

Xavier Calvez  
Chief Financial Officer  
ICANN

21 February 2018

Dear Xavier,

**Statement of the Generic Names Supporting Organization Council on  
ICANN's Draft Operating Plan and Budget for Fiscal Year 2019**

The GNSO Council welcomes the opportunity to provide input on ICANN's draft Operating Plan and Budget for the fiscal year 2019. We have carefully reviewed ICANN's plans and proposals, and we would like to provide structured feedback and suggested refinements that we believe deserve further consideration by ICANN.

This comment was prepared by the Council's Standing Committee on Budget and Operations, whose membership includes both Councilors and Subject Matter Experts from across the GNSO. The Standing Committee focused its efforts on exploring whether or not the resources directed at policy development were appropriate, both in relation to the GNSO's current workload, and in view of planned policy activities for FY19. We have divided our comment into two parts; first, we offer comments of a general nature, then, we delve into specifics.

This statement is made on behalf of the GNSO Council. It has not been subjected to a formal motion and vote, but rather is being submitted in the absence of any objection from members of the GNSO Council. The comments are intended to complement, and not replace, any input that may be provided on the FY19 Operating Plan and Budget by individual GNSO Stakeholder Groups and Constituencies.

**General Comments:**

- The GNSO Council thanks the Finance department for the granularity in the materials that were made available this year, and we express our appreciation for the fact that this material was published some five weeks earlier than it was for the FY18 cycle. Thank you. As a suggestion, we request that a high-level summary of the key points, divided into a table of "what's in" and "what's out" of the proposed Budget be provided moving forward.
- The GNSO Council takes seriously its responsibilities as a part of the Empowered Community. As a result, we have carefully reviewed the budget to understand what resources we have been allocated relative to other parts of the community, both to ensure appropriate funding and to ensure we are fully accountable for the resources that we utilize. We have been unable to approximate the levels of financial support provided directly and indirectly to the various Supporting Organizations, Advisory Groups, and associated stakeholder groups and constituencies. We need to have this information in order to hold ourselves, and others, accountable. In particular, we would like to know whether the GNSO is receiving an appropriate level of support commensurate with the responsibilities conferred on the GNSO via the ICANN Bylaws.

- The GNSO Council, as manager of the GNSO Policy Development Process and a part of the Empowered Community, believes it has a responsibility to examine ICANN's overall spending patterns, looking at effectiveness and efficiency. In doing so, we have looked inward at our own operations, and, given we engage proactively in ICANN processes in an unremunerated fashion, believe we are operating efficiently. We will do a better job at documenting our effectiveness. We ask that ICANN org do the same, measuring the effectiveness and efficiency of its operations in a way that the community finds meaningful and useful.

**Specific Comments:**

- The GNSO Council is concerned by the growth in the organisation's personnel costs by \$8.1 million (11%) over FY18. The overall budgeted personnel costs of \$76.8 million comprise 56% of the \$138 million budget, and a further \$23.4 million, or 17% of the budget, is allocated to outside consultants, attorneys, and other "professional services." The GNSO Council believes that there is a need to stop the growth in the size of the organisation's staff, to review staff salaries, bonuses, and fringe benefits (particularly in the middle to top tiers of management), and to explore how as a proportion of the budget, personnel costs and the extraordinary spend on professional services can be decreased over time. In addition, as professional services are a significant spend now, we ask that there be more detail and clarification on what this entails. We are aware that some such services may incorporate call transcription services, and additional policy staff support, but we would like to know what other kinds of services are bundled into this spend.
- The Council's Standing Committee has had detailed discussions about the resources allocated to global engagement activities, and found that there are many unanswered questions, some of which relate to the value proposition of these expenditures. The GNSO Council requests that ICANN review its global stakeholder engagement activities to ensure that they are all closely aligned with ICANN's mission, and assess how activities meet this criteria. We believe that there should be a particular focus on what tangible outcomes - both direct and indirect - have been derived from ICANN's participation or sponsorship of these events. We greatly appreciate that the larger Internet ecosystem has risks to ICANN's mission and activities. However, we strongly advise that the impact of many of ICANN's engagement activities is not well understood, or well documented.
- The GNSO Council supports ICANN in its efforts to evaluate the future of its capacity development programmes, including the Fellowship programme, NextGen@ICANN programme, Global Indigenous Ambassador programme, and Community Onboarding programme and various supporting activities to the At Large Advisory Committee. We encourage ICANN to undertake a 'fast track' assessment of the benefits of these programmes in terms of bringing active participants into the ICANN community. We have listened to inputs from some of the participants in this Standing Committee, and will be turning back to the Constituencies of the GNSO to offer detailed views on the effectiveness of these programs in leading to engagement with ICANN's policy development processes, and ICANN's core mission.

- The GNSO Council asks ICANN to re-evaluate the merits of the ICANN Academy programme and to consider whether or not the costs associated with this initiative are reasonable and appropriate for a non-profit organisation, along with whether the participant mix is sufficiently multistakeholder, cross community, and diverse.
- The GNSO Council is troubled by the absence of references to the Community Regional Outreach Programme (CROP) in the FY19 Budget. On a process front, the GNSO Council considers it unacceptable for ICANN to remove a core activity from the FY19 Budget without first notifying the community. In the multiple webinars on the Budget that our representatives from the Council and from our Stakeholder Groups and Constituencies attended, not once was the withdrawal of CROP highlighted by ICANN staff, despite the impact that its removal will likely have on community engagement and volunteerism. This is further problematic because, being unaware that CROP was being cut, the community was unable to submit additional budgetary requests for these very activities, as we had expected them to continue to be funded through the core budget as had been the case in FY18.
- The GNSO Council questions ICANN's proposal to reduce the additional budgetary request envelope by more than 50% in FY19. This budgetary envelope was developed initially from a bottom-up process, and has developed into a major way to engage communities. We are, of course, interested in assessment of impact and note that cuts may be relevant if there is not a direct benefit to ICANN's core mission and activities. However, the present approach to cuts will almost inevitably result in important community requests for support from across the GNSO and other SO/ACs not receiving needed funding to fulfill their engagement in outreach and onboarding new members. The significant cuts proposed will have negative impacts on the engagement of other members of the GNSO's constituencies, and, as we rely on the inputs and advice and participation of the broader members of each of the constituencies, we foresee negative implications impacting our policy work.
- The GNSO Council has submitted an additional budgetary request to hold a Strategic Planning Session in 2019. This follows on from a very productive and successful pilot session in 2018. We ask that the resources be made available by the organization for its continuation.
- Given the level to which the ICANN Reserve Fund has been depleted, the GNSO Council believes ICANN must be more ambitious in its plans to replenish this fund.
- The GNSO Council is cognisant of the low uptake of ICANN's language services and the high cost involved in delivering real-time interpretation. We therefore support ICANN in its outlined efforts to focus translation and interpretation resources based on necessary and justifiable needs. We would like to help ICANN identify these needs within our own activities and the projects with which we manage.
- The GNSO Council believes that the ICANN community should not be the first group to be affected by drastic cuts to the budget; it is our view that budget cuts should happen at all levels, and the Board too should take steps to reduce the costs of its own operations. In particular, travel for both Board and staff and consultants/professional service providers to outside events must be justified by a strong need to attend or to provide an expert role. We do recognize that some such events will require an ICANN presence.

- The GNSO Council notes indication that there is “no funding to conduct an ICANN org sustainability audit and draft report”. Council considers the audit exercise output as an essential tool for its own continuous oversight of ICANN org and as such Council recommends that the audit should be funded in FY19.
- The GNSO Council welcomes suggestions as to which, if any, areas of ICANN org operations could be automated to enhance cost saving over years to come.
- The GNSO Council acknowledges that the GNSO is part of the community, and looks forward to reviewing inputs from the public comment process which addresses the broader ICANN Strategy and Budget.
- The GNSO Council wishes to thank the Finance Department, and in particular Xavier Calvez and Becky Nash, for their receptiveness to community input and for responding to the clarifying questions that were submitted by the members of the Standing Committee so promptly and comprehensively.

The GNSO Council is grateful to ICANN for this opportunity to share our perspective on this important issue and we trust you will find our recommendations helpful. As the GNSO is a part of the Empowered Community we look forward to reviewing all inputs from the public comment process which addresses ICANN’s broader strategy and budget. Finally, the GNSO Council would be happy to answer any clarifying questions that you may have regarding the contents of this document.

Yours sincerely,

Heather Forrest  
GNSO Chair

Rafik Dammak  
GNSO Council Vice Chair  
Non-Contracted Parties House

Donna Austin  
GNSO Council Vice Chair  
Contracted Parties House