Explanation and FAQs about the Supplemental Fund for Implementation of Community Recommendations (SFICR)

Introduction

The Supplemental Fund for Implementation of Community Recommendations (SFICR) was created in FY21 to establish segregated resources to increase the capacity of the organization to address projects that are multi-year and focus on community recommendations (for policies or resulting from reviews and cross-community working groups) that are approved by the Board but do not fit within the annual Budget. These projects are essential to ICANN organization (org) and included within the org's strategic and operating plans. Due to their size and length, the funding of these projects is unlikely to happen with ICANN's annual funding, which is largely committed to existing activities every year.

SFICR Milestones

- On 27 April 2021, ICANN org held a webinar with the community to discuss work prioritization and the SFICR.
- On 12 May 2021, the Board approved the creation of the SFICR and the revised ICANN Investment Policy that establishes the SFICR governance.
- On 22 July 2021, the Board approved a US$15 million transfer from the Operating Fund to the SFICR as initial funding.
- On 28 October 2021, the Board approved a US$5 million transfer from the Operating Fund to the SFICR.
- On 16 November 2022, the Board approved the use of US$5.8 million from the SFICR to fund implementation of community prioritized reviews.
- On 27 February 2023, the Board approved to use funds from the SFICR, as recommended by the BFC, to absorb the costs incurred as a result of the development and operation of the Registration Data Request Service (RDRS) formerly known as the WHOIS Disclosure System.
- On 26 October 2023, the Board approved a US$20 million transfer from the Operating Fund to the SFICR.
- On 26 October 2023, the Board approved to spend up to US$13 million from the SFICR to fund the implementation work of the New gTLD Program: Next Round through 30 June 2024.

How the SFICR works

Ongoing funding and expenses for the SFICR will be evaluated during ICANN's annual planning process as well as periodically by the Board Finance Committee (BFC) and Board. The governance of the SFICR is defined in the ICANN Investment Policy. Projects approved by the Board but that do not fit within the annual budget due to cost and duration will be candidates for the SFICR. Projects can only be approved if there is sufficient budget in the SFICR, ensuring ICANN org cannot spend beyond what is available in the SFICR.

Replenishment of the SFICR will be evaluated periodically when ICANN org makes recommendations to the BFC and Board on allocating excess from the Operating Fund.

Frequently Asked Questions

What is the SFICR?

The Supplemental Fund for Implementation of Community Recommendations (SFICR) was created in FY21 to establish segregated resources to increase the capacity of the organization to address projects that are multi-year and focus on community recommendations (for policies or resulting from reviews and cross-community working groups) that are approved by the Board but do not fit within the annual Budget. These projects are essential to ICANN organization (org) and included within the org's strategic and operating plans. Due to their size and length, the funding of these projects is unlikely to happen with ICANN's annual funding, which is largely committed to existing activities every year.

Why create the SFICR?

The SFICR provides resources to fund activities and projects not included in the organization's annual expenses, but nonetheless included in the strategic and operating plans. Because these activities and projects and do not fit within the org's annual Budget, utilizing the SFICR allows ICANN org to take on projects that are costly and span multiple years. Projects using the SFICR will be reported in a transparent and accountable manner. Transparency will improve as the funding of the SFICR-covered projects are Board-approved and the expenses will be specifically analyzed, tracked, and presented in periodic financial updates and through the annual planning process. The updates will include operational and financial information that highlight status and progress.

How does the SFICR operate?

Each year, a section of the Budget provides an overview of the recommended SFICR allocation and the projects for which such funds will be utilized. In addition, the BFC and Board will periodically evaluate additional projects that the org recommends be funded by the SFICR.

To replenish the SFICR, ICANN org will periodically evaluate the level of the Operating Fund to determine any transfers to the Reserve Fund and SFICR. Any available excess would be allocated in the following order:

1. Funds would be transferred to the Reserve Fund to ensure that the Reserve Fund balance is at or exceeds the minimum target level of one year of budgeted expenses.
2. The SFICR would be considered for any remaining excess funds. ICANN org will collaborate with the Board and Community to understand what projects and initiatives have been or will be approved that are not typically funded via the annual planning process. The amount transferred into the SFICR must be supported by specific projects that are eligible for the SFICR.
3. Any remaining excess would be transferred to the Reserve Fund.

What types of projects are eligible for the SFICR?

The SFICR will address implementation work that has already been approved by the Board but not funded. Projects should be funded by the annual operating budget if possible. If projects can be funded via the annual budget, they will not be eligible to be funded by the SFICR.

The SFICR is only for projects that are not funded in the annual operating budget and meet the following criteria:
- Span multiple fiscal years
- Approved by the Board

Is support for community recommendations limited to what is in the SFICR?

As its name suggests, the SFICR is a "supplemental" resource to fund long and complex projects that do not fit in ICANN's annual budgets. Only select projects, based on the criteria described in the answer above, will be candidates for the SFICR. Other work related to community recommendations and policy development is funded through normal ICANN operations.

How can the community participate?

Project spend will be estimated by fiscal year in the draft five-year and one-year plans. The community will have an opportunity to submit Public Comments about the projects and assumptions made. ICANN org will evaluate the comments and hold community sessions to understand the feedback and make any changes, if necessary.

Why is the SFICR being used for the New gTLD Program: Next Round?

The tranche of funding for the New gTLD Program: Next Round of US$13 million through 30 June 2024 will be sourced through the SFICR. Utilization of the SFICR is appropriate, as approved by the Board, when the size, complexity, and length of the project create a challenge to be solely funded by annual budgeted funding.

The funding for this stage of implementation of the next round will be through the SFICR since it requires additional effort and resources above and beyond the annual plan and budget. Further, SFICR will be used rather than the remaining funds of the 2012 round of the New gTLD Program since the SFICR has the available funds and this will preserve the remaining 2012 funds for ongoing 2012 round expenses.

Summary Table of SFICR Governance and Process

Steps	When (Approx.)
Planning prioritization phase identifies the projects intended to be carried out in the five-year and one-year planning cycles, including projects that potentially could be funded by the SFICR	June – August
ICANN org presents to BFC previous fiscal year's SFICR spend and planned SFICR spend in the draft five-year and one-year plans, as well as proposed allocations to the SFICR	October – December
Public Comment for community consideration of draft five-year and one-year plans including proposed SFICR funding and expenses	December – February
Community webinar to review draft plans including projects using SFICR	January
ICANN org reviews Public Comment inputs and any proposed changes regarding plans for use of funds allocated to the SFICR	March
Board adopts operating plans and budget, including allocation to and usage of SFICR, potentially revised after Public Comment	May
Empowered Community petition period for operating plans and budget	May – June
If no Empowered Community petition is raised, the adopted operating plans and budget go into effect, including plans related to the SFICR	July