## Power: Reconsider/reject budget or strategy/operating plans

Question 8: Do you agree that the power for the community to reject a budget or strategic plan would enhance ICANN's accountability? Do you agree with the list of requirements for this recommendation? If not, please detail how you would recommend amending these requirements.

There were **twenty-two** comments in this section.

17 comments suggested agreement; 11 comments noted concerns.

There were no **confusion** rated comments.

There were three divergent rated comments.

There was **broad agreement that this power would enhance ICANN accountability**, but **significant concern** that this power would have to be implemented in a way that does not compromise ICANN's effectiveness.

#### The main issue/s or concerns:

- Impact on ICANN's operational effectiveness arising from this power
- Desire for more incorporation of all relevant community input in the planning process, so as to make rejection less likely

**Specific** concerns or suggestions for further follow up and WP1/CCWG discussion:

- Greater transparency earlier in the process & more complete reporting (270)
- Planning process must deal with all input on a fair and equal basis (271)
- Better quality staff/board/community interactions before plans are approved (272)
- Limit rejection of a plan to once per cycle (273)
- Limit rejection of a plan to twice per cycle (281)
- Concern for impact of sustained rejection, some limit (275, 277, 283, 286, 289)
- Improved engagement and dialogue to prevent matters coming to the point of rejection (276, 282, 283, 285)
- Need greater IANA budget transparency (288)
- Clarify that aim is not to re-write a budget in the community mechanism, but to return to Board for adjustment (288)

## **Divergent comments:**

• Doubtful of value or effectiveness, opposed to strengthening this power (278)

# Proposed CCWG response/approach to resolution

- WS2 will look at the planning process to improve quality of engagement & inclusion of input between Board, staff and community, and lead to a lower likelihood of plan rejection
- CCWG will consider limit to number of times a plan/budget can be rejected
- CCWG will elaborate on caretaker approach where a plan/budget is rejected to minimise operational impact

#	Contributor	Comment	CCWG Response/Action
#	Continuator	Comment	'
2 9 5	<u>RH</u>	Question: Yes. Membership should have full powers.	"Agreement"  Summary / Impression: Reviewing/revoking budget and strategic / operating plans is desirable.  Actions suggested: None  CCWG Response: The CCWG thanks you for your comment.
2 9 6	<u>DBA</u>	In particular, we would like to emphasize the following: Empowering the community with regard to i.e., spilling the Board, reviewing/revoking the budget and strategic/operating plans and amending the Fundamental Bylaws.	"Agreement"  Summary / Impression: Reviewing/revoking budget and strategic / operating plans is emphasized.  Actions suggested: None  CCWG Response: The CCWG thanks you for your comment.
2 9 7	<u>CRG</u>	-In principle yes, but don't think is efficient with the present structure of the budget presentations.  - The Budget Veto mechanism should be developed to make transparent to the community how resources are being assigned not only to programs and priorities, but the different parts of the ORGANISATIONAL STRUCTURE, like the full budget assignments between the major areas of (a) policy development, (b) compliance	"Agreement" "Concerns"  Summary / Impression:  More transparency in budget process and earlier and more complete reporting requirements to community.  Actions suggested: See above.

and (c) operational functions, separate from the corporate overhead which is not the case today.  CCWG Response: Thank you for your comm attempted to address yo in three ways: first there is concerns to activate this concerns must have comment period for the	ur efficiency concerns must be consensus
attempted to address yo in three ways: first there is concerns to activate this concerns must have coment period for the	ur efficiency concerns must be consensus
in three ways: first there is concerns to activate this concerns must have coment period for the	must be consensus
concerns to activate this concerns must have com comment period for the	
comment period for the	power. Second those
comment period for the	•
and third there is a time l	limit to initiate a veto.
The CCWG agrees with y	our second point and
have specified that a revi	
development process wil	
" <mark>Agreement</mark> " " <mark>Concerns</mark>	s"
Summary / Impression:	
More inclusivity and impa	
Strat plans. Community s	-
- Moreover, the community should also have the power to veto or included in the budget d	evelopment process.
approve any plans to scrap an on-going strategic planning process.	
- The community should be allowed to be fully included in any  Actions suggested:	
discussions especially regarding the regions they come from, in the None.	
past, ICANN leadership has been seen to side with some  CCWG Response:	
stakeholders while alienating others yet they come from the same  Thank you for your comm	agnts Under the
region and share interests.  proposed framework, the	
- ICANN must maintain impartiality and promote inclusivity in all any budget or proposed	-
budget or strategy/operating plans proposals  agrees with your suggest	•
process from the start an	
budget and strat plan de	
has been recommended	
- Afnic strongly support this proposal. Not only it is necessary for the "Agreement"	
empowered community to be able to review the IANA functions	
budget (as clearly stated by the CWG-Stewardship) but also this will Summary / Impression:	
allow better quality interactions between staff, board and  Better quality interaction	s between staff, board
9 Afnic community on the budget and strategy BEFORE it's approved by	et and strategy
9 the Board.	ard.
- The limitation of powers such as not rewriting the budget or the Actions suggested:	
super-majority needed to reject the budget twice seems reasonable. None.	

			CCWG Response: Thanks for your comments. As a part of this proposed framework the community would separate veto budget over the ICANN general and IANA specific budgets. The vetos would, however, only come after a board approval. Your recommendation for greater participation in the budget and strat plan development process are duly noted and proposed to be a part of WS2.
3 0 0	<u>IA</u>	- Allowing the community to veto the budget or the strategic plan raises questions of efficiency and effectiveness. These are key operational documents, and holding them up for multiple cycles of back-and-forth between the Board and the community could be highly detrimental to ICANN's operational effectiveness.  - IA suggests a workable solution may be to allow the SO/AC Members to place a one-time veto per cycle for these two powers, which the Board could override by providing an explanatory statement explaining why rejection of the veto was consistent with ICANN's mission and the public interest.	"Concerns"  Summary / Impression: Concern for operational efficiency and effectiveness from community veto of budget or strategic plan. Suggest limiting veto to once per cycle.  Actions suggested: Consider limiting veto to once per cycle.  CCWG Response: Thank you for your comments. The CCWG attempted to address your efficiency concerns in four ways: first there must be consensus concerns to activate this power. Second those concerns must have come up during the public comment period for the budget or strat plan and third there is a time limit to initiate a veto. Finally fourth, the organization would be able to continue to operate on the prior year's budget so there would be no paralysis.
3 0 1	RySG	- RySG agrees that enabling the community to reject a budget or strategic plan would help to enhance ICANN's accountability. The ability to control the budget is essential as it would have the most direct impact on Board and management actions and activity.	"Agreement"  Summary / Impression: Ability to control budget is essential and has most direct impact on board and management.

		- RySG agrees with the list of requirements for this recommendation	
			Actions suggested:
			None
			CCWG Response:
			The CCWG thanks you for your comment.
			" <mark>Agreement</mark> " " <mark>Concerns</mark> "
			Summary / Impression:
			General support but concern over protracted
			community veto process. Requests explanation
			on how Member status can be created and
			maintained without undue costs, complexity, or
		- BC supports the proposed community power to reject ICANN's	liability.
		draft budget and strategic plans. It seems appropriate to require 2/3	
		majority in the first vote and 3/4 majority in subsequent votes.	Actions suggested:
		- BC is concerned that a sustained rejection of ICANN budgets and	Expand on how member status can be created
		strategic plans could result in the corporation having to operate	and maintained. Consider at what point the
	BC .	under prior approved budgets and strategic plans for multiple	budget and strategic plan vetoes would be
3		years. This is not an efficient or effective way to operate an	truncated after multiple votes to block the
0			Board's proposal
2		organization like ICANN, and the BC believes CCWG should	CCMC Passage
		consider at what point the budget and strategic plan vetoes would	CCWG Response: Thank you for your comments. The CCWG
		be truncated after multiple votes to block the Board's proposal.	attempted to address your efficiency concerns
		- BC notes that enforcing this power may require SO/ACs to adopt	in four ways: first there must be consensus
		Member status under California Law, and encourages the CCWG to	concerns to activate this power. Second those
		explain how Member status can be created and maintained without	concerns to activate this power. Second those concerns must have come up during the public
		undue costs, complexity, or liability.	concerns must have come up during the public comment period for the budget or strat plan
		and costs, complexity, or hability.	and third there is a time limit to initiate a veto.
			Finally, the community would eventually
			consider the notion of board member removal
			to break the deadlock. The simplified member
			structure is explained under the structural
			proposal.
3		Again this section shows a significant lack of trust in ICANN and its	"Divergence"
0	.UK	processes. This needs to be addressed. That the complex	
3		processes that ICANN goes through in developing strategy,	Summary / Impression: An intermediary
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		operating plans and budgets, with open consultation, could lead to proposals being rejected by the community suggests something is seriously wrong. Some form of intermediary process – promoting dialogue between the executive and/or Board and the community – is needed to avoid disruptive processes.	process - promoting dialogue between board and ICANN is needed to avoid disruptive [veto] processes.  Actions suggested: Consider intermediary process.
			CCWG Response: The CCWG feels this is less a matter of trust and more of addressing a structural deficiency in the budget and strat plan process. The CCWG agrees with your suggestion to improve the process from the start and a review of the budget and strat plan development processes has been recommended for WS2
		- Para 199: We strongly support the power for the community to reject a budget or strategic plan. In many instances, the power of the purse provides the ultimate check on an institution's. Further clarification also is needed regarding what constitutes when the Board has "failed to properly consider community input."	"Agreement" "Concerns"  Summary / Impression:  Strongly support power. It provides ultimate check on an institution's. Concerns that sustained rejection could lead to corporation having to operate under prior-approved budgets.
3 0 4	<u>USCIB</u>	- However, USCIB shares the concerns of the ICANN's Business Constituency (BC) that a sustained rejection of ICANN budgets could result in the corporation having to operate under prior- approved budgets for multiple years, comparable to the U.S. Government's practice of operating under a "continuing resolution"	Actions suggested: Clarify what constitutes when the Board has "failed to properly consider community input". Consider at what point the budget veto would be truncated after multiple votes
		based on the budgets of prior fiscal years. This is not an efficient or effective way to operate an organization like ICANN, and USCIB concurs with BC recommendation that the CCWG consider at what point the budget veto would be truncated after multiple votes to block the Board's proposal.	CCWG Response: Thank you for your comments. The CCWG attempted to address your efficiency concerns in four ways: first there must be consensus concerns to activate this power. Second those concerns must have come up during the public comment period for the budget or strat plan and third there is a time limit to initiate a veto.

			Finally, the community would eventually consider the notion of board member removal to break the deadlock. The simplified member structure is explained under the structural proposal.
3 0 5	LINX	We are doubtful of the value or effectiveness of the power to reconsider/reject the Budget and Strategic/Operating Plans, but we are not strongly opposed to this power as designed. We would be opposed to greatly strengthening it.	"Concerns" "Divergence"  Summary / Impression: Doubtful of value of this power and would be opposed to strengthening it.  Actions suggested: None.  CCWG Response:
3 0 6	<u>JPNIC</u>	It is a common practice for stakeholders who appoint Board members within an non-profit organization, to have the powers over key decisions made for the organization. We also recognize this as the power identified as required by the CWG-Stewardship.	The CCWG thanks you for your comments.  "Agreement"  Summary / Impression: It is a common practice for stakeholders to make decisions. This power is identified as required by CWG-Stewardship.  Actions suggested: None.  CCWG Response: The CCWG thanks you for your comments.
3 0 7	CWG-St	Including the ability for the community to have more rights regarding the development and consideration of the ICANN budget.	"Agreement"  Summary / Impression: Request "more rights" regarding budget (but not necessarily primary authority).  Actions suggested: None.  CCWG Response: The CCWG agrees with your suggestion to improve the process from the start and a review

3 0 8	<u>IPC</u>	The IPC generally supports some form of community oversight and "veto" over budgets and strategic plans, beyond the current public comment exercise. The IPC agrees that this power should be relatively narrowly focused and rely on inconsistency with ICANN's mission and role. A horse-trading line-item-veto process would be unwieldy and put too much power in the hands of the members. In that vein, there should not be an endless loop of feedback. The IPC is concerned by the reference to "subsequent rejection/s" and does not believe there should be more than two bites at the apple, at most. Rather there should be an appropriate consultation process to work through any issues that caused rejection in the first place.	of the budget and strat plan development processes has been recommended for WS2  Agreement" "Concerns"  Summary / Impression:  - General support but concern over community veto process resulting in endless feedback loop.  - Power should be narrowly focused.  - Better approach: appropriate consultation process to work through issues prior to community / board rejection.  - Community veto should be limited to two bites at the apple.  - Actions suggested:  None.  CCWG Response:  While the CCWG considered and rejected the notion of limiting the number of bites at the apple, it is believed that a kind of continuing resolution based on the prior year's budget would act a disincentive for both the Board and the community to engage in an extended back and forth. Its is also noted that the community has an escalation path at its disposal in the form of board member removal under the proposed framework.  "Agreement" "Concerns"
3 0 9	<u>USCC</u>	Allowing the community to reject a budget or strategic plan would enhance ICANN's accountability. The list of requirements for this recommendation is satisfactory. However, the CCWG should create a proposal that guards against a situation where the Board and community could go back and forth submitting and rejecting several iterations of a budget, and avoid stalemate.	Summary / Impression: General support but concern over protracted community veto process resulting in stalemate.  Actions suggested: Include safeguards.

			form of board member removal under the proposed framework.  "Agreement" "Concerns"
3 1 0	<u>INTA</u>	- Agree that giving the Community the power to reject a budget or strategic plan would enhance ICANN's accountability. However, as presented, we have concerns with the potential for this new power to lead to an impasse or budget crisis. In that regard, it is recommended that the feedback and amendment process not be unlimited.  - Rather than the Community having a limited number of opportunities for rejection, the Community and Board could be required to participate in mediation or some other form of consultation to resolve the matter. We believe that this type of	Summary / Impression: General support but concern over potential for impasse or budget crisis. Mediation or other consultative process should be used to resolve disputes between board and community.  Actions suggested: Consider Board-community mediation. Define dispute resolutions  CCWG Response: While the CCWG considered and rejected the notion of limiting the number of bites at the apple, it is believed that a kind of continuing resolution based on the prior year's budget
3	.NZ	dispute resolution should be clearly defined and set forth so that all the Community members understand how dispute resolution related to the budget would be handled.  - Supports this power as an enhancement to ICANN's	would act a disincentive for both the Board and the community to engage in an extended back and forth. Its is also noted that the community has an escalation path at its disposal in the form of board member removal under the proposed framework. The notion of mediation was addressed and it was determined that it should be included as part of an overall review of the budget development process in WS2.  "Agreement"

1		accountability. We are in support of the requirements set out. We note that the annual budgeting process will need to be adjusted to make provision for this power, and consider that that falls naturally into a broader improvement in the budget process that could be part of Work Stream 2.	Summary / Impression: Support this power. Annual budget process' adjustment for this power falls into workstream 2 with broader improvement to budget process.  Actions suggested: None.  CCWG Response:
3 1 2	NCSG	Some NCSG members believe the ability of the community to intervene in the budget process is a mechanism which is extremely important. A strong ability to ensure that the security and stability of the DNS is not impacted by unwise budgeting or financial planning is at the core of the community's responsibility to their stakeholders and the internet as a complete whole.  Other NCSG members would like to see internal mechanisms put in place at ICANN to more closely align the board and the community at various stages in the process including the extent to which agreements between the two can be required before such decisions can be finalized. While the board may have the final say, processes can be put in place to direct the board to work more closely with the community in reaching the ultimate decision. For some NCSG members, that requirement would be sufficient on this issue.	Thank you for your comment.  "Agreement" "Concerns" "Divergence"  Summary / Impression:  Split in view of members:  Some believe this power is extremely important and at the core of accountability.  Other members prefer internal engagement mechanisms put in place to more closely align the board and the community at earlier and subsequent stages in the process including a requirement for community agreement before budgets can be finalized for approval.  Actions suggested: Include internal mechanisms.  CCWG Response: Thank you for your comments. The CCWG agrees with your suggestion to improve the process from the start and a review of the budget and strat plan development processes has been recommended for WS2. However, there was consensus that putting the final say in the hands of the community in WS1 created the essential leverage to obtain the WS2 reforms.
3 1 3	<u>GG</u>	The community's power to recall the ICANN Board and veto ICANN's strategic plan and budget should be reasonably limited. We applaud the CCWG-Accountability's efforts to identify potential	"Divergence" Summary / Impression:

		We support the ability of the community to reject strategic and	Actions suggested: None.  CCWG Response: Thank you for your comment!
3 1 4	<u>Board</u>	We recognize the importance of affording the ICANN community a voice in assuring that the Strategic Plans of ICANN are within ICANN's mission, that budgets support the mission.	No color category  Summary / Impression: Recognizes importance of affording community a voice in assuring budget's and strat plans are within ICANN's mission.
		accountability measures to protect ICANN's key operations in a crisis. However, we believe that one proposed accountability measure – the ability of the community to veto ICANN's strategic plan and budget – should be limited. Put simply, we do not believe that the community mechanism 14 should be able to veto the strategic plan and budget over multiple iterations. We have seen this play out in multiple global governing institutions and while it does provide an opportunity for checks and balances it also can render an organization unable to carry out its mission. We need to make sure we are striking the balance between accountability and organization paralysis. The community should be able to submit an initial veto, but if the ICANN Board chooses to override that veto, it should be able to do so provided it submits a detailed report that summarizes its reasons for doing so. If the community remained unsatisfied with the Board's explanation, it could invoke the Independent Review process or seek to recall individual Board members to change ICANN's direction. A process in which the community and Board could go back and forth for months at a time would unnecessarily and significantly degrade ICANN's operational efficiency.	Community veto can cause operational crisis. Any veto must be limited to avoid operational paralysis.  Actions suggested: Add limits.  CCWG Response: Thanks for your comment. After much debate the CCWG concluded that it was essential to give the last word to the community. The CCWG attempted to address your efficiency concerns in four ways: first there must be consensus concerns to activate this power. Second those concerns must have come up during the public comment period for the budget or strat plan and third there is a time limit to initiate a veto. Finally, the community would eventually consider the notion of board member removal to break the deadlock. However, improvement to the development process is desired by all and is therefore a critical part of WS2.

		mission and ICANN's role as set out in the Bylaws. To this respect,	IANA function costs and their itemization.
		we strongly reiterate the request that ICANN should be more	WWW turnetion costs and their itemization.
		transparent in terms of IANA's function costs and their itemisation.	Actions suggested:
		We believe that the community power should consist in inviting the	None.
		Board to review the plans, but not in re-writing them. A better	
			CCWG Response:
		enhancement of ICANN accountability would occur if certain	The CCWG attempted to address your
		recommendations made unanimously by various stakeholder groups	efficiency concerns in three ways: first there
		are taken on board at the time of their submission. That would avoid	must be consensus concerns to activate this power. Second those concerns must have come
		time consuming iterations like the Board approval of a plan and its	up during the public comment period for the
		possible, subsequent rejection by the community membership	budget or strat plan and third there is a time
		body.	limit to initiate a veto.
			"Agreement" "Concerns"
			Summary / Impression: Concern for abuse and
			number of times budgets can be rejected.
			Actions suggested: Provide safeguards.
		Vie house of the conference laborately and the conference	Trovide saleguards.
3		Yes, however, further safeguard should be provided against abuse,	CCWG Response:
1	<u>NIRA</u>	e.g. number of times the budget can be rejected by the community,	The CCWG attempted to address your abuse
6		and what options the Board may have in such situations.	concerns in two ways: first there must be
			consensus concerns to activate this power.
			Second those concerns must have come up
			during the public comment period for the
			budget or strat plan. The board can initiate an IRP process if they feel strongly the community
			is in the wrong.
3		a. My only comment regarding this power is that it must be	"Concerns" New idea
1		compatible with the development plan for the budget (or of the	Summary / Impression:
7		strategic and operating plans.) I would prefer a solution where	- It must be compatible with
	SB	consensus is built during the development of these documents,	development plan for budget.
		prior to the discussions and decisions of the Board of Directors.	- Prefer a solution where consensus in
		b. We must avoid adding rigidity to the operation of ICANN.	built during development - Avoid rigidity
		c. A solution to improve the involvement of the community in	- Avoid rigidity - Publish financial data in open data
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		discussions regarding the budget (and accounts) would be, for example, to publish all of the organization's financial data in <b>open data</b> .	Actions suggested: Consider publishing organization's financial data in open data.  CCWG Response: Thanks for your comments. The CCWG agrees with your suggestion to improve the process from the start and a review of the budget and
3 1 8		While the RIR community has expressed interest in fully understanding the costs related to the IANA registry services, there has been no expressing of interest in the RIR community regarding the need to have approval over ICANN s annual budget. The potential of having the annual budget to be delayed as a result of the proposed could prevent necessary and required spending e.g. additional personal, security measures beyond those in the previous year) and thus lead to unforeseen impacts to ICANN s stability.	strat plan development processes has been recommended for WS2.  "Concerns"  Summary / Impression:  - No expressing of interest in the RIR community regarding the need to have approval over ICANN s annual budget  - Potential of having the annual budget to be delayed as a result of the proposed could prevent necessary and required spending and lead to unforeseen impacts to ICANN s stability
	RIR		Actions suggested: None.  CCWG Response: Thank you for your comments. The CCWG attempted to address your efficiency concerns in three ways: first there must be consensus concerns to activate this power. Second those concerns must have come up during the public comment period for the budget or strat plan and third there is a time limit to initiate a veto.
3 1 9	Siva	- Community could have the powers to reject a budget or strategic plan, but the entire organization could work in such a way that the community would not take recourse to such a course of action as to	"Concerns" New idea Summary / Impression: - It must be compatible with

stall or reject a good budget or a good strategic plan. Such Community powers could remain unused in a system wherein the community participates and offers supportive inputs to the process of formulating a budget or strategic plan with a willingness to accept some differences of opinion that the Board may have.

- Such powers become relevant only when there is a misappointed Board superciliously acting in a manner that is harmful to the mission of ICANN, and even in such situations the exercise of such powers by a Community that is not short-sighted, misguided by narrower motives or altogether captured.

development plan for budget.

- Prefer a solution where consensus in built during development
- Avoid rigidity
- Publish financial data in open data

### **Actions suggested:**

None.

## **CCWG Response:**

Thank you for your comments. The CCWG attempted to address your efficiency concerns in three ways: first there must be consensus concerns to activate this power. Second those concerns must have come up during the public comment period for the budget or strat plan and third there is a time limit to initiate a veto. The CCWG agrees with your second point and have specified that a review of the budget development process will be part of WS2.