Registries Stakeholder Group Statement


Date statement submitted: 25 February 2020


Registries Stakeholder Group comment:

The Registries Stakeholder Groups (RySG) welcomes the opportunity to comment on the Draft FY21-25 Operating & Financial Plan and Draft FY21 Operating Plan & Budget. This comment is structured as follows: the RySG first provides overarching comments on the document and process, then second lists different issues that would benefit from further clarification and detail and third, we focus on individual projects and budget items of concern to the RySG.

The RySG is submitting a separate comment with its feedback on Appendix C, Evolving ICANN’s Multistakeholder Model Work Plan, Cont’d.

I. Overarching comments

The RySG appreciates ICANN’s comprehensive documentation, continued fiscal vigilance and efforts to thoroughly plan and track expenditures. That said, the document has now become massive and challenging to deal with from a volunteer perspective and, in any event, the prioritisation of the various initiatives is not clear. Having a Highlights document alongside the primary document is helpful in this
regard, but the point on relative importance or prioritisation remains. Visible prioritisation combined with progress tracking tools will be a welcome addition.

Given the size and comprehensive nature of the document, it is surprising that ICANN Org makes no apparent reference or commitment to its environmental or carbon footprint. ICANN is a global organisation that should reasonably be expected to be both committed to monitoring the impact of its policies and operations on the broader environment and to reducing its impact on the consumption of natural resources. The introduction of such measurement by ICANN and a commitment to improvement are necessary additions.

- **Comments on the Five-Year Operating assumptions (p. 9-11)**

ICANN Org’s recognition that the requirement for “Resourcing and Prioritization of Community Recommendations” is a fundamental requirement of effective planning is welcome. The repeated mantra that the vast majority of the work and therefore expenditures is repeated annually is less welcome. No organisation’s thinking on its financials or any other areas of operation should be so constrained as to be simply repeated year after year. ICANN Org should be always willing to challenge underlying assumptions about operating expenditure and the need (or not) to repeat any element of this from year to year. The RySG encourages ICANN Org to continually challenge its own assumptions about such expenditure.

- **Comments on Financial Projections (p. 167-178).**

Constraining the growth in staff numbers is welcome and this is clearly reflected in the average headcount remaining approximately constant throughout the five-year term of the plan. However, no clear rationale is provided for why approximately 400 staff is the correct number and whether or not further operational efficiencies can be achieved. Moreover, a key driver for past headcount growth was the requirement to implement the 2012 new gTLD programme on top of an existing operational capability. Implementation of that 2012 programme has now given way to steady-state operations at the significantly increased headcount level. Future rounds of new gTLDs are very likely to be introduced over the course of the five-year plan and ICANN Org needs to demonstrate how it will continue to manage its operations so as to not create a further upward increment in steady-state costs, including staffing, associated with any new TLD rounds.

Notwithstanding the above, it is self-evident that ICANN’s funding is primarily generated by the effective operation of gTLD registries and registrars and it is therefore incumbent on ICANN Org to ensure that such operations are fully and effectively supported by comprehensive funding of ICANN Org’s Generic Domains Division and GNSO policy functions.

- **Comments on the overall Budget FY21 (link)**

The ongoing focus on an annual contribution to the Reserve Fund from surplus operating funds is welcome. To the extent that the Board has taken the decision that a certain level of reserve funding is necessary to ensure organisational security and stability, it is incumbent on ICANN Org to plan for this via annual contributions to the ICANN Reserve Fund. The RySG supports this ongoing activity.
The provision for an approximately US$5m contingency seems pragmatic but care needs to be taken to ensure that unplanned expenses are effectively controlled so as to remain within the contingency.

II. Issues requiring further detail and clarification

A couple of points of clarification seem warranted with respect to the initiative to ‘Develop Internal and External Ethics Policies.’ (Introducted at pages 31-32, see also 199-200.)

- First, is it expected that the Board will be specifically covered by one of these policies? and
- Second, is there an expectation that this will be completed early in the five-year cycle or is it envisioned that these policies can be developed at any point along the five-year period?

III. Comments on individual items

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<td>RySG comment:</td>
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<td>● RySG members have a strong interest in the ongoing strength of the Root Server System (RSS), and have previously expressed our support for the plan to Evolve the Governance of the RSS, which ICANN mentions as part of this strategic initiative.</td>
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<td>● However, we note that the majority of the goals and targeted outcomes that ICANN enumerates only involve interaction with root server operators, but not customers of the RSS. We believe the community, including the customers of the RSS, should continue to drive the definition and setting of requirements, as well as future solutions.</td>
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<td>● The RySG urges ICANN to provide additional information about the pros and cons of the hyperlocal root configuration in recursive resolvers that it will be encouraging.</td>
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<td>● The RySG would also appreciate additional clarity about how the activities of the root server operators will be funded.</td>
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| Operating initiative 2: Facilitate DNS Ecosystem Improvements. |
|-----------------------------|-------------------------|
| RySG comment:              |
| ● While the RySG supports this initiative in principle, it raises a number of questions. In particular, we would like ICANN to provide additional information around the purview and intended working methods of the “DNS Security Facilitation Center,” which is introduced in this Plan but |
not defined or described with any detail. For example: What does ICANN see as its future role in DNS emergency readiness?

- We would also like additional information and engagement with ICANN Org about the kind of research ICANN intends to undertake regarding the use of artificial intelligence to understand abuse trends in domain registration.
- We would also like to know what goal ICANN is trying to achieve by increasing the availability of root zone data.

Operating initiative 3: Evolve and Strengthen the Multistakeholder Model to Facilitate Diverse and Inclusive Participation in Policymaking.

**RySG comment:**

- This is a critical issue for ICANN as it is a fundamental aspect of the bottom-up, multistakeholder model of policy making and Internet governance.
- While we respect the need for inclusiveness and the requirement to ensure that a diversity of perspectives and viewpoints is accounted for in ICANN’s work, we note that the sheer number of participants in policymaking is not a measure of success in and of itself. Participants in the policymaking process should be evaluated on their skills and commitment, and it should be the active participation of skilled participants that is taken as a sign of success.
- ICANN’s multistakeholder model will be further strengthened by increased transparency into the activities undertaken by ICANN Org and the CEO, including interactions with governments or regulators.

Operating initiative 4: Evolve and Strengthen the ICANN Community’s Decision-making Processes to Ensure Efficient and Effective Policymaking.

**RySG comment:**

- Similar to Initiative 3, this is another critical issue for the viability of ICANN’s multistakeholder model.
- A critical aspect of facilitating effective decision-making in the policy process is properly scoping work efforts to include specific objectives with precise and manageable tasks.
- ICANN should consider providing increased training and support for chairs and leaders of ICANN work efforts (including Reviews, PDPs, CCWGs, etc.). Strong staff support that provides resources for Chairs to be able to accurately summarize discussions and drive toward decisions is also critical. To that end, project management systems or software may be necessary.
- Board Liaisons can also be effective in supporting decision-making by helping to resolve impasses, and this role should be utilized more in the future.
Operating initiative 5: Develop Internal and External Ethics Policies.

RySG comment:

- The RySG is curious to know whether ICANN intends for this initiative to take the full five years that the Strategic Plan covers, or whether it can establish these policies more quickly.
- The RySG would also like to know whether such policies would also apply to Board members.

Operating initiative 6: Promote and Sustain a Competitive Environment in the Domain Name System.

RySG comment:

- As ICANN is examining competition within the Domain Name System, it is imperative to examine other markets within the industry in order to fully understand the competitive landscape, and eventually promote and sustain competition.

Operating initiative 8: Root Zone Management Evolution.

RySG comment:

- As ICANN is considering user management improvements to allow more parties to be authorized as TLD managers, we urge ICANN to proceed with caution and put parameters in place that will prevent wide-scale DNS changes that may pose stability risks to the root.
- Staff retention is an absolute necessity for the success of PTI / IANA functions.

Operating initiative 9: Evaluate, Align, and Facilitate Improved Engagement in the Internet Ecosystem.

RySG comment:

- As it interacts with governments and intergovernmental organizations, it is important that ICANN not have a specific policy agenda. Instead, it should develop processes for the community to reach agreement on prioritization, targets, and any positions ICANN might take.
- As stated above, ICANN must provide full transparency when it engages with governments, regulators, or other such parties.

### Operating initiative 10: Through Targeted Engagement Improve Governments and Intergovernmental Organizations (IGOs) Engagement and Participation in ICANN.

**RySG comment:**

- The RySG believes that an effective GAC is a crucial part of an effective multistakeholder model for ICANN.
- While we believe ICANN should engage with the GAC members, it will also be important for the GAC members to improve their engagement with their home governments to keep them apprised of timely and relevant issues.


**RySG comment:**

- Monitoring is useful to understand what is coming, but the type and level of engagement must be determined based on topical guidance from the community, as stated above.

### Operating initiative 12: Formalize the ICANN Org Funding Model and Improve Understanding of the Long-term Domain Name Market Drivers.

**RySG comment:**

- The RySG supports improved planning around ICANN’s budget and funding model.
RySG comment:

● The draft budget indicates that ICANN Org is 2 years ahead of the approved schedule for reserve fund replenishment. The RySG suggests to consider staying on schedule via an annual contribution to the Reserve Fund from surplus operating funds to ensure funds are available now for unplanned expenditures.

● The RySG suggests to consider putting a process in place for going forward with the creation of contingency funds. A contingency fund could remove the necessity to draw from reserve funds if there is an allocation for unpredictable but necessary broadening of scope. Care must be taken to ensure that unplanned expenses are effectively controlled to remain within the contingency.