format.

- Policy Research
 - Budget Issue 3. Last year the GNSO Council questioned whether 4 FTE and \$500,000 is sufficient allocation of funds to support data, research, and study project requests for implementation work for the Competition, Consumer Trust, and Consumer Choice Review Team (CCT-RT) recommendations on data collection, Phases 1 and 2 of the Temporary Specification for gTLD Registration Data Expedited Policy Development Process Team (EPDP), and the anticipated policy recommendations from the New gTLD Subsequent Procedures PDP. For FY22, the GNSO Council notes that Policy Research has been combined with Stakeholder Programs and questions whether 8 FTE an \$1.8M USD is sufficient allocation of funds to support data, research, and study project requests for implementation work for Phases 1 and 2 of the Temporary Specification for gTLD Registration Data Expedited Policy Development Process Team (EPDP), and the anticipated policy recommendations from the New gTLD Subsequent Procedures PDP and RPMs PDP (the latter is not reflected, but there also will be the implementation of the multi-year effort of RPMs PDP).

- Constituent and Stakeholder Travel
 - Budget Issue 4. In its FY21 Comment, the GNSO Council requested additional information to understand the criteria by which some events are listed under the Constituent Travel functional activity, while others were not. The GNSO Council suggested that criteria be explained or that all events be listed, which is a critical component to transparency. Again, for FY22 the same events are listed with the addition of the GNSO/GDD Summit: Placeholder for SO/AC Additional Budget Requests - \$300,000, NARALO General Assembly in Seattle - \$40,200, LACRALO General Assembly in San Juan - \$142,800, GNSO – GDD Summit/Working Sessions - \$113,440, and CROP Program - \$50,000. The GNSO reiterates its request for additional event details, if any.

- General
 - Budget Issue 5. The GNSO Council further notes that the Contingencies section for the FY21 Budget was 4% of total expenses and had some analysis of upcoming work streams. The FY22 Budget has no such analysis and has maintained the same without discussion concerning the

appropriateness of the 4% contingency. The GNSO Council requests an explanation of the factors used to determine an adequate contingency amount.

- New Issues
 - Budget Issue 6. The GNSO Council notes that there is an entry of \$5.5M USD for the FY22 Budget for Incremental Operating Initiatives. The GNSO Council requests specific details as to the allocations across the eight Operating Initiatives that show funding throughout the five-year plan.

Conclusion

The GNSO Council appreciates this opportunity to share our perspectives on these important issues. As the GNSO is a part of the Empowered Community we look forward to reviewing all inputs from the public comment process which addresses ICANN's broader strategy and budget. Finally, the GNSO Council would be happy to answer any clarifying questions that you may have regarding the contents of this document.

Yours sincerely,

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GNSO Council Chair