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Chief Financial Officer
ICANN

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Dear Xavier,

**Statement of the Generic Names Supporting Organization Council on
ICANN's Draft Five Years Strategic and Operating Plan + FY21 Draft Budget**

The Generic Names Supporting Organization (GNSO) Council welcomes the opportunity to provide input on those aspects of the draft Five Years Strategic and Operating Plan (5YS&OP) including the draft Budget for fiscal year 2021 (FY21) 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 FY21 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 overall to the global community.
- As we have highlighted in previous comments, we have taken great care to examine the proposed budget to understand what resources have been allocated to each GNSO Stakeholder Group, and to the other Supporting Organizations and Advisory Committees.
- 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." A significant aspect of the GNSO Council's responsibilities is to serve as a program 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 team coordinates with the GNSO Council to be prepared for expenses related to these projects. Likewise, in order for the GNSO Council to appropriately prioritize and schedule its work, and the work of the community in policy development processes (PDPs) and implementation and

review teams (IRTs), ICANN should start to measure the time and value of the volunteer time and resources dedicated to ICANN.

- 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) 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 funding for the Operating Initiatives is forecasted to take about 5% of ICANN’s funding by FY25. While it is comparatively small to what is spent on personnel (more than 55%), it nevertheless represents several millions of dollars. In that sense, it matters to the GNSO Council that the cost of those Operating Initiatives be reasonably justified. However, the explanations for the numbers put forward often lack in detail. They may represent a good or fair estimate of the actual cost, but it also matters that the community be able to evaluate whether such an amount represents a proper use of ICANN’s resources. For example, reporting that an unidentified part of the \$4 to \$5 million dollars planned for evolving and strengthening the multistakeholder model will be spent on “consultant costs” and “implementation relating to the recommendations and outcomes,” the GNSO Council is not able to evaluate whether this is a good use of ICANN’s resources. Overall, we are less concerned with the precise accuracy of the numbers, and more with their justification.
- We are satisfied that ICANN is planning on keeping a stable headcount throughout the FY21-25 period, given the uncertainties as to its revenue and the domain name industry in general.
- The GNSO Council appreciated that the FY21 Budget and 5YS&OP referencing certain enumerated Operating Initiatives and Functional Activities. This concept was very useful in examining portions of these documents relevant to the GNSO’s work. With respect to the 5YS&OP, the low, mid and high range estimates were useful to gauge overall expenses over the next 5 years; however, we were not able to compare these figures to past cycles to discern trends and the details concerning the figures that made up such estimates were not made available. Probably, the most valuable information provided was the number of full-time equivalents (FTE), personnel expenses, and non-personnel expenses for Functional Activities in the 5YS&OP. However, again this information did not allow insight into their components or comparisons to prior years.
- With respect to the FY21 Budget, it was useful that the document contained information to allow the GNSO Council to compare FY20 expenses to FY21 expenses. However, the data is provided at a very high-level (personnel, professional services and contingency). The GNSO Council requests data (possibly via a hyperlink in the document) that would allow it to better understand the figures underlying these numbers. The GNSO Council would appreciate insight into what line items make up these figures and the ability to compare them to previous years. For instance, the GNSO Council was unable to determine whether its yearly Strategic Planning Session was now part of the FY21 Budget.

Specific Comments related to the 5YS&OP:

The GNSO Council has identified the following Operating Initiatives that are directly related to the policy-making role of the GNSO Council:

- Evolve and Strengthen the Multistakeholder Model to Facilitate Diverse and Inclusive Participation in Policymaking
- Evolve and Strengthen the ICANN Community’s Decision-making Processes to Ensure Efficient and Effective Policymaking
- Planning at ICANN.

1. Evolve and Strengthen the Multistakeholder Model to Facilitate Diverse and Inclusive Participation in Policymaking.

The GNSO Council is committed to improving the multistakeholder model policy development process in a manner that ensures diverse and inclusive participation in policymaking. As identified in the GNSO Policy Development Process 3.0 Final Report, long-life cycle large working groups are taxing working group members and communications amongst a diverse global group has its inherent problems. As such, The GNSO Council applauds the targeted outcome of establishing “mechanisms, such as an accurate measure of community participation, to equitably distribute workload among the pool of stakeholder representatives.” It is critical that the Community and ICANN Org has a better understanding of the work, hours and value of the Community members’ participation. In terms of resources, the GNSO Council supports ICANN Org’s Policy Development Support team collaborating with the ICANN Board and Community on prioritization and planning for anticipated future work. Strategic priority should be given to accomplishing this much needed coordination.

The GNSO Council notes that the 5YS&OP makes no mention of efforts to develop solutions to “culture, trust and silo” issues. As noted in Evolving ICANN’s Multistakeholder Model Work Plan in Appendix C, we can assume that resources needed to address this issue also include volunteer time, ICANN Org staff time and support and budget for meeting space and logistics. In its strategic planning, the GNSO Council acknowledged the usefulness of dedicated face-to-face meetings for certain policy efforts. Although 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.

Finally, the GNSO Council encourages ICANN to maintain adequate staffing for Policy Development Support which is indicated to require at least 35 FTEs.

2. Evolve and Strengthen the ICANN Community’s Decision-making Processes to Ensure Efficient and Effective Policymaking.

The GNSO Council also fully supports the goal of ensuring efficient and effective participation in the policy development work of ICANN. In particular, we were pleased to see reference to improvements to the multistakeholder model processes through efforts such as Policy Development Process (PDP) 3.0.

For Instance, one objective of the PDP 3.0 Final Report was to “empower WG Chairs with additional tools and support to ensure effective and efficient leadership”. Although one targeted outcome tracks this objective, it would be useful to provide greater specificity that these tools include, but are not limited to, 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 believes 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, the GNSO Council recommends an FTE program manager and project manager to support PDP management (including WG chairs and policy staff), and the GNSO Council.

In addition, a strategic goal that should impact resources related to this Operating Initiative is developing tools and processes to build compromise by creating incentives to compromise. Although outside the scope of this comment, the GNSO Council is evaluating specific requests relating to such tools. For instance, there has been discussion about developing a conflict-free bench of trained and skilled PDP chairs, as well as, training materials and modules on chairing skills, conflict resolution, time management, and resources/guidelines for best practices.

3. Planning at ICANN.

The GNSO Council understands that ICANN org strives to improve the quantification of resources, evaluation of needs, prioritization, flexibility, and transparency of the management of ICANN’s resources and activities. As an initial matter, the GNSO Council notes that the 5YS&OP indicates that “resources for this initiative are included within the functional activities of the financial plan core budget and therefore no incremental resources are needed.” However, given the importance that the ICANN Board has placed upon the current draft proposal on Resourcing and Prioritization of Community Recommendations, in which the Board suggests an effectiveness framework that includes ideas to facilitate resourcing and prioritization of recommendations in the future, and the five year roadmap, the GNSO Council suggests that ICANN should set aside a substantial line item budget for planning and project management oversight.

Noting that this is the second iteration of a 5-year strategic plan at ICANN, it may be appropriate for an initial section to be provided to outline Key Lessons Learned from the last 5-Year Operating Plan and Budget. Such a Lessons Learned section could include the extent to which objectives were met and how certain risks were mitigated. This section could also reflect how financial projections have performed among other outcomes.

4. Other Operating Initiatives.

The GNSO Council recognizes that ICANN Org has limited budget and resources. Therefore, other Operating Initiatives are competing with scarce resource allocation. To this point, while supporting the development of an internal and external ethics program, the expense and duration of this initiative appears to be extensive. Additional details and the line item estimates of expenses would be appreciated.

Specific Comments related to the FY21 Draft Budget:

With respect to the 35 Functional Activities of ICANN, the following 3 activities under the Policy Development and Implementation Support service group are related to the role of the GNSO Council:

- Policy Development and Advice
- Policy Research
- Constituent and Stakeholder Travel

1. Policy Development and Advice

As an initial matter, with respect to Policy Development and the total budget for FY 21 is the same as for FY20, \$6.9M and 35 FTE. There is a difference in the allocation, Personnel increased in \$0.3M and Non-Personnel decreased in the same amount. We suppose this is due to an increase in the cost of Personnel, but that should have been considered with an increase of the whole budget.

The GNSO Council asserts that the Name Collision Analysis Project should not be included in this section of the FY21 budget as it is not a Policy issue.

The GNSO Council asserts that it is important the initiatives, tools and resources associated with PDP 3.0 should be explicitly individualized in the activities, and not just mentioned as an example. This would enable the GNSO Council to adequately evaluate whether the recommended changes associated with PDP 3.0 are being adequately funded. With the current budget, the GNSO Council can only discern that 35 FTEs will be devoted to Policy Development Support and that Non-Personnel expenses have been allocated \$1.7 million.

2. Policy Research

The GNSO applauds the Board's commitment to not only provide support to implementation of consensus policy recommendations, but also highlighting policy research as a separate and necessary function. The GNSO also supports that the budget includes milestones which are set forth to track the progress and that the timing of these milestones depends on identified factors such as community comment and Board consideration. That being said, the GNSO would like to see a greater emphasis and detail in the budget as to the impact of milestones not being met and a description of contingencies if milestones are not met. Moreover, the GNSO Council questions 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.

3. Constituent and Stakeholder Travel

The GNSO Council observes that the numbers of allocated travel seats have slightly increased since FY20, as most SOs and ACs have obtained one or two more travel slots per meeting.

As the numbers given for FY21 are described as being the same as FY20, the GNSO Council would like to inquire on the rationale behind the increase and whether they were done according to some criteria. For example, the GAC remained at 40 seats; the Fellowship and NextGen programs remained at 45 and 15 seats respectively; the GNSO obtained one more seat, from 48 to 49 funded travelers, a 2% increase; the RSSAC obtained 2 more seats, from 4 to 6, a 50% increase.

In reviewing this section of the FY21 Budget, the GNSO Council notes that it needs to better understand the criteria by which some events are listed under this functional activity, while others or not. The GNSO Council suggests that criteria are explained or that that all events be listed. This is a critical component to transparency.

In addition, similarly to our other comments on the numbers presented in the 5YS&OP, we highlight the fact that the Constituency Travel section of the FY21 presents the figure of \$2.4M dedicated to constituency travel, without relating that figure to anything presented in the budget. Conversely, the budget presents two figures, that of \$2.2M and \$2.7M, the latter inclusive of certain one-off items, without relating those to what is found in the Operating 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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