Overview:

**Business Constituency &
Internet Service Provider and Connectivity Provider Constituency**

**Reply Comments**

**GNSO // BC & ISPCP**

**Framework for the Fiscal Year 2013 Operating Plan and Budget**

Status: Final

26 MAR 2012

This document is prepared by the **Business Constituency &
Internet Service Provider and Connectivity Provider Constituency** (referred to in this document as the BC & ISPCP )

The release of [**Proposed Framework for the Fiscal Year 2013 (FY13) Operating Plan and Budget**](http://www.icann.org/en/planning/ops-budget-framework-fy2012-en.pdf)<http://www.icann.org/en/planning/ops-budget-framework-fy2013-en.pdf> on the 17th January 2012

starts the operational planning process for ICANN, and provides the community a “first look” at the current and planned work, along with estimated financial resources for FY13.

Members of the CSG attended the presentation Webinar on 26/27th January and the CSG held an internal teleconference call on the 6th February to further CSG discussions. During ICANN’s Costa Rica meeting, Chairs of BC, IPC and ISPCP participated in person in a special discussion/meeting with Chris Chaplow, participated remotely.

Our comments on that process are not included in this submission, but can be summarized as follows: The CFO team proposes an evaluation process that was not in place when SO/AC/SG/Constituency proposals were solicited, and therefore, while this approach may be ‘piloted’ it cannot be definitive to judge and evaluate the submissions. Use of such formalized approaches will benefit from a discussion, face to face, with the proposed Budget WG described later,and may indeed become a useful tool, going forward.

The BC & ISPCP welcomed the Community Additional Requests approach, but notes ICANN had previously ignored, or ‘lost’ various requests for funding in two previous years, and notes that it is critically important to the Budget process that ICANN’s processes respect this new, formalized process for soliciting, aggregating, and analyzing all Community requests for support.

For the community, there is a clear need to understand how and where to submit projects for funding that support outreach and participation to prevent confusion and potential duplication of initiatives.

In our comments, we identify concerns with Bifurcation of requests for support from the communities within ICANN, and the risks to added confusion for staff, the community, and indeed, the Board. This may require ICANN staff to re-circulate separate requests submitted through other mechanisms such as submissions to ICANN staff or Board Sub committees, into this newly established identified mechanism, and to carefully identify where and what requests should be submitted and with what documentation, and the mechanisms to ensure broad consultation and review. ICANN has a limited budget and it is important that it acts as a publicly accountable steward to the expenditure of those funds. Thus we expect all submissions for funding that affect outreach and participation and have implications for the SOs/ACs/SGs/Constituencies to be centralized into the Community Special Requests, or to be copied for information purposes into this consultative approach.

On a more general note, the BC & ISPCP welcomes this opportunity to submit reply comments on the FY13 Operating Plan & Budget Framework. ICANN’s budget and its prioritization of funding for all activities is of importance to the BC & ISPCP’s members as the BC & ISPCP consider ICANN’s budget a reflection of priorities and intended directions for the organization. We had hoped to provide more detailed initial comments, but the lack of detail, coupled with the lack of time, made this extremely challenging. Fortunately our CSG partner the IPC provided detailed comments, as did the ccNSO. Our comments will primarily respond to these comments and those of the ccNSO.

Improvement in level of detail:

As an overall statement, the BC & ISPCP must note that at present the level of information is still not sufficient for the kind of input and feedback that is needed by the stakeholders, and certainly not sufficient to fulfill the requirments of transparency and accountability, per the AoC agreement. We acknowledge that there is improvement over past budgets, but note that it is imperative that ICANN improve the level of detail that is provided. We will thus provide our ‘best efforts’ and acknowledge the best efforts of the staff involved, but we do note for the Board and other senior staff that they must start fully supporting the CFO and his team in providing information and details.

As we noted above, in spite of the importance of the Framework discussion, there were only a limited number of comments submitted in the initial comment period. Concrete comments were submitted by five groups namely ALAC, IPC, CIRA, RySG, ccNSO SOP WG. (see here <http://forum.icann.org/lists/op-budget-fy2013/>).

We find that the lack of detail presents major challenges to our own ability to provide comments, and believe that remains a major barrier to others trying to participate in the public comment process. To date, our time has included review of past budgets; strategic plans, searching via ICANN’s website for any project descriptions. In all, it is possible that our work has exceeded 75 hours of trying to sort through information and looking for background data. ICANN should strive to provide all relevant documents and data in a centralized manner, so that the community can focus on analysis, not on searching for data, and on data gathering.

Yet, we do acknowledge that the present approach is a strong step in the right direction and applaud the work that the new CFO/staff are undertaking.

We offer some solutions, or at least, some options to improve this lack of input.

As part of the SO/AC/SG/Constituency group of leaders, we welcomed the conference call engagement with the leadership of the SO/AC/SG/Constituencies to establish earlier interaction by the CFO and supporting staff regarding input to the Operating Plan and Budget. Use of the “Framework” may, over time, evolve to a more meaningful exchange, when it is supported by additional level of detail. It is worth improving, and continuing.

All of the leaders involved in these calls know how to develop a budget; we understand ICANN and we are elected by our organizations to carry leadership positions.

Accordingly, the BC & ISPCP reiterates our request for an informal budget group drawn from the leaders/designees of the SO/AC/SG/Constituencies to continue to interact with the CFO/team, and we propose to improve this interaction by requesting two face to face interactions with the CFO/Team. It is clear from the initial comments submitted that ICANN’s present approach is not addressing the needs of the stakeholders. We are asking to return to an approach that once existed at ICANN. This can be a straw approach for an advisory and non binding consultative approach to help staff for 2013 and 2014 planning only. It does not replace other processes.

The 90 minute discussion during Costa Rica was useful, but now, ICANN should organize a one/half day meeting for the SO/AC/SG/Constituencies leaders/designees to meet with the CFO/team and relevant staff/Board members for a detailed discussion on priorities, planning processes [this could occur during the Sat/Sun or a lunch time segment during the meeting], and to advise on processes to determine priorities:

A straw proposal for such a group is provided here:
A chair and/or designee:

Chairs of SOs and ACs and SGS and Constituencies: or their designees, not more than two per group:

Heather Dryden, GAC or designees

Leslie Cowley, CCNSO Chair plus designees

Patrik Falstrom, SSAC

Louie Lee, ASO

SGs of GNSO:

Registry

Registrars

BC Chair/Designee:

IPC Chair/Designee

ISPCP Chair/Designee

NCUC Chair/Designee

NPOC Chair/Designee

ALAC Chair, plus one to two designees

We would like this proposal to be provided to the relevant Board committees for their consideration and look forward to dialogue with both the CFO/staff, and the relevant Board oversight committee chair.

The sections below respond to the comments received, and address the Community Requests and separate, reported requests of relevance.

**Statement:**

Our comments will focus primarily on the ccNSO and IPC comments as submitted.

**Reply Comments of a general nature**

The BC & ISPCP is in general agreement with comments provided by the ccNSO, IPC and other detailed submissions in noting our appreciation that the materials in the Framework is an effort in the right direction,

For example, we support the IPC comment:

“[The] Framework still lacks enough detail on critical matters, especially regarding ICANN core operations, and thus makes it far more difficult than it should be to comment meaningfully.“ And “A recurring theme in these comments is our frustration over the lack of transparency and high level of obfuscation in the ICANN budget process.”

**Budget Process & Milestones (p2-4)**
The timescale is advanced by comparison to previous years, with longer comment windows. The BC & ISPCP supports this improvement.

**FY13 ICANN Priorities (p5-8)**

ICANN lists ICANN Priorities, that are “gathered from the discussions and input from the 2012 – 2015 Strategic Plan; community [Dakar] and from the ICANN Operations Planning Sessions and includes the four “Strategic Pillars” of the Strategic Plan.

The BC & ISPCP is not clear on how the community agreed on and supported the FY13 priorities. This lack of debate and discussion on priorities does raise concerns, and should be addressed in this plan, and going forward. For example, taking note that staff has mapped the 13 priorities against the four Strategic Pillars , we note that this could benefit from input from the proposed SO/AC/SG/Constituency Budget group. As a ‘general rule’ the BC & ISPCP would expect that it would be possible to ‘check’ the box for the majority i.e. three of FY13 ICANN Priorities in the four Strategic Pillars for any item that is a Fy 13 Budget priority.

Examples:
Priority 9 “Effectively support SO/AC [should read: SO/AC/SG/Constituencies] and Board increasing activities”, is reflected only in Pillar 2 “Competition, Consumer Trust, and Consumer Choice” It belongs in at least three of the strategic pillars. In any case, if a FY13 priority is limited to only one strategic pillar, it may not actually be a priority. In this instance, we would strongly support that this item belongs in DNS Stability and Security, Competition, Consumer Trust and Consumer Choice and A healthy Internet Governance Eco-System.

Priority 12 “Advancing Whois database policy and procedures” is a key element on DNS Stability and Security, but isn’t included in the staff assignment of priorities. We think it should be.

Priority 8 is only in the 1st strategic pillar and belongs in all.

One of the BC & ISPCP members questioned Priority 9 of ‘increasing Board activities’, noting that the Board should in the future, evolve more into governance, as the organization matures, and as changes in senior leadership more aligned with the public interest responsibility of ICANN emerge. If this is to fund Board attendance at various events, the proposed events should be identified, and the linkage between Board, staff, and community participation in such events be identified.

In the next section, the BC & ISPCP provides comments relevant to other detailed comments submitted:

**General Comments**

BC & ISPCP Reply to General Comments by the ccNSO

**Summary** – Agree with the ccNSO’s SOP WG list of major concerns

**General**

 *Improvements* - Agree
 *Strategic Plan* - Noted and agree that this presents challenges

*Need to Professionalize* – Agree. This needs to be looked at further. We too have concerns that there is too much churn at senior levels, and that recruitment is slow. At the same time, we are seeing that staff that are hired are often not familiar with ICANN, and need more introduction and orientation to ICANN’s bottom up, consensus based approach to decision making, participation, and policy development than is provided. Orientation with/from the community may be more effective than such sessions provided by other ICANN staff who are not themselves fully informed about the ICANN stakeholder model.

*Measurable Objectives* – Strongly agree

*Planning and Control* – Agree with concerns about need to improve financial administration.

*The “Composite View of budget”* – Important: serves the purpose to see the limited numeric level detail in budget/more detail is needed.

*Cost containment* - We disagree with the ccNSO that the constituency requests should be denied, noting that this is the first time for the SG/Constituency to receive baseline funding to help them fulfill their obligations to broaden and build participation. We agree that all requests have to address the key priorities of ICANN and must be accountable, but in our view the SG/Constituency requests do meet that criteria. Our call is for effectiveness in budget expenditures and not simply for cost reductions. SO/AC/SG/Constituency requests are an important element to meeting ICANN’s priorities for building and enhancing broadened participation in ICANN.

**Core Operations (p10-11)**

We welcome the principal of splitting core operations and projects and note that since Core operations account for 80% of the ICANN budget, significant improvements in details and project descriptions must be provided before approval of the budget. The lack of detail is a serious problem and even with the Framework status, given that many of the projects are ongoing, project plans and descriptions must have been available from senior staff, but not included. This is a barrier to meeting ICANN’s commitment to transparency and accountability.

We agree with the IPC comment “Fourteen categories of Core Operations are listed on page 11 of the document”.

However, it is a critical concern that virtually no other information is provided, either on what is being spent on these categories in past fiscal year, the current fiscal year; what the breakdown is for what is planned to be spent on different elements in FY 13; what are the priorities for the organization under each category; and how those priorities will be advanced by the budget proposal. Only seven of the fourteen core operations were commented on by the community underlining the lack of detail point.

In addition, the Core Operations include a category of AC, SO, and SG support. It is unclear how to submit funding requests to this category of the budget, and yet the Community Special Requests lack sufficient funding to fulfill the needs of the SGs/Constituencies and ACs. The BC & ISPCP believes that alignment and transparency about what is proposed in this category and broad community support and alignment with the Community Special requests is essential. We look forward to a conversation with the CFO/staff on how to ensure this alignment. We support alignment across the submissions, but note that submissions to one funding source must still have broad review and buy in from the affected communities. Submissions into the Core Operations budget may lack the needed review by affected parties if not published for public comment, as was required by the Community Special Requests.

Reply to Core Operations Comments by the ccNSO

*Cost reduction* – as cost containment above

*IANA Function* – support and BC & ISPCP comments – The IANA function, administered as a responsibility of ICANN coordinates the unique codes and numbering systems that help keep the internet running smoothly. Excellence in Root Zone Management is essential and the enhancement of software to support the increasing demands being placed on IANA is supported. The effective measurement and analysis of statistics will prove essential not only ensuring the effectiveness of the IANA operations but also in meeting the accountability requirements placed on the organisation. In a similar manner the automation of the Private Enterprise Number process is also viewed as a positive enhancement for IANA.

As an urgent matter, the BC & ISPCP calls on ICANN to fulfill the requirements in the NTIA RFP and ensure that ICANN continues to maintain responsibility for the IANA Functions Agreement.

In the view of the BC & ISPCP, ICANN’s role in maintaining the single authoritative root is reliant upon ICANN fulfilling the necessary requirements to continue to act as the IANA administrator.

IDN TLD’s – support

Security Stability and Resiliency – support. The BC & ISPCP notes that SSR review team recommendations are now out for public comment, and after such comment, and finalization, should be reflected as prioriities in the Fy’13 [and FY ’14 and beyond] budgets, as applicable. We find that on first review, there are financial implications to many of the recommendations.

One would have expected to find a category in the Core Operations called “implementation of AoC RT Recommendations, as WHOIS RT, SSR RT, and the final RT on Consumer Choice/Confidence [yet to be developed]; all have implications for FY 13 and FY 14 budgets.

We support the intent of ICANN to progress work on RZM (Root Zone Management). The demands being placed on IANA will substantially increase with the introduction of new gTLDs and IDNs as well as dealing with re-delegations of country codes. Software enhancement to assist in root zone management when adding and deleting TLDs will also assist in handling Root Zone Scaling issues. It’s essential this is progressed during FY13 as a priority. These  improvements which impact DNS security and stability will deliver real benefit to all stakeholders.

*Travel and Meetings* –The constituencies of the CSG have requested travel funding as part of the SO/AC/SG/Constituency Community Special Requests. The funding requested is minimal, compared to other demands for travel funding. The CSG’s requested funding focuses on limited support to officer travel and a special outreach leadership program for leaders from developing countries, who are not supported by the present Fellowship program and other initiatives such as ALAC travel funding.

*International Relations* - This is a priority area of concern to the CSG overall. We support the ccNSO statement that “a focused and long term strategy for international relations“ and relationships is needed.

The CSG’s constituencies have invited the Board and staff numerous times to understand and include these parts of the community, all of whom are heavily engaged in global activities, and in the very organizations that ICANN needs to interact with in both a tactical and strategic discussion and activities.

We believe that this area must include further discussion with the elected leaders from the SOs/ACs/SGs/Constituencies so that the community can contribute to addressing core challenges, with staff and Board support.

**Reply to Core Operations Comments by the IPC**

Contractual Compliance - Strongly agreed

IDN Fast Track - noted, answer to question from the IPC is needed to enable further comment.

**Strategic Projects (p12-20)**

Reply to Strategic Project Comments by the ccNSO

*Presentation*: Supports the importance of providing a detailed description of all projects, and that public comment will be provided against those detailed descriptions. The BC & ISPCP also notes that the carry over projects from FY12 have project reference number which is very helpful and should be extended to the new projects. To support our comments, we have assigned the following numbers N1 to N22 based on the order on page 13. We note that the listing on page 12 is different from P 13. We selected page 13, as it includes budget amounts. We strongly recommend that ICANN staff provide a numbering approach for ‘new or pending projects’ whilch could be P [for pending] or N [for new], so that the community can provide comments against a project number. the unassigned projects on Page 13/14 are of concern, as none are new, but are unassigned for project numbers. We have treated these as P[Proposed] N [New] projects.

*Focus and Priority:* In general, agree with the ccNSO.

We disagree with the ccNSO on the priority of Community Special Requests. The BC & ISPCP notes that the SO/AC/SG/Constituency requests for support need to be supported through a balanced approach to providing financial support. We accept the budget realities, but once again, we note that the Core Budget has a category for such support, and it is likely that Communications budget has funds that can be reprioritized to support the Community Special Requests that re in particular about communications and outreach. This is a priority for the BC & ISPCP, due to its importance in building and diversifying participation from developing countries in particular.

In particular, the BC & ISPCP is concerned that ICANN is ignoring the importance of building the SO/AC/SG/Constituencies, while funding requests from other groups, and accepting special requests via board committees, who are perhaps unaware of the Community Special Requests mechanism and purpose. This has strong implications to the balance of building the diversity of the SO/AC/SG/Constituencies.

*IDN Variants Projects*: N1 & N2 ($2.8m)

The BC & ISPCP noted with interest the comments of the ccNSO. We have many questions about this project and how it is supporting ICANN’s ICANN’s mission. $2.8 M is a significant amount of funding for a project that has no detailed information available in the Framework documents. The BC & ISPCP will look at the detailed project description when it is provided, but at present, it is not clear what part of this is ICANN’s responsibility, and what part is ICANN’S role as catalyst and collaborator with others in the broader community. This project seems to be well underway and we question why it did not have project number or from which core operation it was funded from in FY12.

Advance WHOIS Program: P1204 ($622k)

The BC & ISPCP has a different view from the ccNSO on this topic, but notes that the very disparity in our perspectives are an indication of the need for clarity and more details.

We do support the project, overall, and our views are provided in comments related to the IPC submission on this topic.

DNS Security: P1202 ($400k)

The BC & ISPCP has strong affinity with the questions raised by the ccNSO. In our view, ICANN’s role is to support training that is catalyzed and provided, for instance, by RIRs to their community, or by the ccTLDS to their community of fellow cc’s; and supporting awareness and information.

We too are not clear that ICANN should be providing specialized training to LEAs, or how this advances security of the DNS. It is unclear whether this is limited to DNSSEC or is about topics and areas that are broader, and may be addressed in the SSR RT’s recommendations.

In our view, if it is about DNSSEC, ICANN could provide awareness and information about DNSSEC’s capabilities so that LEAs understand DNSSEC; however, DNSSEC is not a total answer, and ISPs and webhosters are actively engaging in addressing security challenges also of relevance to ensuring the broader category: Domain Name System Ecosystem Stability and Security. The BC & ISPCP would prefer this broader title, taking into account the SSR RT comments and helping to evolve how ICANN sees its role. Catalyzing work by others; supporting work by existing SOs/ACs/SGs/Constituencies, versus ‘training as ICANN’ deserves better delineation and may result in broader support to whatever this project is intended to accomplish.

It could be that, for instance, the amount of money proposed, if distributed into awareness, information, collaboration, and enabling activities will provide much stronger support to the core goal of DNS Security and Stability. The BC & ISPCP is not opposed to this area, but will assess support, based on the information provided, and the focus that is proposed.

*CRM:* P1235 ($259k)

Regardless of what tool is used, ICANN must first reach agreement with its SO/AC/SGs/Constituencies on what would be included in data gathering; what level of detail is gathered, how staff can discern priorities of input. The amount of funds for CRM do not raise as many concerns to the BC & ISPCP as what and how this tool can improve ICANN’s performance, and accountability. As the project is a carryover a project status update or URL is requested. And the amount of funding already expended, and progress made to date must be part of the next level of detail. The BC & ISPCP supports an improved ability of ICANN to gather ‘customer’ information to help to inform and improve ‘customer’ service.

*DNSSEC Propagation:* P1202 ($210K)

The BC & ISPCP shares the ccNSO’s view that the role of large organizations and ISPs worldwide is in a different scope than DNS SEC adoption by all contracted parties, and ccTLDs and even perhaps governments. Awareness and information does to us seem to be within ICANN’s scope, with clear respect for the recommendations of the SSR RT.

Root Zone System Monitoring: N8 ($145k) N6 ($150k)

The BC & ISPCP supports the request for explanation and will reserve our comments to the next public comment process, after consultation with senior technical experts within the CSG’s member companies. We are not concerned about the amount of funding, until we take that consultation and determine if it is sufficient.

Reply to Strategic Project Comments by the IPC

We agree with the IPC comment that “greater transparency is needed in the project area” as well. In order to provide informed comments, the goals of each project should be clearly identified, along with its anticipated deliverables in each Fiscal Year, so that the community can better evaluate the projects and whether they are making adequate progress. This basic information about projects should be updated at least annually.”

The BC & ISPCP proposes that a staff owner for each project should be identified. This is consistent with the IPC comments.

The BC & ISPCP would like to ask that ICANN provide more information to the community, before the Board approves projects and asks that the Board’s criteria for approval be made public.

The present lack of information and detail indicates that approval of these projects cannot be made without more detail. If the Board is provided with more information than now publicly available, we would ask that be published to the broader community immediately, so that we can support informed discussions.

New gTLD appl support P1212 ($800k) – We agree with comment on 40c in every $ seems a significant amount of funding for communications. It is unclear what this is about, and a detailed project description is needed. We understand that there has been a lack of effective communication for awareness into developing countries. If this is what this funding is to address, more information is needed to ensure an improved comms approach than has been the case to date.

OEI Elad Levinson – P1218 ($195K)

The IPC asked for more detail, and the CSG-WG-B strongly agree. First, it is highly unusual to have a specific fund for an ICANN staff member. The description under Organizational Effectiveness Initiative (OEI) notes that this is supported by a Board Recommendation: that ICANN improve: Operations and processs; staff development, culture, morale and leadership; and the Impact of globalization on ICANN.

The BC & ISPCP is not opposed to the need for Organizational Development to the staff, or the community’s leaders such as SGS/Constituencies, and including the Board, but in order to assess the priority of this project, a more detailed proposal is needed. It is also not clear if this is the staff salary/benefits, or support to specific training/OD activities.

The CSG-WG-B notes that having added this as a strategic project means that this now requires community input on what skills, and what resources ICANN should have in such an area, and thus, opens this up to our submitting comments. if ICANN has surplus funding to provide support to the building of the SGs/Constituencies and other entities, this is helpful to identify and understand. If ICANN staff is instead proposing a focus on improving the capabilities to support the gNSO and ALAC policy working groups, that is also important to know.

This might be a significantly important skill set to provide to ICANN, internally, or externally. We are unable to assess this without more detailed information, and thus would reprioritize the $195,000 toward support to the SGs/Constituencies/ALAC requests, at least until we see further justification.

Advocate IPv6 Adoption - P1207 ($10k)

BC & ISPCP comment - Given the low level of funding, it is unclear why this still appears as a strategiv project. Is this sufficient funding?

Beginning several years ago, the RIRs advised ICANN and IANA of the full use of all IPv4 addresses, and proposed the introduction and co existence of IPv6 with the IPv4 allocated numbers. In 2011 IANA  and the Regional Internet Registries are now in the process of allocating their final pools of IPv4 addresses, and addressing a rapid introduction of IPv6.

Business users, and ISPs are actively engaged, and appreciative of the work that ICANN is doing to support awareness and the adoption of IPv6. It is essential for the continued growth of the Internet that introduction of IPv6 and co existence with IPv4 networks continues in a coherent, and facilitated manner. IANA, operating as a part of ICANN is responsible for the top level allocation of IP addresses to the RIRS and as such has a critical role to play in advocating IPv6 adoption across its multi-stakeholder model. Recognizing the leadership of the RIRS, the CSG offers full support for the prioritisation of strategic activities that ICANN will support that will advocate IPv6 adoption and coherence with IPv4 networks co existence to be incorporated within the FY13 Strategic Plan.

IDN Variant Management – N1 & N2 ($2.8m)

Strongly agree with concerns about this. Please see comments to ccNSO above.

Trademark Clearing House – N4 ($300)

Agree. The BC & ISPCP is of the view that ICANN has not allocated sufficient funds or attention to this critical initiative.

Intercessional Meetings - N9 (130k)

Agree, intercessional meetings have so far focused on the contracted parties. While some requests are part of the SG/Constituency requests, it is actually important to discuss what an intercessional meeting is, and if ICANN spends staff and financial resources, to establish fundamental requirements.

We suggest that it is useful to open a discussion about intercessional meetings, their purpose, and their ‘criteria’, in order to receive ICANN funding.

It is possible that intercessional meetings will undermine the global nature of ICANN if ICANN supports travel funding for regionalized sessions over support to the three meetings. On the other hand, there may be rationale to support intercessional working sessions, but criteria and funding for balanced participation must be part of any discussion.

Additional Right Protection Mechanisms - N10 (110k)

Agree. This is a new project. What is ICANN proposing for this? The BC & ISPCP has made concrete proposals. It is important to understand what ICANN is including from the concrete proposals received to understand whether this is sufficient funding.

Widen International Engagement - N3 ($560k)

The BC & ISPCP has made comments about this in a number of ICANN fora. The amount of funding proposed is a large % increase and it is not clear what it is addressing. We must first see the detailed proposals; however, it is not clear to us that continued hiring of staff on a distributed basis is resulting in improvements in ICANN’s effectiveness and accountability. We are also not confident that creating ICANN offices is the answer to global accountability and responsivenesses. We would like to see this proposal in detail, and to have a specific discussion with SO/AC/SG/Constituency leadership. At present, ICANN seems to focus on input from a Board committee and global partnership staff. This discussion needs to be broadened to be more inclusive of additional leaders and organizations, keeping in mind that the RIRs, CCTLDs, and Constituencies in the GNSO have globally distributed presence already.

**Several of the new non numbered projects were not commented upon by community. We list these below, and note that the BC & ISPCP therefore requests an outline project plan or a URL that includes a detailed description of the project proposed for funding.**

N-11 Enhance Community Wikis ($75k)

This is underway as migration from social text to community WIKIs. It is unclear what the FY12 budget covered? A project description is needed/

N-12 IANA contract PEN Automation ($68K) Project description needed.

N –13 HRMS ($65K) Project description needed

N-14 Enhancement to measurable metrics ($61k) Is this part of the Consumer Confidence work? Or something else? A project description is needed.

N-15 TLD Delegation Acceptance ($50k) This was not discussed in the Costa Rica meeting. Project description needed.

N-16 Outreach ($45k) Which part of the ICANN outreach is this project? Is this possibly additional funding that could be moved into the Community Special Requests? Who is the outreach intended to be for, and by?

Page 14 of the Framework BP has additional projcts, without funding levels.

These include:

PN – 17 EBERO $? EBERO - Emergency Back-End Registry Operators

PN – 18 Enhance Multi Lingual Strategy $? PROJECT DESCRIPTION?

PN – 19 Independence Objector $? PROJECT DESCRIPTION?
PN – 20 L-root expansion of Operations $? Is this part of Core Ops budget?

PN – 21 Ops readiness Impact $? IS THIS PART OF THE PREPAREDNESS FOR NEW GTLDS, OR SOMETHING ELSE?

PN – 22 Registry / Registrar gathering $? The ICANN contracted party staff have supported intercessional meetings in the past, with some shared costs by the Ry/RR, and some costs to ICANN. Requests for intercessional meetings are addressed elsewhere in the budget requests. Is this a special request to hold a training program for contracted parties, or something similar? if this is a training and certification requirements session, the BC & ISPCP would suggest it be held in conjunction with the Prague and Toronto meetings.

Finally, it is confusing to refer to a formal meeting with objectives and outcomes as a ‘gathering’, which implies a more informal ‘get acquainted’ approach, such as a reception or networking event

**New gTLD Applications (p21-23)**

Reply to New gTLD Comments by the ccNSO

*Objection Fee Revenues*: Support.

*Auction Revenue*: The BC & ISPCP believes that ICANN must create a separate and clearly delineated process to deal with auction fees, which in our view, cannot be treated as ICANN ‘usual income/revenue’. ICANN must protect its not for profit status. Auction fees should be put into a separate budget process, and the creation of a foundation and a community supported approach to what such fees can be contributed to, in support of ICANN’s public interest role should be developed. This may support SSR; participation for all stakeholders at ICANN and IGF activities; and similar activities that advance participation in the ICANN SO/AC/SG/Constituencies.

*Transparency Multi year Cost Allocations: We do not believe that* cost recovery of previously expended policy development activities for the new gTLD program as a contribution to ICANN budget is a useful approach. For instance, that would mean that before we undertook work on IDNs, we assessed whether we could recover the policy development costs; or before undertaking support to the IANA functions agreement renewal, we assssed whether we can recover the ICANN costs.

However, the BC & ISPCP supports a clear identification of core and policy costs in an addendum in the FY 2013 budget, or informational purposes only.

We think that ‘cost recovery’ is useless and actually a negative message to the community. ICANN needs to fulfil its policy mission, and that is a ‘cost’ to its fulfilling its mission.

**Framework and assumptions (p24-32)**

Reply to Framework and assumptions by the ccNSO

*Operating Deficit*: Support the ccNSO question.

*Staffing*: the BC & ISPCP supports the concerns about recruitment concerns. However, we restate our concern that adding 53 FTEs will only contribute to the present problem of having staff who have a huge learning curve, and no mechanism to learn about the community they serve, before they jump into complex jobs and tasks.

It is clear from interactions that many staff do not understand the organizational structure or ICANN’ overall accountability to the broader community. This happens in a rapid growth phase. There are other factors at play, but hiring 53 more FTEs, without a mechanism for educating them, by the communities leaders, creates a failure certainty in their ability to fulfill their roles.

*Strategic Fund:* The BC & ISPCP are of the view that ICANN MUST contribute to this fund, or propose a change to the community and gain the support of the community to not maintain the Strategic Fund. IF the Board and senior staff want to propose a vote on the need for this fund, then that would require a public comment process. As a FYI, the CSG constituencies will continue to support the need for such a fund and that ICANN fulfill this commitment.

**Community Additional Requests**The three constituencies of the CSG submitted requests within the program in 2009 for 2010, and again in 2010 for 2011. Through a variety of issues that were of significant disappointment and misunderstandings by staff about these submissions, none of the CSG or other constituency requests were funded In those two budget years. And, in fact, it subsequently was acknowledged that they were not even considered, in spite of senior management commitments.

After many interactions with incoming senior leadership of ICANN’s Financial team, the CSG leadership continues to strive toward helping ICANN toward a fair and balanced approach to receiving and assessing valid and documented requests for support to the SO/AC/SGs/Constituencies for financial support for activities in support of ICANN’s core mission.

At present, there is a strong history of a failure to support the SGs/Constituencies, and a strong bias toward funding ACs – SSAC, GAC, ALAC. While we support balanced funding and support to ACs, we note that ICANN must also support the SO/SGs/Constituencies requests in a fair and balanced manner. So far, it appears that ICANN Framework allocates inadequate funding to address SO/AC/SG/Constituency requests.

For example, as documented on page 8 and 9 of the PP provided, ICANN spent 597,000 USD in 2012 for Community Requests. As far as the BC & ISPCP can discern these were funding requests for the SSAC, ALAC, and GAC funded projects – e.g. only ACs.

For Fy 13, ICANN has proposed 500,000 USD – a substantial reduction from FY 12. Our informal assessment of the formalized requests from only the GNSO’s constituencies and the ALAC total over 700,000 USD, and we are unable to identify the GAC travel/support requests in those public submissions.

Separately from this, it is our understanding that the ALAC has proposed a separate project that is focused on ‘outreach and training’, called an Academy, but that project was not submitted via the Community Special Requests, for some reason. It appears that ACs may be submitting funding requests through a different mechanism. In our view, all AC/SO/SG/Constituency requests should have clearly defined and transparent processes and be equally open to all to submit into.

The BC & ISPCP has two concrete proposals:

First, if there is a separate fund for communications/training/orientation other than the community request process, it must be publicly noticed, and available on an equal footing to all parts of ICANN. It would be our strong recommendation that all requests for projects that affect the broader community come through the Community request process and allow fair and equal consideration across SOs/ACs/SGs/Constituencies. We do not support the ALAC generated request for an ‘academy’ for FY 13, and ask that it be treated within the more cohesive process which includes the Community requests. We believe a more coherent needs assessment would indicate a prioritization for online training to reach a broader audience than a retreat approach.

We do support that travel for the GAC be part of ICANN Priorities e.g. 8. However items 9, 10, actually support that the rest of the AC/SO/SG/Constituency activities are treated equally.

ALAC/ SO/SG/Constituencies should all be treated fairly in considering how all of these organizations contribute to strengthening the engagement of new stakeholders into the multi stakeholder model. Past allocations of funding should be taken in account – e.g. substantial funds have already gone to ALAC initiatives and to SSAC meetings and travel. The requests for the SGs/Constituencies deserve prioritization in FY 13, with an understanding that some projects maybe be higher priority than others, but the requests from the SG/Constituencies should be prioritized, [other than the GAC requests, which we have not been able to identify but note are of strategic importance], recognizing that this is the first funding for the SG/Constituencies from ICANN.

According to the invitation from the ICANN staff, the ALAC, SG/Constituencies, and the CSG specifically have provided specific requests again, submitted in January 2012. We did not find the SSAC requests, or the GAC requests. We are assuming that the GAC and SSAC are somehow appearing elsewhere in the requested funding. We strongly urge that **all** community requests be included in this category, so misunderstandings do not develop. Staff should provide all requests received, with a summary sheet itemizing the project, funding, and the proposed contribution to the ICANN core mission, as self described in the submission for funding.

We look forward to a well informed assessment, and an outcome that reflects the importance of the SGS/Constituencies, and is more balanced than past two years’ decisions.

**FY12 SO-AC Applications**

|  |  |  |
| --- | --- | --- |
| SO-AC | Applications$ ‘000 | Approvals$ ‘000 |
|  |  |  |
| BC | 20 | 0 |
| IPC | 42 | 0 |
| ALAC | 515 | 81 |
| SSAC | 375 | 150 |
| GAC | 283 | 366 |
| **Total** | **1,253** | **597** |

Source:

Applications <http://www.icann.org/en/financials/so-ac-sg-requests-summary-fy12-en.pdf>

Adjudications <http://www.icann.org/en/about/financials/so-ac-sg-requests-summary-fy12-09aug11-en.pdf>

Summary:

The BC & ISPCP, and in support of the ccNSO’s comments, request answers to all the questions raised by all the community submissions and responses and feedback as to which comments will be reflected in the FY13 draft budget (and which not) and the associated rationale. We look forward to having an opportunity to review the detailed project descriptions requested and to provide a next stage of comment.

Review:

This document was authored by **Chris Chaplow** Vice Chair Finance and Operations, Business Constituency and **Marilyn Cade** Chair, Business Constituency.

This document was reviewed and supported by **Tony Holmes,** Chair ISPCP Constituency