SFICR Discussion and Planning Update

ICANN’s Planning and Finance Team

May 2021
Agenda

- Finance Update on a Supplemental Fund for Implementation of Community Recommendations
- Planning at ICANN
Supplemental Fund for Implementation of Community Recommendations (SFICR)

Shani Quidwai
SFICR Overview

- In order to bring support and flexibility with upcoming challenges that ICANN org faces, we recommend creating a Supplemental Fund for Implementation of Community Recommendations (SFICR) which the BFC has recommended to the Board to adopt.

- An initial allocation to the Fund will be proposed to the Board using excess in the Operating Fund

- Key benefits of creating a SFICR:
  - Large or long projects are challenging to manage within our annual budget process, and don’t easily fit with our annual funding
  - Forces discipline in planning/accounting/analyzing projects’ expenditures; Requires org to identify project funding before starting to spend
  - Increases transparency and accountability by isolating the spend and matching it to the funding
  - Segregated resources in support of increasing the capacity of the organization to address activities and projects not currently included in the organization expenses run-rate, but nonetheless included in the Strategic/Operating Plans and requiring funding
SFICR Potential Projects

- Primarily, this fund would address the most important implementation work that has already been approved by the Board but not funded, or soon to be adopted and funded.
- Projects can only be approved if there is sufficient budget in the fund; this would ensure we never spend beyond our means.
- Illustrative Potential Projects (to be evaluated against the criteria):
  - Cross community recommendations: WS2, Evolution of the MSM (Prioritized in FY22)
  - GDPR-related work: SSAD / UAM work and implementation
  - Review implementation: CCT, SSR2, ATRT3
- Allocate funds at inception, and contribute every year through an allocation from annual funding (the annual budget will plan for excess to continue funding this account).
- The approval will follow the annual budgeting process which the Board and Empowered Community approve.

SFICR would not include Auction Proceeds and Sub Pro which are self funded programs that do not use Operational Funds.
How the SFICR Works

- The SFICR’s funding and expense allocations would be evaluated during ICANN’s annual planning process.

- Projects that been approved by the Board or soon to be adopted and cannot fit within the annual budget due to cost and duration will be candidates for the SFICR.
  - These projects will be proposed to be funded via the SFICR as part of the annual plan and five-year operating plan process submitted to public comments for Community for consideration.

- ICANN org recommends a separate fund for SFICR because the Reserve Fund policies and principles do not allow for this type of spend, as the Reserve Fund is meant to be a last resort fund for unplanned or emergency related expenses.

- The governance of the SFICR will be defined in the ICANN org’s Investment Policy.

- Replenishment of the SFICR will be evaluated annually during the planning process, which is also when ICANN org proposes to make a recommendation to allocate any excess (if applicable) in the Operating Fund.
Next Steps

◉ The BFC has recommended to the Board to authorize creation of the Supplemental Fund for Implementation of Community Recommendations (SFICR)

◉ The Board will evaluate this decision and vote for decision in May
ICANN Planning Overview and Processes

Becky Nash
Prioritization Project Steps and Timeline

Tentative

Public Webinar at ICANN 71 prep week

Jun 2021

Pilot
• Incorporate the pilot framework into FY23 Planning Process

Aug – Sep 2021

Consultation
• Propose work to be prioritized as part of FY23 Draft Plans for Public Comments

Dec 2021

Revision
• Revise the framework per Public Comments

Apr – May 2022

May – Jun 2021

Consultation
• Scope of work to be prioritized
• Who should participate in the prioritization and their roles & responsibilities
• The process and techniques to be used

Jul 2021

Publication
• Publish Briefing Paper – Version 1 per consultation input

Oct 2021

Publication
• Publish Briefing Paper – Version 2 per consultation and pilot input

© The timeline is tentative and will evolve as we consult with the Community and Board.

© The prioritization framework will keep evolving to enable agility and ensure continuous improvement to meet the Community, Board and org’s needs.
Community, Board and Org Consultations

The objective of consultations is to collect diverse stakeholder input to inform the iterations of the draft prioritization framework.

The consultation will include informal engagements among community, Board, and org. and public webinars to brief the entire community on the proposed prioritization framework and invite feedback on the approach.

- **Suggested Community consultations**
  - SO/AC Leadership
  - SO/AC established groups focused on planning and financials:
    - ccNSO Strategic and Operational Planning Committee (SOPC)
    - GNSO Standing Committee on ICANN’s Budget & Operations Planning (SCBO)
    - ALAC Operations, Finance and Budget Working Group (OFB-WG)
  - ATRT3 Implementation Shepherds
  - Public webinars

- **Suggested org and Board consultations**
  - Board caucus group on Budgeting and Prioritization (BPCR), Board Strategic Planning Committee (BSPC) and Board Finance Committee (BFC)
  - Org Executive Team and org Planning Liaisons
# Planning activities (Jan to Dec 2021)

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<td>ICANN Board passes resolution (no changes to Strategic Plan)</td>
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Community Participation in Planning

Jan-Mar
- Strategic Outlook Trend Identification

Apr-Jul
- Trend Analysis and Impact Assessment
- IANA Plans Kickoff and Development

Jul-Nov
- ICANN Plans Kickoff and Development
- IANA Plans Public Comments

Nov-Dec
- ICANN Draft Plan Publication
- IANA Plans Adoption

Dec-Feb
- ICANN Plan Public Comments
- IANA Plans Empowered Community Period

Feb-Mar
- ICANN Plan Revision

May-Jun
- ICANN Plan Adoption and Empowered Community Period

Email The Planning Team ➤ planning@icann.org
Appendix
### SFICR Governance/Process

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<th>Steps</th>
<th>When (Approx.)</th>
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<td>Planning prioritization phase identifies the projects intended to be carried out, potentially new candidates for funding by the SFICR in the planned year (in addition to current year funded projects)</td>
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<td>ICANN org presents to BFC previous and fiscal year’s SFICR spend and planned spend for the current year (as per previously adopted budget)</td>
<td>October</td>
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<td>BFC reviews draft five-year and one-year plans including projects proposed to be funded by the SFICR in the one-year plan, potential proposed allocation to Reserve Fund and to SFICR</td>
<td>December</td>
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<td>Public comment for draft five-year and one-year plans including explanation of SFICR and proposed project usage</td>
<td>December – February</td>
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<td>Community webinar to review draft plans including projects using SFICR</td>
<td>January</td>
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<tr>
<td>ICANN org reviews Public Comment inputs and any proposed changes</td>
<td>March</td>
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<td>BFC reviews comments on the five-year and one-year plans including on SFICR-funded projects and SFICR contribution and usage</td>
<td>April</td>
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<td>Board adopts Operating plans and budget, including allocation to and usage of SFICR, potentially revised after public comments</td>
<td>May</td>
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<td>Empowered Community Rejection Period</td>
<td>May – June</td>
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Flowchart for Operating Fund Excess Situations

ICANN org generates Operating Fund excess

Does the Reserve Fund have 12 months of Operating Expenses?
- No → Make a minimum contribution to the Reserve Fund
- Yes → Evaluate and make contribution to SFICR based on qualifying projects that did not fit in the annual budget

Is there excess after the minimum contribution?
- No → End of process
- Yes → Is there excess after the SFICR contribution?
  - Yes → Contribute any remaining excess to the Reserve Fund (can leave some in Operating Fund in uncertain climates)
  - No → End of process

Note: the excess can occur in any year because (i) it was budgeted and did occur, or (ii) because of any combination of unplanned expenses being lower or funding being higher, or (iii) because both (i) and (ii) occurred.
Prioritization Project Design

Development of a Prioritization Framework will include:

### Prioritization Process

- Identification of the scope of work to be prioritized
- Identification of the participants and their roles & responsibilities in the process
- Design of the frequency for prioritization planning process
- Selection of an agreed-upon prioritization technique
- Identification of systems, reports or tools to manage the process
- A pilot of the technique is suggested as a valuable component of validation

### Engagement and Consultations

- Opportunity to provide input and feedback
- Informal consultations
- Public Comment
- Inclusive
- Open
- Simple
- Short
- Effective