Susanna Bennett

Chief Operations Officer

ICANN

5 August 2019

**Consultation on the Financial Assumptions and Operating Initiatives**

**for the Five-Year Strategic Planning Process**

Dear Susanna,

The Generic Names Supporting Organization (GNSO) Council welcomes the opportunity to provide input on ICANN’s proposed Financial Assumptions and Operating Initiatives.

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 ICANN’s First Consultation on a 2-Year Planning Process by individual GNSO Stakeholder Groups and Constituencies.

**Specific Comment on the Financial Assumptions:**

Regarding the Financial Assumptions document, the GNSO Council has limited our remarks to impacts in the management of gTLD policy development. We are not in a position to be able to review the funding forecast in a particularly comprehensive manner because we have access only to historical trends and lack access to the more detailed datasets of the domain name industry that other parties may be plugged into.

However, based on what evidence that is available to us, we do not expect to see resurgent growth in the marketplace from registrations of new and legacy gTLDs, nor do we consider it likely that a greater uptake in domain name registrations from within emerging economies will successfully counter the ongoing decline in new registrations that we have seen of late. The dominant means of accessing the Internet in the global South is through mobile devices, not desktop devices, and these users are more dependent upon apps than they are opening a web browser and typing in a domain name.

That said, based on the assumptions and forecast presented, funding appears to be stable which we assume indicates that support for policy development will also remain stable. The GNSO Council appreciates the effort that went into the development of the Financial Assumptions document and the approach seems sound. Specifically, the Council agrees with the framework as defined by the Industry Context, Forecast Assumptions, and the Forecast Summary sections of the document.

In prior comments and position statements issued by the GNSO Council, in particular those related to the annual budget and consultations on the Reserve Fund, the Council does take note of the remaining five-year projection to replenish the reserve fund. The proposed plan appears sound and the GNSO Council is cautiously optimistic that it can be achieved. Furthermore, we endorse the financial sustainability principles that ICANN org has proposed, which will ensure that expenses do not exceed funding in any given year.

**Specific Comments on Operating Initiatives:**

***Strategic Objective: Strengthen the security of the Domain Name System and the DNS Root Server System.***

Operating Initiative: Promote Domain Name System Security Extensions and increase its deployment

The GNSO Council is a policy development management body and not one of predominate technical orientation. In general, the Council supports any effort that enhances the security and stability of the DNS, but it does take note that there does not appear to be complete agreement among the community about the priority of deployment for DNNSEC. No response to the GNSO Council is required, as we anticipate that differing positions will be delivered from other areas of the community.

Operating Initiative: Coordinate security in the DNS ecosystem

The GNSO Council supports this as an Operating Initiative and we look forward to receiving more detailed information around this coordination.

We would appreciate further information as to how much of this effort can be completed well before the conclusion of this new five-year strategic plan, as it does appear to have a sense of urgency.

***Strategic Objective: Improve the effectiveness of ICANN’s multistakeholder model of governance.***

Operating Initiative: Evolve and strengthen the multistakeholder model to facilitate diverse and inclusive participation in policy-making

The GNSO Council recognizes the importance of diverse and inclusive participation as an essential element in the credibility of the multistakeholder model. However, participation must also be informed and evidence-based.

Operating Initiative: Evolve and strengthen the ICANN community’s decision-making processes to ensure efficient and effective policy making

The GNSO Council is interested in learning more about any initiative that seeks to evolve ICANN’s decision processes. However, we do not believe quick decisions necessarily result from informed, evidence-based policy. This operating initiative by itself will not last the duration of the five-year plan, but instead be comprised of a series of efforts as noted the ATRT3, PDP3.0, WS2, and the Governance Plan to Improve the MSM. There should be an exercise to string these complimentary efforts together to achieve specific outcomes.

Operating Initiative: Develop internal and external ethics policies

The GNSO Council supports the development of internal and external ethics policies.

Operating Initiative: Review and evaluate current meeting strategy

The GNSO Council agrees that face-to-face ICANN meetings are central to ICANN’s multistakeholder model and are an essential vehicle for progressing policy work. We have heard rumours that there is a desire to eliminate meetings, to further reduce travel support, or to possibly hold meetings in the same location year after year, as it allows for better rates to be negotiated with venues. We laud ICANN for assessing how it can reduce the “carbon footprint” of ICANN meetings, however we are concerned and ask if this is shorthand for a rumoured proposal to cancel one of the three annual meetings. If so, please be more forthright about this. We want to work with ICANN to maximise participation and the effectiveness of meetings, while balancing costs given increasing revenue constraints. Your proposal states that ICANN org will be leading efforts to “consider how and if” meetings should evolve. We ask that this be a joint effort, with community members plugged in and highly involved in this process, so that the resulting changes (if any) are truly a desire of the community’s wishes and a result of informed decision making, and not a top-down decision imposed by ICANN org.

***Strategic Objective: Evolve the unique identifier systems in coordination and collaboration with relevant parties to continue to serve the needs of the global Internet user base***

Operating Initiative: Formalize a framework for further cooperation and coordination among the domain name, Internet numbers, and protocol parameter communities on risks associated with the evolution of the Internet’s system of unique identifiers.

The GNSO Council requests additional information…….

Operating Initiative: Root Zone Management Evolution

The GNSO Council supports this effort and thinks this is one of the best examples of the Operating Initiatives presented for this consultation.

Operating Initiative: Promote and sustain a competitive environment in the Domain Name System.

The GNSO’s policy development process on future rounds of gTLDs is anticipated to conclude in the final quarter of 2019. Until this process concludes it would be premature for the Board or ICANN org to operate under the assumption that a future round will take place.

***Strategic Objective: Address geopolitical issues impacting ICANN’s mission to ensure a single, globally interoperable Internet.***

Operating Initiative: Evaluate, align and facilitate improved engagement in the Internet ecosystem

ICANN does not operate in a silo. The GNSO Council agrees that there is value in ICANN org conducting a review of how and when it interacts with other actors in the Internet governance ecosystem.

Operating Initiative: Improve engagement and participation with Government, Intergovernmental Organizations

The GNSO Council believes that these two Operating Initiatives can be consolidated into one. The first mentions IGOs, and the second mentions the GAC and IGOs. We understand that IGOs already participate via GAC and of course issues important to them is one of the longest policy issues the GNSO has encountered. We welcome efforts to resolve existing policy issues with urgency but most importantly appropriately.

As for engagement with IGOs that may not participate with us directly, we support smart outward engagement to understand challenges that may face ICANN. The GNSO Council will appreciate though more detail in how this varies from what already occurs within current government engagement activities. Nonetheless, we do recognize that this is a dependency to the Operating Initiative to “Monitor legislation…” and it is possible investment to support this will be required.

The GNSO Council does not object to the funding of modest capacity-building to increase and enhance the ability of the GAC to appropriately participate in the policy development process.

Operating Initiative: Monitor legislation, regulation, norms, principles and initiatives in collaboration with others that may impact the ICANN mission

The GNSO Council believes that ICANN org should not take too much credit for its existing work monitoring legislative and regulatory developments around the world that could have an impact on ICANN’s ability to work in service of its mission. After all, ICANN org completely missed the GDPR and has been asleep at the wheel monitoring the Copyright Directive and ePrivacy Directive. We certainly do not object to ICANN “refin[ing]” this initiative but some deep reflection is required in order to understand why it is that ICANN has not been successful in the past at responding to legislative and regulatory developments.

***Strategic Objective: Ensure ICANN’s long-term financial sustainability.***

Operating Initiative: Formalize the ICANN org funding model and improve understanding of the long-term drivers of the domain name marketplace

The GNSO Council acknowledges the accomplishments around the effort of defining market place indicators, annual budgeting, and other similar efforts that for example led to the creation of the Financial Projections document under consultation here. Therefore, the Council supports this activity generally, but we would appreciate more detail of why this rises above that of an Operating Activity.

Operating Initiative: Implement New gTLD Auction Proceeds recommendations

The GNSO Council supports this as an Operating Initiative, but we note that the CCWG-AP has yet to deliver its final recommendations. We look forward to seeing further details about how much internal resource will be required to launch this program.

Operating Initiative: Planning at ICANN

The GNSO Council is encouraged by this initiative that seeks to make ICANN’s plannoing processes more transparent, structured, and participatory. We think this is very appropriate given ICANN’s stewardship functions and remit to operate in the global public interest. As a result, we support this as an Operating Initiative. It is the Council’s view that planning at ICANN (Org, Board and Community) has modestly improved over the last several years. We have seen gains in transparency and information provided to the community within the annual budgeting processes, however we are troubled by the lack of transparency as to work undertaken by the Global Stakeholder Engagement and Multistakeholder Initiatives teams. We support addressing “prioritization,” which is no doubt among the most challenging issues confronting the community today and for years to come. A key task listed is the “quantification of resources.” The Council continues to support investments in the consolidation of business operations with enterprise solutions that innovate how policy development is managed in the multistakeholder model. Only then can business intelligence be used to identify areas to optimize resources in an efficient and effective manner that produce positive policy outcomes. A well-known quote from Drucker, “you can’t manage what you don’t measure” applies to this issue. A comprehensive view of all the policy development activities is an essential dependency to begin to manage prioritization. A similar transition would benefit across all areas where the community is engaged with ICANN Org and the Board.

Operating Initiative: ICANN reserves

See comments made under the Financial Assumptions section above.

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 Strategic Planning process. Finally, the GNSO Council will be happy to answer any clarifying questions that you may have regarding the contents of this document.

Yours sincerely,

Keith Drazek Rafik Dammak Pam Little

GNSO Chair GNSO Council Vice Chair GNSO Council Vice Chair

Non-Contracted Parties House Contracted Parties House