CLAUDIA RUIZ:

Good morning, good afternoon, and good evening to everyone. Welcome to the Finance and Budget Subcommittee Working Group call on Thursday the 23rd of January 2020 at 20:00 UTC. On the call today, on the English channel, Ricardo Holmquist, Dave Kissoondoyal, Sebastien Bachollet, Javier Rua-Jovet, Cheryl Langdon-Orr, and Alfredo López as members.

On the Spanish channel, we have Alberto Soto. We have received apologies from Satish Babu, Justine Chew, and Olivier Crepin-Leblond. From staff, we have Heidi Ullrich, Silvia Vivanco, and myself, Claudia Ruiz, on call management. Our interpreters for today are Marina and David on Spanish, and Isabelle and Jacques on French.

I would like to remind everyone to please state your name before speaking for transcription purposes and also so that the interpreters can identify you on the other language channels. Thank you very much. With this, I turn the call over to you, Ricardo.

RICARDO HOLMQUIST:

Thank you very much, Claudia. The first item on the agenda is the aim of the call. The idea of the call today is to review the draft fiscal year 2021-2025 operation plan and financial plan and see the next steps on how we can [inaudible].

The other thing we have is the additional budget requests, an update on them. In the last call, we approved several of them. We still have to

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approve or not approve some of them. That's the idea of the call. If any one of you have other business for the end of the call, please let me know.

If nothing else, I will start with the draft fiscal year 2021-2025 operational and financial plan. The idea of this meeting is for everybody to comment and more than comment, to raise your hand and say, "I can comment on this. I can draft something on this part of the plan." The plan is huge. It's about 379 pages but there are about 150 more attached to it. It's big for only one person to comment on.

Let's start. Can you pass to the next …? Yeah. Here is the plan. The plan is to have an introduction, one about ICANN, purpose of the plan, operation plan, assumptions, and relationship to the strategic plan. Maybe the two are not as important but the operation plan, assumptions, and relationship to the strategic plan are. Maybe we can comment on something on that.

Then, there is the operation plan where the operating initiatives and the functional activities are. This is very important [inaudible] this initiative and activities. More or less half of the plan is in there and it's where I am looking for more help, both in the fiscal year of 2021-2025 and in the fiscal year of 2021 operation plan.

Then, in green, there are the financial-based approach, the funding assumptions and projections, and the financial projections for the fiscal year of 2021-2025 and the fiscal year 2021 budget. That's the main reason for all of this.

And then, there are … In the next screen, sorry. There are several appendices that are very important. Appendix C is the one that's being

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handled right now by the CPWG—that's the multi-stakeholder model-because we worked on that last year, maybe in November or December.

But then, there is also the roadmap for the five-year, and in appendix B there is the planning operation initiative with potential activities to be considered over fiscal year 2021-2025, where most of the reviews we have been doing in the last year are.

Appendix D is related to Work Stream 2. But also, we should look at the ATRT-3 also to have only one line of comment from ALAC to the [inaudible].

This is basically how it is divided, this operational and financial plan. I make this division, the one thing on this screen and the one on the previous screen, to try to find out how we divide into groups or add different comments to one topic coming from ALAC. That's the aim of this division [and this works]. The idea is that someone with the initiative to comment in any of the parts of this can do so, so we can then go ahead and look at this comment and establish or amalgamate a complete comment from At-Large. Next.

I will talk about the financial things here, not for the operational initiative and activities. I'm not that good on these activities and initiatives. Sorry for that. Here are the operating initiatives. There are 15 in there. There are the actions in there. There is a budget related to any of them. As you can see, they cover most of what ICANN does.

Again, the idea is that if anyone on the call is related to any point of this and can go ahead and say, "I can do number five, number six, or number seven," and make a comment, make a very short draft of what's in there,

keeping in mind that we are talking about the end user's view of these initiatives, that would be great. Next, please.

These are the functional activities. These functional activities are [five]. They have a purpose and an operation initiative contribution, strategy calls, activities, how progress is going to be tracked, resources applied to this, and the consideration for any of these functional activities. They are going to be the core of what ICANN is doing in the next five years. It's very nice, again, for anyone that goes there and says, "I can't comment on this or any piece of these activities or initiatives that ICANN is putting up in there."

One thing I must say about this plan is that it's a huge difference to what we had in the past. It's very well-structured. It's a five-year timeframe. It used to be only three. It's very easy to navigate in the plan and go ahead and look at the different pieces of the plan. I will stop here. I don't know if there are any comments from anyone in here. Then going to the numbers. A hand? Oh! Thank you, Maureen.

MAUREEN HILYARD: Such a relief there, Ricardo. You were doing so well. I just wanted to point out that the functional activities, for example … The reason why I gave this activity, this meeting, to Ricardo is because he's really good with the numbers. That's a really good part of it.

Now, these functional activities really could have been within the policy area. But because it's related to the numbers that Ricardo and people who are interested in explaining numbers, investigating numbers, and that kind of thing … The functional activities are really part of the sort of

work that I like. And I know that there are people, also in this group, who are good at looking at the …

Especially those activities that are important to us as the end users. One of the sections, of course, is the policy development and implementation support. If you've had a look at the particular section, it looks at policy development and advice and policy research. Those are probably the two main ones that go into contracted parties, if you want to understand how that happens.

But as Ricardo said, when you go through each of those sections there is bound to be something that you're particularly interested in. If you can identify something and put something down on paper that actually reflects the planning for the next five years—or even doing the FY21 thing. What they're planning and how it fits in with what we see is what we want to develop within At-Large. It's really commenting, in a way, on how ICANN's future goals will impact on us and do we have to make some changes? What are the implications of some of those activities?

Universal Acceptance, of course, which is something that we've got quite a few people really interested in, is actually in the technical and DNS security section. There are community engagement and services. There's a section on global stakeholder engagement. Of course, although each of the RALOs have their own GSE person, as a RALO, even, the RALO chairs should get together and say, "Is there a better way of, perhaps, managing the way that GSE personnel work within your regions?" This is your opportunity to make some comments about that kind of thing.

There are regional offices all over the place. None in my region, of course. There's, "What score do you get?" "How [inaudible] is everyone?" and whatever. Global communications and language services—I know that Judith would be interested in something like that area, especially with the task force and how things are actually communicated across …

I mean, there is actually a lot. One of the things that I do like about the new plan is that it's very clear. This is a standardized way of how they explain each of the areas. It just means that, if you're looking for something specific with the purpose and the different activities that they're planning to incorporate within a particular topic, it really gives you some good information on which we can say, "Well, how does that fit in with At-Large and can we say something positive about it?" There's nothing wrong with that.

But I think that as long as we can make a comment—and I think this is what Ricardo would like—that everyone on this committee finds something that they can [inaudible] on from within the document that they think would be helpful for ICANN. Sort of like, "Well, you know, there's a lot of agreement that these are some good activities. We're taking note." Because they do have considerations in each of those activities which are the sorts of things that they do have to watch as they're undertaking an activity.

I'm just adding my support for what Ricardo is trying to do so that the Finance and Budget Subcommittee is actually contributing to this call for comments from the community. As the voice of the end users is … It's just trying to look at all of their plans and say what plans have set in for the

people that we … The end users that we see. Thanks. I'm very happy to take any questions.

RICARDO HOLMQUIST: Thank you very much, Maureen. I have Alberto with a hand raised. Go ahead, Alberto.

CLAUDIA RUIZ: One second, everybody. Apologies.

ALBERTO SOTO: I haven't really read this very much in-depth, but I will commit to doing this. I will mention a few things. This is item one and item three. I worked at a very large company. Their turnover was 900 million dollars. They only sold beer. It was very specific in its administration. It had a five-year plan and a yearly review. The importance of this is that the first time we see the next four years that will go on.

And so, the success of the future depends on what we can do with the current planning to be able to make corrections in the future. Many of you know that I had some health issues. I couldn't really deal with it. But I feel better now, so I commit to continue contributing to this. Thank you.

RICARDO HOLMQUIST: Thank you very much, Alberto. Any other hands? If no, if you want to comment on these functional activities or in the operational initiative, please let me know, or in the group, any comment that you may do on

these activities or initiatives. If there are no other interventions, let's go to the next that is [inaudible] now.

I tried to put some personal thought on the fiscal year 2021 budget. Here are my personal thoughts. Based on this, I will try to do a first draft of the budget for fiscal year 2021, and also for fiscal year 2021-2025. But any help would be nice to be received.

The first one is a great improvement over the last year's budget. It's easier to understand. The second one is about personal figures. Right now, the number of ICANN is 389. I don't know if it has moved to 390 in the last 20 days. But the budget is based on 405 people that w be working for ICANN in June [30th]. And from that, we move to 410 in the next five years. It's a big increase in the number of people. It's about 5% of the number of people from today to the end of the next year. It's a large number for me.

The second one is travel, professional services, and [intersessional] calls are decreasing. It doesn't seem that any inflation is related in there. Although, I put there the countries where the offices of ICANN are, actually. Uruguay, there's Latin America, Singapore there is Asia Pacific, US is the main office, currently, and [Belgium] there is Europe. There, you can see that the only countries with 2% only are based in the US and Singapore. But Uruguay has a big inflation also.

I'm concerned that there is no increase related to … The percentage of decrease is about 0.5% or something like that. But if we see an increase in inflation, about 2%, and you have a decrease of 0.5%, you see why it's not increasing. If you have to pay for a facility, or you have to pay for a

professional service, they will tax you inflation. I'm concerned that this is not included here.

The other thing is related to the number that ICANN is based in not only fiscal year 2021 but also the five-year plan. It's related to the numbers that the same ICANN is producing. Those are the metrics from GDD that ended on the first half. If you see the first half, you'd say that we are increasing only 1-2% in the last six months. ICANN is talking about 3% when you combine this 2.4% growth in the new gTLDs and 4.1% in the legacy[geo-TLDs].

Then, there are the accreditation fees that you see are the same. They are the same in the next five years, although there is a paragraph in there that says that what changed in 2015 was for a period of five years, so we are over this. We can maybe look at a new accreditation phase.

Then, there is considering travel, fiscal year 2021. Sorry, it's the same as fiscal year 2020. Sorry for the wrong year. That's good for [ALAC], the same amount of travelers, and is the same for fellows, [45 and 15]. The only number that you can see there that sounded strange for me was that LACRALO [bought] this for the general assembly. More than that, assigning some money for one of the RALOs. There is money there for LACRALO and also for the EURALO general assembly.

If we have this amount of money for the general assembly from now on, I don't think we will have any money for the At-Large if we plan to do ATLAS IV. That was my real concern, not that LACRALO have $105,000 there in the budget. Although it might sound normal for other SOs and

ACs because we were the only ones with extra budgets at the end of the page.

There are are two pieces in the ICANN budget. The first one, that doesn't include new gTLDs. On one, after the explanation of new gTLDs, there is one with new gTLDs. But the figures in there don't match the numbers in the last draft phase. There will be 11.7 million coming from new gTLDs but on the previous page, it only talks about 5.1. So there is a match that must be [inaudible] something in there.

JUDITH HELLERSTEIN: Ricardo? I'm on Adigo. Can I get my hand up when you're ready?

RICARDO HOLMQUIST: Yes. I have only two comments more. Yes. I will give you the floor once I finish with these two. Thank you, Judith. There is [a very personal] talk here that most of ICANN comes from legacy gTLDs. If you see the amount of gTLDs [be involved], they get new gTLDs from where the money comes from. Now, the amount of TLDs, the domains for the industry, are more or less the same from gTLDs as from ccTLDs. But if you look at the budget—and I completely understand that the ccTLDs have nothing to do with ICANN—you see that in a 140 million budget the only contribution from ccTLDs is 2.1.

And yet, although they don't have a direct relationship with ICANN, the DNS, the root servers, and all of this is managed by ICANN. At the end, if you're a ccTLD, you have to go there. The contribution is very, very low. I think that ICANN needs to do something about that. I don't know. Maybe

[LAC should be the host or LAC should be], a ccTLD be the host of any of the meetings instead of paying for a meeting in a hotel or something like that? That's just an idea.

Finally, the last page of the fiscal year 21 budget. There is a table related to people who are … Any plan that is a combination of personnel [payer plan, payer] and also money per plan that is in there. But with the personnel, it's difficult to answer where the people are now and where the people are going to be in the next year because there is a figure at the end of this—a [tuition] figure, there—you don't end up knowing exactly where the people go. That's all. I see the hand of Cheryl. Let me please first leave the floor to Judith. Thank you.

JUDITH HELLERSTEIN: Hi. I just got onto the bridge because I was traveling. Earlier, you mentioned professional services and employees. I have asked the question and they said that in the future they will explain this better. What's interesting is that professional services is down, despite that that is where they capture all of the IT staff that sets up and put together the meetings and does all of the work. They're not classifying employees. They're classified in professional services.

The suggestion I had given them, which I think we should also mention in the comments, is that it would be helpful if they could, in the professional services, mention or have a line item, which they said they would think of doing next time, of the professional services that are for year to year that don't change. That's like the meeting team. It's the same people but they are on a consulting contract and they're not going to change.

I think we should mention that—I missed the beginning because I was traveling—in the comments, as well. That was, I thought, an interesting fact, that the professional services dropped even though we have that section in there. Thank you.

RICARDO HOLMQUIST: Thank you, Judith. Then it is Cheryl.

CHERYL LANGDON-ORR: Thank you, Ricardo. Judith, yes, I support that approach you just mentioned, that professional services into consultancy issue. I think we do need to encourage a different style of detailed and ongoing reporting in the future.

Why I put my hand up, though, was with regards, Ricardo, to your last couple of points in this analysis. Not that I have an issue with any of the analysis but I am going to suggest that we are cautious and careful in how many things we choose to put detailed commentary on in our response to this public comment.

I just wanted to remind everybody who may not be aware of the huge and extensive history regarding the variation, which you've quite actually reported, Ricardo, that you see in the contributions between the ccTLD and gTLD spacing and the contributions that come in via those two parties.

There is a great body of work and a great deal of politic portion, I would advise, in us throwing ourselves headlong into commentary at this stage on those matters. And just to remind you, of course, that if we are going

to poke the bears we could very well risk having a reaction which is quite the opposite to what I believe would be in our best interests.

We have argued over the years, very carefully and very cautiously, that having the At-Large Advisory Committee – and indeed, by extension, the At-Large grouping via RALOs and ALSes – supported in the various ways that it has been with constituency travel, general assemblies, and all sorts of things is an important, good practice and "cost of business" from these contributions.

Let's just, with an abundance of caution, recognize that what you are saying is absolutely true but that there are ongoing and detailed discussions about exactly that and an awful lot of history as to why it currently is the way it is. Not to say that it shouldn't change. But that should be in an ICANN-wide review and not a comment on a financial budget plan for a particular period of time. Thank you.

RICARDO HOLMQUIST: Thank you, Cheryl. Point taken. That's why I began this line with a personal quote. That's my personal quote and not FBSC and don't go with these slides to any other constituency and say that these people from At-Large are crazy with the kinds of things they are asking for.

Also, I have a question from Dave. Dave, yes, they're increasing the reserve. They are not decreasing the reserve. They are increasing the reserve. In these five years, they are completing the amount that they committed to reach. But since they have more or less the same amount as we have as a total budget, around 140 million, they are doing this in two ways.

They are doing it, one, with the funds they actually have and the interest that they earn from these funds. They are funds that belong only to ICANN, not the funds that are from the new gTLDs, but the funds that belong to ICANN. The interest there produces around three to five million a year. These amounts are going directly to their reserve fund.

And the other money that's going into the reserve fund is the money that comes from the reductions they are making in the operational costs year per year. The total amount is between $8 and $10 million a year to reach. In the fiscal year 2025, they are going to reach the amount committed for their reserve fund. That's something that they may take care of completely in this budget.

The amendment—I'm talking about that the interest is the only one that's not in the budget. But that was a question I made in December and I got a response in early January. That's why I know that. But thanks for the question. It's a very good one. Any other questions? Any other caution to be taken? No? Let's go to the next screen.

It's fiscal year 21-25. More or less the same numbers, there. That's very nice to have this five-year plan. Also, there is no inflation, although we are not talking about one year but about five years here. Again, the GDD metric doesn't seem to be [inaudible] when we are producing the budget.

There's just one comment about that the first assumption is that new gTLDs were [inaudible] of market growth over the past five years. That's one of the points taken for the next five years but it doesn't seem to be so if you look at the numbers. New gTLDs don't account for more than 10-15% of the total domains right now. The amount of money doesn't

seem to be greater, also. Yes, we have more registries and registrars. The amount of TLDs is enormous. As we go from eight to almost 2,000, you need more people to handle this. But it's not the key [inaudible] of the market growth. I didn't look at that. If you see that the numbers for this are by GDD. But again, this is a personal thought in there.

Again, the same that I mentioned, that there is no contribution, or no major contribution, from ccTLDs. I know we have to take care of this by putting something like that in our comments. It's something that maybe we can comment on in person. We'll have to know how to deal with this because I don't see the larger TLDs having any contribution at all in ICANN, or it's a very, very low contribution in ICANN. I don't know if you have any comment. If not, we're just in time for Heidi to show up with the ABRs.

HEIDI ULLRICH: Hi, Ricardo and everyone. I just had to step away to pick up my daughter, so I'm going to be giving you this update via my mobile and just from my memory. Just a very brief update. I have been in touch with all of the people who needed to revise or put their request into greater details. Again, that includes the AFRALO leadership for their request.

Again, if you'll recall, their request for the [trans bot] was approved but most of the other ones were revised and resubmitted with greater detail, reducing, hopefully, some of that travel budget. There was one that was rejected for that same reason. For EURALO, I have put all of their requests onto the template and have sent those templates to the leadership. Actually, I think I sent it to Sebastien and Natalia, requesting them to flesh

out their requests there. She developed this strategy for the EURALO for their use, both in terms of overall inclusion and also for the IGF.

Then, we've also been in touch with LACRALO leadership for their request for training. We needed to have some more information on that. I am working on the template for the request for the RALO discretionary funding. Cheryl, I think that is it. Thank you.

RICARDO HOLMQUIST: Thank you very much, Heidi, for taking the time [inaudible]. I have a question for you. When do we need to submit this to ALAC for approval? Do we have time?

HEIDI ULLRICH: Maureen, please chime in if I miss anything, here. My understanding is that we've given them the revisions up until Monday or Tuesday to submit their revised requests. Then, we're going to send them, I believe, to you, obviously. And then, Maureen, I believe we wanted to send them to the ALAC for … Not even a review, but more of a "here's what we have." And then, we'll go ahead and submit by Friday, which is the deadline. Thank you.

MAUREEN HILYARD: Just to support what Heidi says, I think we did highlight [inaudible] that it is important that they take on board what suggestions were made. If they really want to put that submission ahead, they've got to work very hard to make sure that it fits in with what we already know are possibly what they will either accept or reject. Because this is a subcommittee, it does

have a little bit more leeway with regards to making the decision about what can go forward to ICANN.

And then, we pass it over to the ALAC really just for their information. And then, it goes directly to planning, basically from here. But the ALAC will get a copy for their information. Then it's in the lap of the gods, really. We don't have any say after that. The submissions that we send in have to be the best that they can possibly be and then it's … Yeah. Okay. Thank you.

RICARDO HOLMQUIST: Thank you very much, Maureen, for the commentary on this. Yes, we have until next Friday, only, to submit this. We need the AFRALO people, LACRALO people, and EURALO people to work on the [new submit] for their reviews ABR to be clear and to have them [approved]. We need to have a call next week and these are the next steps. We need to have a call next week, and no later. I think next Wednesday we can look at the last version of all of them in time to submit them. Is that so, Heidi or Maureen? Or we will only have [inaudible] in the email?

MAUREEN HILYARD: I just think that what we've got here is that there are people who may want to contribute to the numbers. I think that if you do, please keep in touch with Ricardo, basing it around some of his concerns or your own concerns.

And then, for those other people like us who don't speak in numbers, if you have any comment that you would like to make in regards to a

particular area, if you'd like to submit those to me and we will put together a separate section on, probably, the functional activities and other operational activities that could be more to do with the way we organize ourselves within At-Large, etc. I could be the go-to person for that and Ricardo could be the go-to person for the other sections so he can actually mock a statement around. Okay. Thank you.

RICARDO HOLMQUIST: Thank you very much, Maureen. Next in the agenda is the next steps, and then we have the next steps for the plan. We already see the next steps for the ABR. The next step for the plan is for you and I, myself, to raise a hand and say, "I can comment on this, or this, or this." I think we can do this in small pieces. I tried to figure these blocks that I mentioned before, but if you think you can comment on any initiative or any operational activity, and you're familiar with that or you are comfortable with putting two lines, although these two lines say that this is perfect what ICANN is doing, you are welcome to do so.

Also, the notes, if you can share them on the group or send them directly to me, it would be great. If you can send it to staff, also, it would be great. That's the idea of having them all. I will try to amalgamate them. I will try to have a draft in place for the numbers based on the comments made in the [previous slides].

That's it. Just have a draft to comment and comment on the draft. The last thing will be to have the approval from ALAC for all of this. We have until February 25th to have the comments in place. But the important thing is for everyone to raise a hand. Thank you, Silvia. [inaudible]

SILVIA VIVANCO: Yes, Ricardo. Thank you very much. Regarding your earlier comment in general about the statements and the questions you had, they were basically focused on finance. If you wish, we can ask for our colleagues from finance to come on for a conference call to try to answer some of these questions you presented at the beginning. We can try to do that, organize a call.

RICARDO HOLMQUIST: Thank you. Silvia. They already made three conferences. I attended one of them because three we're supposed to have to be the same. I also have exchanged two e-mails with them. I already have the answers from them. These are comments that are more general, that are more or less the same questions that have been made in the last two months to finance or others. They're not misaligned to what I have been asking for the last two, three, or four months. It's not that different. They already told us.

Anyway, thank you very much for the comment. If nothing else, that's it. I don't have any regrets or any other business from any of you. That's it. Thank you very much for interpreters who at times stayed with us for almost half an hour. We're going to have five minutes for you this time. Thank you very much.

CLAUDIA RUIZ: Thank you, everyone, for joining this call. This meeting is now adjourned. Please enjoy the rest of your day. Thank you.

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