

Introduction

The Strategic and Operational Planning Working Group (SOP WG) hopes to solicit the ccTLD community's feedback on ICANN's Proposed Framework for FY11 Operating Plan and Budget, posted for review on ICANN's website. In order to facilitate and increase involvement in ICANN's Strategic and Operational Planning process, this report provides additional comment on the five priorities identified by the cc community as most important to them during the October 2009 survey of ccNSO members on ICANN's Strategic Plan. Please participate and share your comments directly with ICANN on the proposed Framework.

ICANN's questions

ICANN is seeking direct input on a number of issues, which will assist with planning and allocating resources. Members of the ccTLD community should provide feedback in order to ensure our priorities and concerns are thoroughly considered.

1. ICANN is seeking feedback on the amount and what should be included in the reserve fund. What is an appropriate amount? What other reserve fund model would you propose?
2. The community is encouraged to provide feedback on the types, format, and level of detail provided in the reference materials in the Framework for the FY11 Operating Plan and Budget. Providing relevant information, without spending unnecessary resources for too much or irrelevant detailed information, is important, and community feedback can help staff strike the right balance. There are 17 proposed views. Which of these are necessary? Will they add confusion or will they help clarify?
3. Will the Strategic Plan be accomplished by the operating activities proposed? Are there specific deliverables or commitments that require more clarity? Are there some activities that should be modified to better suit ICANN's strategic mission?
4. Are the organizational activities prioritized properly? Does one activity or another need more resources, and, if so, what other activities should be delayed or eliminated to fund the more important activities?
5. Is the overall financial picture of ICANN balanced appropriately given its role in the Internet ecosystem? Are revenue sources appropriate, and set at the right level, in the context of existing expectations by the Internet community?
6. Where are opportunities for cost reductions? Can some projects be curtailed or delayed to help fund higher priority activities?
7. What information is important to be included in the draft and final FY11 Operating Plan and Budget? Are we striking the right balance between the need for detail versus the time to prepare and digest that detail, and the relevance of such information?
8. For the Operating Plan and Budget development effort, is ICANN responsive to the call for accountability and transparency described in the Affirmation of Commitments?

Priority #1: Enhance security, stability and resiliency in the allocation and assignment of the Internet's unique identifiers

Issues for Consideration:

- FY11 of \$7.3m, an increase of 26% compared to the previous year
- DNS-CERT
- The extent of ICANN's training role

Discussion:

Budget: It was unclear from responses to queries in Nairobi whether the estimated initial costs of the DNS-CERT are included in this budget. It is assumed that they are not because the DNS-CERT proposal is considering a \$4.2m USD for the annual budget. This strategic priority is highly important to ICANN and to all of its community, but it is not clear which initiatives in the current operating plan account for the 26% increase in costs. Given the current and growing concerns about increases in ICANN's expenditure, the effect of a nil reduction in budget for this area should be seriously considered. Alternatively, expenditure cuts in other headings might support increased spend under this one.

DNS-CERT: The plan includes the initiation of efforts to establish a DNS-CERT. This project is the subject of much discussion and debate in other fora. It may have been premature to include DNS-CERT in this plan. At the very least, it may be appropriate to indicate that DNS-CERT plans are a 'work-in-progress'.

The demonstrated strength of internet is its distributed structure. There is a risk in centralizing coordination (DNSCERT etc). In the event the community deems a centralized structure is necessary, there are other bodies better suited than ICANN to carry out this work.

Given that we question ICANN's rationale for a global DNS-CERT, ICANN should outline what other DNS-CERT providers been reviewed and deemed insufficient by ICANN. There is a lack of transparency in ICANN's analysis of existing CERT providers and what led ICANN to determine that they would be best positioned to lead this initiative as opposed to another organisation.

As well, given that the same security and stability of the DNS is one of the ccTLD community's top 5 priorities, we ask that the cc community consider what should ICANN's security and stability role be limited (or expanded) to? The community should consider how ICANN can improve security and stability.

Training: The plan includes five security workshops (in co-ordination with regional TLD operations), the conducting of technical registry operations curriculum (with ISOC and NSRC) and three technical training workshops with cctLD operations staff. It is not clear whether this is

in response to community requests for such training programmes and whether such programmes could be more cost effectively and efficiently supplied – for example by the use of distance learning and online materials or through ccTLD Regional Organizations. This could also help the situation where trained staff leave a registry and new staff require training.

Recommendations:

1. Express concern regarding increases in ICANN's expenditure, but support for increased investment in this key strategic area.
2. Note that DNS-CERT plans are currently being consulted upon, that further research and analysis may be required and that activities in this area are subject to ICANN community consensus on the way forward.
3. Recommend that online and distance learning materials are developed for more cost effective and ongoing training of registry operations staff.
4. A Regional approach is also sensitive, considering that registries (mainly ccTLDs) are in different stages of development.

Priority #2: Implement IDN's

Issues for Consideration:

- IDN ccTLD approval and delegation at the top-level
- Security and Stability (DNSSEC, phishing, malware)
- Conducting workshops and increasing awareness amongst cc communities
- Devising and submitting script and language tables from all interested cc communities
- IDN registration fees

Discussion:

The core outcome of this element is to approve the delegation of the ccIDNs at the top-level. The introduction of IDN gTLDs, and the launch of ccIDNs within the fast track process must remain one of ICANN's top priorities. One of the stumbling blocks to many cc communities is the delegation fee imposed in registering a ccIDN within the fast track process. This fee – which stands at USD 26,000 – has been a huge topic for debate since many of the cc operators are not-for-profit organizations. One encouraging aspect of ccIDNs for many countries is to help increase Internet penetration within their communities.

Other issues that arise from the introduction of IDNs are security issues since IDNs are represented in Unicode. But since the DNS understands ASCII only, the translation from Unicode to ASCII could impose many security threats (phishing and cyber-squatting). Variants have been one of the key issues with respect to IDNs

Awareness programs and workshops are essential for pushing IDNs forward and enhancing penetration rates on the Internet. Various communities are encouraged to come together and prepare unified script tables to ease the process of introducing IDNs within that community's language

Recommendations:

1. Creating various cc working groups that share the same alphabets to devise genuine language and script tables. For example, Arabic speaking/writing communities such as the Arab nations, Iran, Pakistan, and Malaysia have formed a working group named the Arabic Script IDN Working Group (ASIWG) to discuss language and script issues
2. Increase awareness amongst cc communities via the help of the government
3. Conducting various workshops to encourage cc communities to implement IDNs
4. Studying various security issues that could be related to IDNs such as the impact of phishing

Priority # 3: Ensure financial accountability, stability and responsibility

Issues for Consideration:

- Structural vs. variable expenditures
- Transparency with regard to how and what ICANN spends on
- FY10 over budget by approximately USD 2.8million

Discussion:

An analysis which the ccNSO community might consider very useful is one which would distinguish structural from variable expenditures. Structural expenditures, such as a DNS CERT, are very difficult to withdraw once implemented. Variable expenditures, such as staff travel, are less difficult to remove or change if needed. Distinguishing between these types of expenditures would greatly assist the cc community in making recommendations about ICANN's reserve fund.

Furthermore, in making such a distinction, our community requires far more transparency on what the process is for taking on new structural liabilities. Despite ICANN bottom-up multi-stakeholder structure, services are provided that have not been requested, and then may be allocated to a community which is then bound to support the initiative. We ask what the process is for making decisions about which services to provide and which expenditures to proceed with, and which to deny.

For example, a review undertaken in December by ICANN staff and with the Board Finance Committee, showed that the FY10 budget year would complete over budget by approximately USD 2.8million. It is unclear to us how this occurred, and how ICANN made decisions on what to spend and what to

withhold spending on. Clear and transparent processes for disclosing forecast and actual expenditures and related decision-making processes are required for ICANN to live up to its transparency and accountability obligations.

Recommendations:

1. Clarify what the process is for making decisions about spending
2. Adopt processes for disclosing forecast and actual spending
3. Distinguish between structural and variable expenses

Priority # 4: Strengthen ICANN's multi-stakeholder model to manage increasing demand and changing needs

Key issues raised in the Operating Plan framework are as follows:

- Organizational improvement: Affirmation of Commitments: Perform reviews on schedule for Accountability and Transparency, Security Stability and Resiliency, Whois policy
- Participate in international Internet governance discussions
- Serve globalized technical coordination functions in public interest
- External review of ccNSO and ASO

Issues for Consideration:

- Remote participation
- Travel support
- Support for Reviews

Discussion:

- Roughly 1/4th of ICANNs budget is spend on shaping a healthy Internet eco-system.
- This category is the largest expense group from the strategic plan. With 15 million USD it is 3 times higher than the category that was identified as the most important in the ccNSO survey "security and stability".
- Budget for core meeting logistics remains flat while remote participation tools are becoming more and more important.
- Should travel support for ICANN Community increase? What are the SMART results from the past meetings?
- Could the 1.5 million spend on translation and interpretation be spend differently? What is the feedback from the current efforts?
- There is no benchmark against which to measure whether the activity adds value in terms of a concrete goal and the impact on resources.

Recommendations:

1. Point out that as “multi-stakeholder” is one of the five fundamental aspects of ICANN strategic plan that cut across all focus areas it is not as easy to identify where and how the money is spent. It might be helpful to add a separate overview that groups all related expenses in one place.
2. As with issues raised above relating to accountability and transparency, it is difficult to assess some decisions to increase or decrease part of the budget without seeing the underlying facts and figures. Links throughout the ops plan to underlying documents would be an improvement for ICANN multi-stakeholder model.
3. As some of the activities proposed by ICANN are aimed at the community, one would expect that before including the initiatives the recipients of the proposed services would be consulted to understand the need and format of education, training and information sharing to strengthen the model.

Priority #5: Strive for excellence in core operations

The following key deliverables for IANA and Technology Operations are included in the FY11 Operational Plan Framework:

- Make improvements to IANA infrastructure to support business continuity and major activities (e.g., root zone change management) by facilitating, monitoring, and maintaining a quality assurance function.
- Manage stakeholder relations in a measurable way by requesting feedback on IANA performance, make changes in accordance with the feedback, and publish metrics on changes and responses.
- Continue Business Excellence project and publish interim results.
- Test and implement RZM software to facilitate accurate, reliable, timely handling of root zone change requests submitted by ccTLD and gTLD registries.
- Manage root zone request processing and continue to refine process to improve efficiency and reliability.
- Improve performance reporting against published commitments.
- Improve efficiency in protocol parameter request processing.
- Manage number of resource requests and report on turnaround time performance against published commitments.
- Manage and maintain policy documentation.

Discussion:

Our general comments are that the goals and objectives of the Strategic Plan indicate successfully in which direction ICANN wants to proceed and priorities are on the whole well chosen. However, most objectives are vaguely formulated, and thus the perceptions of what

has to be realized might differ between readers (and evaluators). For example, there remains a lot of ambiguity in statements such as “stable TLD processes”, “robust compliance action”, and “improved accountability & transparency.”

This raises two concerns: How will the CEO and board determine, in 2013, whether the objectives have been realized? The Operating Plan Framework asks reviewers to consider “will the Strategic Plan be accomplished by the operating activities proposed”. That will be impossible to determine if the strategic goals are as vaguely formulated as they are at the moment.

Over the years, the increase in expenses is incredible: 150% since 2007. Even more disconcerting is that over the same period, there has been (only) a 50% increase in revenues. Of the total FY11 budget, 44% of expenses are on staff; 25% of expenses are professional services. For a relatively small organization like ICANN, with such a number of consultants it will probably be impossible to manage the quality and productivity of their work and to assure that funds are used efficiently. It is therefore recommended that ICANN benchmark with registries (among others) on cost allocations

Out of total expenses of 60M, only 10% will be spent on core operations: IANA and Technology Operations Improvements: 5,950 M. Especially considering the fact that ICANN foresees to implement RZM software, improve IANA infrastructure, implement DNSSEC and has to drastically increase root zone request processing capacity, it seems that expense priorities are not on ICANN’s core operations (e.g. ICANN spends twice that amount on travel and meetings and 1,5 times that amount on “staff work for board and board services”) As well, the costs for DNSSEC implementation in 2011 are not included in the framework.

Recommendations

Objectives and activities are vaguely described in the OP Framework: *Make improvements to IANA infrastructure, Manage stakeholder relations in a measurable way, Manage root zone request processing, Improve performance reporting*. One cannot improve if one does not measure, so ICANN should:

1. Determine and implement monitoring and measuring methods on performance on core services
2. Determine performance vs service levels
3. Measure customer satisfaction both qualitatively as quantitatively
4. Benchmark processes, technical and financial performance: effectiveness & efficiency (e.g. with registries)
5. Improve performance to a predefined level
6. Work towards compliance with quality standard (ISO 27001/2 and or 9001)

Conclusion

The strategic and operational planning exercise does not end here. Community comments on the Framework will be synthesized and the draft FY11 Operating Plan and Budget will be posted on ICANN's website by May 17, 2010. The SOP WG's report has raised several issues that should be contemplated by the ccTLD community. Please submit your comments on the FY11 Framework directly to ICANN by April 1, 2010.