

ALAC Updates: Feb-Mar.2023

Policy Development Activities

Statements approved by the ALAC

[Draft FY24–28 Operating & Financial Plan and Draft FY24 Operating Plan & Budget](#)

The At-Large Advisory Committee (ALAC) appreciates the opportunity to submit comments on the Draft FY24–28 Operating & Financial Plan and Draft FY24 Operating Plan & Budget as prepared by the participants of the At-Large Operations, Budget and Finance Working Group.

We would like to thank ICANN org for the important reduction of pages of this Operational Plan & Budget, without losing the explanations of the budget, operational plans, and initiatives. As it has been in the last years, it is presented in a very readable format, with bookmarks embedded in the document. We also appreciate the inclusion of the budget 'highlights' that provide a good summary of the two documents for those without the time to read both documents.

The At-Large community has provided comments on the following areas:

FINANCIAL PLANS AND BUDGETS

- Draft FY 24-28 Financial Plan
- Draft FY 24 Budget

OPERATING INITIATIVES

- Support the evolution and strengthening of the root server system and root zone management
- Facilitate the Domain Name System (DNS) Ecosystem improvements
- 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 Policy Making
- Promote and Evolve the DNS Through Open and Transparent Processes That Enable Competition and Open Entry in Internet-Related Markets While Ensuring the Stability, Security, and Resiliency of the DNS
- Evolve and improve internal and external ethics policies
- Global Stakeholder Engagement
- Geopolitical Monitoring, Engagement and Mitigation

FUNCTIONAL ACTIVITIES

- Policy Development and Support
- Community Engagement and Services

Comments

DRAFT FY 24-28 FINANCIAL PLAN

The plan forecasts a “sharp deceleration and prolonged slowdown in growth.” However, this is not reflected in the budget figures, where the following years show the same steady growth rate projected in the past 4-5 years.

The remaining numbers vary in the treatment of inflation. For example, it is good to see that inflation has been taken into account for personnel. However, it appears not to have been taken into account for travel, which is surprising since travel costs post-COVID have risen considerably.

Similarly, the amount budgeted for ICANN org’s use of professional services and administrative expenses is expected to decrease despite the ongoing use of these services. These services are essential to support the work of At-Large volunteers and the ICANN Community as a whole and it is unclear what these decreases entail. There is also an expected increase in costs to support proposed outreach in preparation for Operational Readiness for Universal Acceptance (UA) and the new generic top-level domain (gTLD) round that we comment on later in this report.

DRAFT FY 24 BUDGET

For the Funds Under Management and its explanations, we have a concern regarding the Supplemental Fund for Implementation of Community Recommendations (SFICR) and grant of the auction proceeds funds.

Our concern relates to the cost of management of the SFICR and the auction proceeds funds. The SFICR was created with a funding of USD 20 million. According to documentation provided for FY24, it is planned to be USD 18 million, but the handling of the fund is expected to cost USD 4 million, which is 22% of the fund. This 4 million figure seems to be very high. The same situation applies to the auction proceeds funds: the planned distribution of grants is USD 10 million, but the management of the funds alone is expected to be USD 4 million, a 40% rate of grant/management which is very high.

Another concern we have is that the expected investment income for the auction proceeds funds and the reserve fund are listed at approximately 1%, which seems very low, when the rate for the sovereign bonds are at 3.5-4% yield, and bank interest rates are at the same level.