



IPC Reply Comments on
ICANN FY2014 Operating Plan and Budget
Friday, June 21, 2013

We support many of the comments made by the ISPCP and Business Constituencies and by the Registries Stakeholder Group. All these aforementioned comments reflect a common theme and fundamental concern: ICANN proposes to increase its spending by 24% in the year to come but provides inadequate explanation of where these funds will be spent. The basic question of where this money will go must be clarified in the revised FY2014 Operating Plan and Budget.

In addition, the IPC seeks clarification on the issues listed below, and supports the following public comments:

“DNS industry engagement”

- As RySG notes (comments on slide 23) this term is undefined.¹
- ISPCP notes (p.3) the risk of overlap and redundancy.²

IPC’s concern is broader. Because they have been unable to clearly define “DNS industry,” ICANN leadership has too often given the impression of blurring the line between the ICANN multi-stakeholder model and a guild association for registries and registrars. IPC members are not part of the “DNS industry” by any plausible definition, but depend upon the secure and stable operation of the DNS to do the business they are in.

Throughout its history, ICANN has consistently provided far more support, staff and attention to contracted parties than to non-contracted parties. IPC is concerned that the focus on “DNS industry engagement” will exacerbate this trend. A clear definition and explanation of how this money will be spent are required.

¹ See Comments of the Registries Stakeholder Group, at: <http://forum.icann.org/lists/comments-op-budget-fy14-10may13/pdfXiFxTLQJIQ.pdf>

² See Comments of the Internet Service Provider and Connectivity Providers Constituency (ISPCP), at: <http://forum.icann.org/lists/comments-op-budget-fy14-10may13/pdfXm07HOn3yQ.pdf>

“Global stakeholder engagement”

- ISPCP (p. 1): these rapidly expanded efforts have not been coordinated with SOs and ACs, and specifically not with our constituency or SG.³
- Large expenditure categories, like “Implement Regional Strategies to Engage Stakeholders Regionally” (\$5.5 M) need to be broken down further and explained (see BC, page 3).⁴

In addition, IPC notes in response that new senior staff appointments for “stakeholder engagement” are announced very frequently. We request more information as to the responsibilities of these additional staff members. Further, we have been informed that, *after* the FY14 budget is approved, Sally Costerton (who leads stakeholder engagement globally) will present to the ICANN community a detailed plan that explains the \$5.5M budget expense. This is backwards. The draft plan should have been (and should be) provided with the Operating Plan and Budget to enable the ICANN community to assess the \$5.5M budget request. Finally, “Global Stakeholder Engagement Planning”, which accounts for \$1.8M, is a mystery that must be explained if the community is to comment intelligently on the budget. .

“Operations Excellence”

- Isn’t this a “catch-all for overhead” (ISPCP page 4)⁵: in which case why does it receive 10 times the funding of “multi-stakeholder model evolution”?
- RySG comment on slide 30⁶: “Other Programs for Effective Business Operations” receives almost \$7 million, 44% of the entire Effective Business Operations portfolio. No one can intelligently evaluate such a budget without further explanation.
- Similarly, what does the \$2.4 million for “Executive Office Functions” (slide 30) encompass?

“Compliance”

IPC has consistently focused on the need for adequate resources and authority for contract compliance. Many others share this view (including BC, GAC, etc.), and it has been echoed more recently by senior ICANN leadership.

³ See *Id.*

⁴ See Comments of the Business Constituency, at: <http://forum.icann.org/lists/comments-op-budget-fy14-10may13/msg00010.html>

⁵ See Comments of the ISPCP, at: <http://forum.icann.org/lists/comments-op-budget-fy14-10may13/pdfXm07HQn3yQ.pdf>

⁶ See Comments of the RySG, at: <http://forum.icann.org/lists/comments-op-budget-fy14-10may13/pdfXiFxTLOJIO.pdf>

We are concerned the proposed Budget/Op Plan calls for minimal growth of compliance headcount (below the levels budgeted for FY13) and a one-third cut from the budget for FY 13 (BC page 3).⁷ If the BC calculations are confirmed, this is headed in exactly the wrong direction.

In fact, FY14 may be the last possible moment for ICANN to bring compliance staffing and training up to adequate levels before 1000 new gTLDs join the root and virtually all registrars shift to a new RAA with significant additional obligations on which ICANN needs to audit, respond to complaints, and enforce.

We support that ICANN made compliance a direct report to the COO. But then why is the “Contractual Compliance Reports to Community” item listed under the GC’s name (slide 32)? Similarly, will the Contractual Compliance Functions and Initiatives listed under Akram Atallah’s name (slide 29) remain a direct report to the new COO, or shift to a direct report to Mr. Atallah in his new role?

“Community Support Requests”

IPC supports the CSG initial round request to expand the allocation for these requests.⁸

We have been informed that ICANN support will not be provided for outreach efforts if they involve travel/attendance at non-ICANN meetings. Why then have requests for travel and participation in IGF, IETF and other non-ICANN meetings been approved? This policy needs to be consistent and accountable.

We also reiterate our request for sufficient budget allocations to support essential constituency functions, including for secretariat and similar operational expenditures.

Thank you for considering our views on these important issues.

Respectfully submitted,

Intellectual Property Constituency (IPC)

⁷ See Comments of the Business Constituency, at: <http://forum.icann.org/lists/comments-op-budget-fy14-10may13/msg00010.html>

⁸ See Preliminary Comments of the GNSO Commercial Stakeholder Group (CSG), at: <http://forum.icann.org/lists/comments-op-budget-fy14-10may13/pdfBwmSyI4RHH.pdf>