

The Noncommercial Stakeholders Group (NCSG) appreciates the opportunity to comment on two elements of the Fiscal Year 2021–2025 Operating & Financial Plan.

We have divided our comment into two sections:

- Our analysis of the financial assumptions and high-level projection of the proposed base-case, high, and low funding scenarios; and
- Our analysis of the operating initiatives that ICANN org has proposed prioritizing in order to successfully achieve the objectives set out in the Strategic Plan.

Financial Assumptions

The NCSG is 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. Indeed, many small businesses and independent media in the global South depend upon social media platforms, because use is easier and these services are arguably more resilient to censorship and Internet shutdowns.

We encourage ICANN org to update its projections to reflect a more realistic scenario, which is that the entire DNS marketplace will begin to contract, as has been the case for new gTLDs, particularly as price caps are removed from legacy gTLDs, resulting in an unstable pricing environment in which existings registrants may be unable or unwilling to renew a domain name. Based on the evidence presented we do not consider a worst-case scenario likely to occur within 2021-2025, but equally, a high funding scenario seems unlikely.

That aside, we endorse the financial sustainability principles that ICANN org has proposed, which will ensure that expenses do not exceed funding in any given year and that sufficient reserves are reached and maintained in the Reserve Fund at all times.

While this is a small point, it is important that we highlight a puzzling comment on page 11:

While increased consumer privacy and security may offer some consumers and business increased incentives for domain name adoption, the additional layer of regulatory mandates may also act as a counterbalance on the market.

While the NCSG agrees that safeguarding the privacy rights of individuals helps build consumer trust and confidence in the domain name industry, we do not accept that the ongoing adoption and enforcement of privacy laws has fundamentally and negatively altered the business environment for the contracted parties. If there is evidence to the contrary, we believe ICANN org would have published it already. If there is no evidence to support this claim, then this claim should be withdrawn by ICANN org.

Operating Initiatives

We support the development of internal and external ethics policies.

We agree 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. 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.

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

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.

If the Board does adopt the recommendations proposed by the Cross-Community Working Group on New gTLD Auction Proceeds, we agree that ICANN org should facilitate the implementation of these community-developed recommendations.

We are encouraged by the initiative that seeks to make ICANN's planning processes more transparent, structured, and participatory. We think this is appropriate given ICANN's stewardship functions and remit to operate in the global public interest.

We support the initiative of ensuring that the level of ICANN's Reserve Fund is continuously set, reached, and maintained.

Thank you for considering our input. We are at your disposal should you require clarification on any of our comments.