ICANN | GNSO
Generic Names Supporting Organization

Xavier Calvez
Chief Financial Officer
ICANN

27 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 Generic Names Supporting Organization (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 the draft Operating Plan and Budget to understand the implications of the proposed cuts in particular. We are providing 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 and the risks or threats to the GNSO's fulfillment of our responsibilities. Our comments are divided 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. However, our comments are intended to complement, and not replace, any input that may be provided on the proposed FY19 Operating Plan and Budget by individual GNSO Stakeholder Groups and Constituencies.

General Comments:

- First, 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 GNSO's Standing Committee so promptly and comprehensively. We appreciate 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 budget cycle. 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.

- Second, the GNSO Council, as manager of the GNSO policy development process and a decisional participant in 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 of 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.

- Third, 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, mutually 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.

Specific Comments:

- The GNSO Council wishes to underline the fact that GNSO policy development and coordination is a core activity which must be adequately supported. We would like to understand what proportion of the organisation's spend can be reasonably connected to policy development activities. Our feeling is that this allocation is not adequate at present. The GNSO Council anticipates that our active Policy Development Process Working Groups will require additional funds in FY19 in order to meet the terms of their respective charters. While specifics cannot be foreseen in detail at this time, activities like face-to-face meetings, training of leaders, an annual Council induction, and/or the provision of relevant professional expert assistance are likely candidates. Recent examples have included external legal advice for the RDS PDP and the data acquisition via survey for the RPM PDP.

- The GNSO Council understands the FY19 draft budget does not account for development or resources towards the next round of new gTLDs (as mentioned in Document #2, Section 2.5.1, on page 21). It is anticipated that the Subsequent Procedures PDP will complete its work by December 2018 with an expectation that consensus recommendations will be adopted by the Board prior to the conclusion of FY19. As noted under Portfolio 2.1.1, which contains a project for "Subsequent Procedures for New gTLDs" with a description of "Activities related to (1) tracking and reporting on the community's work to prepare for subsequent procedures for new gTLDs; and (2) planning for and implementation of policy recommendations on subsequent procedures" with a budget amount of $300K, there is concern that $300K will likely not meet the demand. Therefore, the GNSO Council recommends adequate budget be made available to allow for preparatory work to begin to expedite the start of the next round(s).

- The GNSO 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 neither well understood, well documented, nor subject to the discipline of reliable metrics and performance measurement.

- 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; recognizing that other SGs/ACs have different priorities that may compete with the support of this request at the Council level.

- The GNSO Council notes the 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 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 Board, 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 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 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.

- 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. We understand that Reserve Fund Replenishment is a current area of focus for the ICANN organisation.

- On a process front, the GNSO Council is troubled by the absence of references to the Community Regional Outreach Programme (CROP) in the FY19 Budget. We consider it unacceptable for ICANN to remove a core activity from the FY19 Budget without first notifying the community and seeking comments. 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 have on community engagement and volunteerism.

- Discussions within the Standing Committee included examples of how different constituencies use CROP and Additional Budgetary Requests to recruit and onboard new contributors to policy development and to upskill the capabilities of existing contributors. While the GNSO Council is not commenting specifically on these programmes, we do note that drastic cuts were made in the proposed budget to programmes that the community has been assured were "core", without adequate consultation from the ICANN community.

- 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 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 is grateful to ICANN for this opportunity to share our perspectives 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	Rafik Dammak	Donna Austin
GNSO Chair	GNSO Council Vice Chair	GNSO Council Vice Chair
	Non-Contracted Parties House	Contracted Parties House