AT-LARGE ADVISORY COMMITTEE
ALAC Statement on Draft FY21-25 Operating & Financial Plan and Draft FY21 Operating Plan & Budget

Introduction

On 20 December 2019, Public Comment opened for Draft FY21-25 Operating & Financial Plan and Draft FY21 Operating Plan & Budget. On the same day, an At-Large workspace was created for the statement. The At-Large Consolidated Policy Working Group (CPWG) decided it would be in the interest of end users to develop an ALAC statement on the Public Comment. Ricardo Holmquist, Chair of the ALAC Finance and Budget Subcommittee, volunteered for the ALAC statement. In addition, Marita Moll, ALAC Member of the North American Regional At-Large Organization (NARALO), volunteered to draft an ALAC response to Appendix C of the Public Comment, relating to the Evolution of the Multistakeholder Model.

In January 2020, staff created two separate Google Docs for drafting purposes of the ALAC Statement. Marita Moll consistently presented on the topic during the weekly CPWG meetings.

On 05 February 2020, Ricardo Holmquist shared a first draft regarding the finance and budget portions of the ICANN Public Comment. ICANN policy staff in support of the At-Large community sent a call for comments to the FBSC and CPWG mailing lists.

On 21 February 2020, staff merged the two Google Docs into a single ALAC statement. On the same day, the co-penholders requested final feedback from the community. ICANN policy staff in support of the At-Large community sent a call for comments to the FBSC and CPWG mailing lists.

On 24 February 2020, the co-penholders finalized the ALAC statement.

On 25 February 2020, the ALAC Chair, Maureen Hilyard, requested that the statement be transmitted to the ICANN Public Comment process, copying the ICANN staff member responsible for this topic, with a note that the statement is pending ALAC ratification.

On 2 March 2020, staff confirmed the online vote resulted in the ALAC endorsing the statement with 15 votes in favor, 0 votes against, and 0 abstentions. Please note 100% (15) of the 15 ALAC Members participated in the poll. The ALAC Members who participated in the poll are (alphabetical order by first name): Abdulkarim Oloyede, Bastiaan Goslings, Carlos Raul Gutierrez, Dave Kissoondoyal, Holly Raiche, Humberto Carrasco, Javier Rua-Jovet, Joanna Kulesza, Jonathan Zuck, Justine Chew, Marita Moll, Matthias Hudobnik, Maureen Hilyard, Sylvia Herlein Leite and Tijani Ben Jemaa. You may view the result independently under:
https://www.bigpulse.com/pollresults?code=1338519pkLWnMdGCzjKf5FtjvnQ

ALAC Statement on Draft FY21-25 Operating & Financial Plan and Draft FY21 Operating Plan & Budget

First, the ALAC would like to congratulate the ICANN Finance and Planning team, as the draft plans and budget have shown great improvement over the past few years. Not only in how the information is provided, but in the way the plans and budget are structured.

Although the plans and budget are over 600 pages long, they are easy to navigate and digest. The correlation between the ICANN strategic plan, actions and initiatives, points in the right direction of transparency. *Please note the ALAC have drafted a separate response to Appendix C, relating to the Evolution of the Multistakeholder Model, following this statement.*

FY21 – FY25 Financial Plan

It is good to have a five-year financial plan which allows everyone to plan ahead. However, for some ICANN incomes and expenses a crystal ball may be needed to forecast five years in advance. Here are some issues concerning the plan:

- Travel, Professional Services and Administration Costs are steady; thus, inflation rates are not considered. However, it is worth noting that ICANN's largest offices are in the United States, where inflation for 2019 was 2%, whereas other offices around the world have lower or higher inflation rates than the United States.

  2019 inflation rates for countries where ICANN offices are located:

  Uruguay **8%**
  Singapore **2%**
  United States **2%**
 Turkey **15%**
  Belgium **1.4%**

- One of the assumptions made is, "New gTLDs were a key enabler of market growth over the past five years", but according to the numbers shown in the GDD Metrics Report that is not the case. Although the growth of New gTLD domains seems important, it only accounts for less than 15% of the total gTLD domains. It is difficult to measure how many registries and registrars are directly correlated to a legacy gTLD, new gTLD or ccTLD; but new gTLDs account for barely 7% of total domains.
- This same GDD metrics report, in the following table (RC_2.1):

Net Change in Domains (by TLD Category)

2019 H1 vs …	New gTLDs	Legacy gTLDs	.Brand gTLDs	Geographic gTLDs	IDN gTLDs	Total gTLDs	IDN ccTLDs	ccTLDs	Total ccTLDs
… 6 months ago	-2%	1%	28%	-2%	-5%	1%	-1%	3%	3%
… 12 months ago	12%	3%	40%	12%	-4%	4%	6%	6%	6%
… 36 months ago	17%	7%	171%	33%	-15%	8%	44%	12%	12%

The above table shows a decrease in new gTLD growth; very steady rate in legacy gTLD domains, and continually growing ccTLD domain rate. A graphic of TLD numbers is below, based on the data of the report, where this trend can be accurately observed.

There are a worst, best and base scenarios taken in account in the plan, but they do not seem to be correlated with these figures:
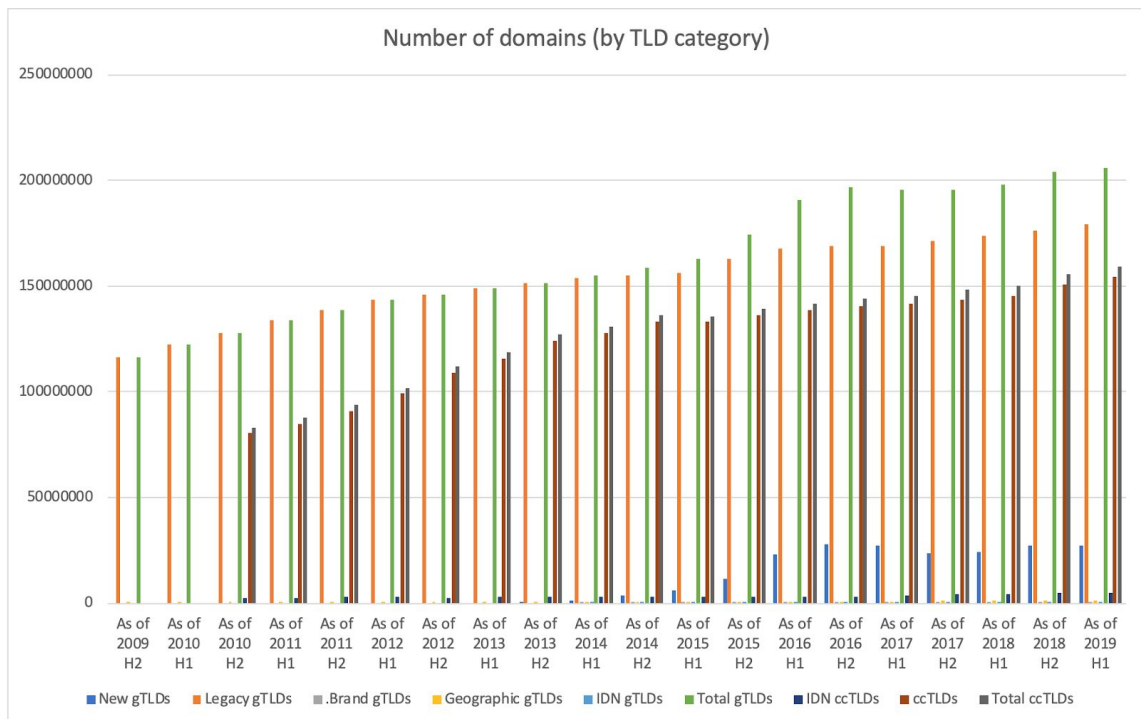
Here are some of concerns the ALAC have about the Plan:

- Personnel is increasing from 405 to 410, according to the numbers, but the actual personnel figure is around 390, so the actual increase from today's staff count is 20 people (roughly 5%).

- Travel, Professional Services and Administration costs are decreasing. Usual figure is that these costs increase due to inflation, especially when there are offices in countries with double digit inflation rates (2019 Inflation figures: Uruguay 8%, Singapore 2%, United States 2%, Turkey 15%, Belgium 1.4%).

- There is not an exact correlation between the number of domains and the income of ICANN. ICANN relies upon the number of contracted registries and registrars and the number of domains a gTLD has. When the financial trends are crossed with GDD metrics they do not appear to be aligned. A 4.1% growth in a legacy gTLD or a 2.4% growth in new gTLD is in the plan, versus a 1% growth in legacy gTLD and 2% decrease in new gTLDs in the last 6 months. Yes, they seem more in line with last five-year Compound Annual Growth Rate (CAGR), but this number is rapidly decreasing.

- Accreditation fees seem to be accurate, however the last change was in 2013.

- There seems to be a typo on "Total ICANN Overview – Total Funding" (p. 29) numbers are not in line with gTLD numbers on previous pages (p. 25); new gTLD FY20 is 5.3, and FY 21 5.1, according to previous pages, but on the table they are listed as 11.7 and 5.1 respectively. A declining budget instead of a flat budget should be shown.

- On the last page, expenses by functional activity for FY21 are very difficult to understand, since at the end there is an attrition figure with an adjustment in the number of total personnel, without explanation of their functions.

ALAC RESPONSE TO APPENDIX C RELATING TO THE EVOLUTION OF THE MULTISTAKEHOLDER MODEL
Draft FY21-25 Operating & Financial Plan and Draft FY21 Operating Plan & Budget

Thank you for the opportunity to respond to Appendix C of the Draft FY21-25 Operating and Financial Plan. The At Large is committed to working towards developing structures designed to help resolve the issues which have been identified by the community as major stumbling blocks to the evolution of ICANN's multistakeholder system. This community does want to register it's surprise and disappointment at seeing this important subject, which has been such a major topic of discussion over the past year, now relegated to an appendix in another major request for comment -- the Draft FY21-25 Operating and Financial Plan -- in which it is unlikely to get the time and attention it deserves from the community.

In the current document (Appendix C), there are 6 Issues together with identified leads tasked with the responsibility to account for how the issue is being addressed. The community is asked to indicate whether they support the identified leads, to suggest how the leads should coordinate the work that needs to be done and to rank the six workstreams according to those which might be addressed with the least difficulty.

This comment will not be dealing with all six issues in depth. Due to lack of time and resource persons to do the work we have decided to focus on two of the issues -- *consensus & representation and inclusivity* and *culture, trust and silos*.

With respect to the remaining issues: prioritization of work and efficient use of resources; complexity; precision in scoping; and roles and responsibilities -- we agree with the assignment of leads but will not be commenting on how the work needs to be coordinated. We suggest that this kind of work be done through focus groups composed of representatives from the relevant communities constituted for this purpose.

Culture, trust and silos - ALAC working with SOs and ACs

On the subject of culture, trust and silos, the issue for which the ALAC, working with ACs/SOs has been asked to take the lead, we are pleased to report that, during recent discussions (CPWG call, Jan. 15), an overwhelming number of the 60 At Large attendees agreed that ALAC could accept the role being offered -- with the condition that adequate resources to do this would be made available, particularly in the area of logistical support, especially the support of professionals in the field of team building, as well as meeting space and expenses incurred during the performance of this work.

We recognize that we are not tasked with solving the problems but rather with ensuring that efforts are made along clear and transparent lines designed to further work in this area, and with reporting on the progress of the work. We believe we are well-positioned to do this work as one of our primary tasks in the ICANN ecosystem is to reach out, educate, promote and engage with the wider community. These skills and processes can serve the whole community well in any effort to break down silos and further trust within the community.

As mentioned in the document, lack of trust between various ICANN constituencies has been recognized and acknowledged in representations from multiple stakeholders. This is a problem that is well-entrenched. It will require cooperation on all sides to bring forward structures and processes that will begin to change that culture. **The first step in this journey will be an agreement by SOs and ACs on the definition of success and the stages of success in this endeavour.**

We do not believe that this is an exercise to try to convince everyone to "just try to get along." **This must be an exercise in building a commitment to principles of constructive engagement/ effective participation among the multiple stakeholders.** Some suggestions around requirements for such participation are presented in the excerpt from an IETF study quoted below.

In this task, accessing the right resources will be key. As has been noted in the paper, some tools are already available which could be refocused on addressing the problem of culture, trust and silos. One of these would be Meeting B -- promoted as the community meeting in the schedule of ICANN face to face gatherings. An agreed upon amount of time at this meeting should be used for focus group sessions that will be needed in order to initially define the scope and trajectory of the work and then work through implementation stages.

Recently, there have been some experiments towards more cross-community fertilization. The leadership team for work track 5 (subsequent procedures) was a successful attempt at making sure all groups were represented on the leadership team. Cross-community membership in the workgroups, as well as the

ability for all kinds of members to participate, must also be encouraged. Recommendations from the IETF study quoted below are also relevant here.

As the lead entity on this issue, we would wish to engage with professionals in the field of team-building. This kind of activity is common in large corporations and there will be various services to choose from. We would seek to have input on who is chosen to help facilitate this work.

Consensus + Representation/inclusivity – GNSO working with SOs/ACs

The At Large community is somewhat less unified with respect to the combined group of issues called *consensus and representation and inclusivity* which has been allocated to the GNSO working with SOs and ACs. Much of the discomfort centers around the coupling of recruitment and demographics with representation and inclusivity. We agree with the general community comments that have strongly indicated that these are two related but different streams. At Large is intimately familiar with all the issues around recruitment and demographics including growth, diversity, participation and integration. Our thoughts in this area formed a large part of our response to the previous request for comments on this issue.

The GNSO is the central stakeholder group as far as policy is concerned. The At Large comments on policy produced through the PDP process while also addressing wider issues. Both groups do policy, both groups do outreach. The work can be similar and we are seeking volunteers with similar skills. Demand for engaged volunteer members always outstrips supply,. This has led to an atmosphere of competition between At Large and the GNSO groups like NCUC, NPOC and NCSG which also depend on volunteers.

We feel that the issues of representation, inclusivity, recruitment and demographics intersect with the issue of the culture, trust and silos. We recognize the need to spread the workload and agree with the assignment of GNSO as lead stakeholder group. However, due to the competition outlined above, we have strong concerns that we will not be heard or have sufficient influence on the outcome. In an effort to deal with this problem, **we suggest that the order in which we address the two issues highlighted in this submission could be the key to overcoming this barrier.** Given the timelines proposed for addressing this work, it is unlikely that there will be a linear progression. We do suggest, however, that **work on the trust issue should be underway as a leadup to addressing the representation and inclusivity issue which includes recruitment and demographics.**

In our previous intervention, we spoke at length about the need to make sure participants are actually ready to participate and the kinds of tools that are necessary to enable participation. We would add to that the following excerpt from a document arising from the need to address similar issues of engagement and participation at the IETF (2015). These are the kind of mechanisms that need to be in place to enable constructive engagement:

"... Processes that promote free-ranging discussion, tease
  out new ideas, and tackle concerns should be promoted. This will
  also run to:
  o Encouraging contributions from timid speakers
  o Showing warmth for new contributors
  o Preventing dominance by, or blind deference to, those perceived as
     the more senior and authoritative contributors
  o Actively shutting down derogatory styles

*It is important that participants be facilitated in tendering their
own ideas readily so that innovation thrives."*
[RFC 7704 - An IETF with Much Diversity and Professional Conduct](#)

The community has also been asked to rank issues with regard to implementability with the "low hanging fruit" to be ranked first. The At large community would prefer not to rank these issues before the release of the work of the ATRT3 and PDP3 working groups. We note that the final report of the ATRT3 review is about to come forward with specific proposals and recommendations which drill down into the issues of complexity, prioritization and scoping. The report of PDP3 will address the consensus issue and, to some extent, representation & inclusivity. The extent to which the community is comfortable with the forthcoming recommendations and how they will impact the MSM topics will determine the ease with which they can be implemented.

One final note with regard to the budget allocated to this project over 5 years, $4.3M US$ (mid-range figure): we feel that there must be flexibility in how these funds are allocated over the time frame. We suggest that the early stages of this exercise should be generously funded even if it leaves somewhat less in the final years. The importance of getting up and running quickly will be instrumental to success and that early successes will give the project the momentum it will need to realize its goals.