ICANN76 | Prep Week – Planning and Finance Update
Tuesday, February 28, 2023 – 14:00 to 15:30 CUN

VICTORIA YANG: Good day, everyone. Welcome to the ICANN 76 Prep week. This is the planning and finance update. Welcome, everyone. On this next slide, I do want to cover some basic information about this webinar. So the webinar is recorded, please feel free to refer back for any information or promote the recording among your stakeholder groups. We understand the time zone isn't always convenient for the global audience. So feel free to utilize this recording.

The session is scheduled for one and a half hour. We plan for sufficient time for Q&A exchange. So we look forward to having dialogue with you during this session. The presentation is posted as well for your convenience, you can find the presentation either on the ICANN 76 Prep week meeting website, or you also can find that on our wiki page. And finally, as mentioned, we have plenty time for Q&A. You can ask your questions via chat or the Q&A pod during the presentation or raise your hand. We will pause after each topic so your question can be addressed timely. And hopefully, towards the end, we can have additional Q&A times if you didn't have a chance to ask your question during the presentation.

Okay, let's move to the next slides. So this is our agenda for today. We will start with the fiscal year 23 financial update. After that, we will talk about the draft fiscal year 24 plan followed by a high level overview of the fiscal year 24 draft plan public comment proceeding. And finally, we have few slides to cover the fiscal year 25 planning process. As I said earlier, feel free to ask me your questions throughout the presentation. We'll definitely take some along the way. Alright, with that, I'm going to pass the floor to Alex to provide you our fiscal year 23 financial update. Thank you.

ALEX MORSHED: Thank you, Victoria. So just wanted to provide an update on our year-to-date financials. So this would be through January 31. And then also a full year forecast view of FY 23. Next slide, please.

So the information on this page reflects ICANN Org's fiscal year to date unaudited financials. And this is for the seven months beginning the 1st of July 2022, ending 31 January 2023. And this slide is a good high-level view. But there are a lot of numbers on the page. So I'll just mention a few things.

ICANN operations. The first column includes one public meeting among many other things. And just wanted to mention there are two more public meetings in the last five months in the fiscal year. Work on SubPro is ongoing and the grant program is underway. So those are reflected on this chart as well. And I'll get into more details on those programs later in this presentation. And also wanted to point out that the Board approved using the speaker as a funding source for a prioritized review implementation. And SFICR, in case you're not sure, not aware, is the supplemental fund for the implementation of community recommendations. And this will be reflected in the SFICRF projects balance but hasn't been reflected yet as the work has kind of just started ramping up.

So now I'll move on to the next slide and get more into the forecast for the remainder of the year. So as I mentioned, we've concluded seven months. And the forecast is for the remaining five months and the overall fiscal year. Inflation has been factored into the forecast. And this results in a slightly negative impact to ICANN's funding and expenses.

So for funding, it's projected to decline slightly this year versus last year and then eventually increase as the global economy improves. And we're also facing inflationary pressures in the form of rising costs. But we can reprioritize and still spend within our available funding.

So key items included in the forecast are increased staffing for projects such as SubPro, grant program and prioritize review implementation, travel and meeting costs, including ICANN 76 and 77, which are in the remaining five months. The ICANN staff all hands meeting, which we had in February, and the Coalition for Digital Africa, which is ongoing initiative that kicked off late last calendar year. And our operational forecasts were projecting operating excess of 4.5 million. And I can get into the details on the next slide. So we can move on, please.

Great. So this slide shows how the FY 23 forecast for ICANN operations compares to the prior year, FY 22 actual results. Funding is projected to be $2 million lower, reflecting possible impact from the recent economic trends. And the next line is the total for ICANN public meeting expenses. But please note that there are three face-to-face meetings in this year's forecast versus just one in FY 22. One face-to-face and two virtual meetings in FY 22.

The following cost category lines all exclude public meeting expenses for better kind of apples to apples comparison. And you'll see that overall expenses are $18 million higher than prior year. And this is primarily driven by the resumption of travel in meetings, as you'll see, and increased staff. So are there any questions? If not, I'll pass it back to Victoria.

VICTORIA YANG: Alfredo, go ahead and unmute yourself.

ALFREDO CALDERON: The question is related to the SFICR. You mentioned that there was approved by the Board to use that. But my question is, how much of that amount is projected to be spent on some initiative that I understood that was already approved by the Board? Thank you.

ALEX MORSHED: Yeah, great question. I have a slide further on in this deck with FY23. and forecasts in FY24 budget. So if you don't mind waiting, we can get to it later in the stack.

VICTORIA YANG: Okay, great. I got confirmation from Alfredo. So later on, we can look at this SFICR related to your question. We have another question in the chat. Margaret, do you want to facilitate any of the questions in the chat?

MARGARET BENAVIDES: Sure. No problem. Yes. We have a question from Michael Palage about the deck being available for the community and making sure it's available before the call so that they can digest the numbers earlier in advance. And thank you, Michael, for your question. We did post the deck to the prep week website yesterday, but we will definitely take note and try to get it up even earlier if possible in the future. Thank you.

VICTORIA YANG: Thank you, Margaret. And thank you Michael for the question. That's a good suggestion. So we'll definitely take note of that in the future, we will try to post the deck earlier so that community have the opportunity to look at the content prior of the session. Alright, with that, I'm going to move into the next agenda, which is the draft fiscal year 24 plan. I will be collaborating with the finance team, I'm going to cover the operating plan section and the finance team will come in and cover the financial plan and one-year budget.

Alright, so these next two slides give an overview of the planning process at ICANN. So especially for the benefit of any newcomers, these two slides is a good place to start if you're not very familiar with the planning process. So on these slides, you'll see that we have four major steps to carry out this planning cycle. We usually start with the strategic planning process. This is the process where the organization define the mission, vision, strategic objective and goal.

Our strategic plan is developed every five years for the next five years. So the current strategic plan we have in place is for fiscal year 21 to 25. However, we do have a process in place that allows us to look at the strategic plan on an annual basis to make sure that we are still achieving [inaudible] to the strategic plan and the strategic plan is still relevant.

The program that we use on an annual basis to do so is called the strategic outlook program. Basically, this program involves the ICANN ecosystem, we have the organization, the community and the Board participate, come together to define if there's any trend that can impact ICANN. And from there, we look at the strategic objectives and goals, whether or not there should be a change to the strategic plan. So this is the process we do every year. And I do have several slides later to give more details. And also my colleague, Margaret, is going to talk about fiscal year 25 planning process, and where you will see some of the steps as well. And if you have any questions, we are happy to explain and provide more educational information on this program.

From the strategic planning process, we move to the operating planning process. This is the process where we determine if there's any key initiatives like operating initiatives. And also functional areas plan, what each function plan to do strategically to help achieve the strategic plan. This is the process that we plan for activities that to be carried out in the next fiscal year as well as at a high level the next five fiscal year.

And I want to emphasize that in the past two years, we have enhanced and improved this step by introducing the planning prioritization process. So before ICANN Org develop any detailed activity for the next fiscal year, we work with the community to define if there is any Board approved implementation work, which includes PDPs, or specific review recommendations that should be prioritized in the next fiscal year. We have been doing this for the past two years, and we look forward to carry out the fiscal year 25 process with the community.

Once we plan for the activities to be carried out in the next fiscal year, we move to the budgeting process. This is the process where we allocate resources to the activity that is planned. If the resources are limited, we need to prioritize, again, to make sure that we don't spend more than what we have, which is one of the budget in principles we have. And I'm going to highlight that in the coming slides as well.

And the final step is progress reporting. So currently, we have several mechanisms in place where we report out on activities and financials etc. So we have the CEO report which are three times a year, we have the annual report. We also recently developed the implementation status report, which is quarterly.

Planning team is in the process of working on a progress reporting framework. So during this project, we are going to look at what are the mechanisms that we have in place right now, what are the gaps, and how can we fill those gaps and to improve our reporting out to the community, the activities and financials that we plan.

So these next slides, you will see the deliverables that are required and related to planning. In general, the planning activities and deliverables are basically mandated by our bylaws. Very largely, even the timing and the process of doing so is listed in the bylaws. This includes the ICANN bylaws and the PTI bylaw.

Just in a nutshell, you can see we ICANN have a five-year strategic plan, which is required and the PTI bylaw require a four-year PTI strategic plan. And then on an annual basis, we have the five-year operating plan, the one-year operating plan, and then we have three budget, the ICANN budget, the IANA budget and PTI budget.

So all these are mandated in our bylaws and carried out annually to make sure that we, one, satisfy the bylaw, and two, we plan activity so that community together can collaborate on the activities that they planned out, as well for the next fiscal year.

So this slide shows you the status of fiscal year 24’s operating plan, the planning processes status. So recently, we closed the public comment proceeding of the draft fiscal year 24 plan. We do have a session later on to give you a high-level overview of the comment that we received from the different stakeholder groups, what are the themes and the statistics of the comment and the next step.

So here, I just want to highlight that staff report is due on March 30, which will be published. Meanwhile, for those who are interested to see some of the comments that we received, they're all available on the public comment page, the link is here. I'm happy to drop a link also in the chat for your convenience.

All right, so in the next three slides, I'm going to cover the planning assumptions that we used for fiscal year 24’s plan. These are the foundations which are quite important that we use when we develop the budget and also the activities for the next fiscal year.

The first one is the strategic plan. As I covered earlier in this overall planning process, although our strategic plan is every five years, but we do have a program in place that we look at our strategic plan on an annual basis to make sure they are still relevant based on our environmental change.

So in the middle section of this slide, you can see these are the main steps that we use to run this program. We look at the trend that we collect throughout collaboration with the community and the Board and the ICANN organization to see if there's anything that can impact ICANN. And we perform analysis on the trends and we also discuss any impact on the strategic objective and goal that is in the strategic plan.

So based on the data we collect and the analysis that we performed, the Board has concluded that no change to the current strategic plan are needed based on last year's data. So just as a reminder, the current strategic plan has five objectives. We have objective on security, the multi-stakeholder model governance, we have objectives on the unique identifier system, the geopolitical issues that may impact ICANN, and finally, we do have an objective on financial—basically to ensure ICANN’s long-term financial sustainability.

Each objective comes with several strategic goals. And we do report out and monitor on those goals. For those who are interested in how we performed last year's outlook program, we have a report, the data are collected, also published. Again, my team can drop a link on the strategic planning page, where you will find the data, the report and the analysis that we did. Thank you.

Moving forward, we have several other assumptions. The next one is affordability. I briefly mentioned it earlier. So one of the principle that we have here is we don't plan to spend more than what we have. So the budget is always a balanced budget. So two other key points here. One is we use a baseline funding scenario to project our expenses. And the second point here is cost savings and efficiencies are assumed over the next five-year period. We do have a slide shows the overall financial projections and expense that the finance team will cover in the next section.

Next one, ICANN public meeting and engagement. Although we understand the COVID-19 pandemic still poses some uncertainty around different places around the globe, but for planning purpose, we do plan to assume all the ICANN public meetings, Board, Org and community engagement will also resume pre-pandemic level as scheduled. However, we do want to highlight that [to ask you to] this face-to-face engagement and ICANN meeting, ICANN work will plan and collaborate with community and Board carefully to follow safety and health protocols to make sure that these activities are carried out properly. Thank you. All right. The next one is Board- approved activities.

This is one of the principles that we use in order for us to be able to plan the activities for the next fiscal year. So in general, I think perhaps is good to talk about these two assumptions together. So in general, within the ICANN ecosystem, the work progress towards to a pattern.

So let's take PDP or review as example. The communities initiate this work. And once the community conclude this work, it moves to Board consideration. And one Board approves, it moves to ICANN Org for implementation.

So just for planning purpose, and in order for us to be able to have a clear threshold of what to plan and budget, we basically use these principles where we plan for detailed implementation work when the work is approved by ICANN Board.

We do have a five-year rolling roadmap in the draft operating plan, which mentioned here is the Appendix A, where you can see the estimated timeline of all the PDPs, reviews and cross-community recommendations and the status of that. So that's basically one of the guides we use when we plan for the next fiscal year.

And finally, here is the planning prioritization. I briefly mentioned earlier that in the past two years, we have worked with the community and develop this planning prioritization framework, which is a framework that we use to help guide us of what to prioritize, when to prioritize, who to prioritize what during this process. So we really appreciate the community's effort and collaboration developing this framework. We have been testing this out in the past two years and we look forward to continue collaborating with the community on this step in the next fiscal years, in the next planning process.

So here just as a summary, in fiscal year 22, ICANN Org prioritized the Work Stream 2 during our operating plan process, and last year, during the fiscal year 24th planning process, we did look at some of the Board approved activity which included these four bullet points here, we looked at the EPDP 2A, ccNSO PDP3 about retirement, the grant program and also SSR recommendation 5.4. These were discussed with the community group and assigned priority level and ICANN Org took this in consideration when we planned for fiscal year 24. For more details, please do look at our draft plan. Again, I want to highlight the appendix that we provided in the operating plan, which are the baseline that we use to carry out these activities.

This will be my last slide, and I just want to highlight on the structure of the operating plan. So for those who may not be familiar, there are two purposes of ICANN's operating plan. One is to communicate, what does ICANN organization do? To do so, we basically explain this via the 33 functional activities that we have.

So in the operating plan, you will see descriptions of activities and plan activities for all these 33 functions. The second objective of our operating plan is to communicate how we plan to achieve the strategic plan. And these are articulated by the operating initiatives. We have 11 operating initiatives so far. And in the operating plan, you will see the activities that plan for the five-year and also for the one-year at different detail level. The structure of the operating plan are basically the result of the objective of the operating plan, which is to communicate what does ICANN Org do and how we plan to achieve the strategic plan.

With that, I'm happy to answer any questions if there are only in the chat or in a Q&A pod. If not, we can move to the five-year financial plan and budget. But I'm going to give the floor to Margaret.

MARGARET BENAVIDES: Hi, Victoria. Thank you so much. We do have a question from Michael Palage and Xavier will address that. Thank you. And just for everyone's reference, the question is regarding the strategic outlook program and it being historically involved with a series of consultations with various stakeholder groups. He wanted to know if there was a formal public comment period mechanism to solicit wider feedback from the broader Internet community. Thank you.

XAVIER CALVEZ: Thank you, Margaret. Thank you, Michael, for the question. Just wanted to make sure that it's clear what the strategic outlook exercise is, because it's actually a live interactive exercise on brainstorming by the participants that are gathered together to think through and discuss and bring up ideas about trends that exist either within the ecosystem or outside of the ecosystem.

So the format of interaction or their strategic outlook is an interactive live exercise and public comment process is exactly not interactive, because it's static on the basis of a document and so it doesn't lend itself very logically to publish for public comment strategic outlook transcript of the discussions that occurred during the session.

So, as you all understand, we carry out a significant number of sessions across the entire ecosystem that bring in between 200 and 300 participants across the entire spectrum of the community and the Board and the Org as well. Then there's the report on the strategic outlook that provides all the inputs that were discussed is published so that everyone can have access to it and be able to see it.

And then the conclusion of the strategic outlook exercise is reported into the draft—

VICTORIA YANG: Xavier, we lost audio.

XAVIER CALVEZ: So I was indicating that the strategic outlook results are published in a report that's specific to the strategic outlook exercise, and that publishes all the content. And then the conclusions of that strategic outlook exercise as it relates to whether the strategic plan needs to be changed or not as a result of the trends identified during that exercise is then reported into the draft operating plan and budget that is submitted for public comment, which is then the opportunity for everyone to comment.

So that's the reason why it's organized that way. A public comment on the strategic outlook sessions themselves is actually not technically feasible and would not allow these commenters to be able to participate to the conversations that have occurred live in a different timing and setting. I see Michael's hand up. Let's iterate once on that, Michael. If there is more to discuss about it, I would suggest we take that offline. But at this stage, maybe let Michael jump in.

MICHAEL PALAGE: Thanks, Xavier, and I will keep this brief. I appreciate you wanting to make this dynamic and interactive. But as evidenced by my first question, the fact that this incredibly detailed deck was only posted less than 24 hours before the call really diminishes the impact for an interactive session. While I appreciate you wanting to focus on that, I guess my suggestion would be, what harm is there to just have an open an open comment period to say, hello, ICANN community, what do you think potentially has changed? Should we be making changes? To me, I think ICANN should be looking at maximizing participation. That's just my thing. And maybe we could talk over a cup of coffee in Cancun in a couple of weeks. Thank you.

XAVIER CALVEZ: I'm sure we can always do that. I'm sure we can always do that about any topic. Just wanted to address something. What I was answering in your question is your question in the chat about the strategic outlook, not about this deck that is presented here, which we publish as per the guidelines of the prep week sessions, so we can revisit potentially those guidelines, but by design and on purpose, those materials are provided within the timeframe that is suggested for the prep week sessions. But I wanted to make sure it's clearly understood that I was not referring to this session, I was referring to the strategic outlook exercise for which you had the question in the chat as to whether it could be the subject of a public comment.

I also wanted to emphasize, there's a lot less participation in public comments, at least historically, than there is actually in the strategic advocate exercise itself. So the public comment would certainly not broaden the participation versus the strategic outlook exercise because the strategic outlook exercise is already much broader participation.

And you're saying, what harm is there in doing another public comment period. We have a lot of discussions and experience on an ongoing basis with community members relative to the planning process, and are being really careful and selective in not creating too many engagement processes that then draw and require community team members have to spend time on processing them. I want to refer to the fact that we already have two different public comment processes that are going on on an annual basis.

And the burden on the entire ecosystem to carry out several public comment processes is very significant and is the subject of or has been the subject in the past of a lot of discussions with community members involved in the planning process that have also suggested to be selective and clear and concentrated on the amount and nature of the engagement that we have with the community so that there is clarity about the content, about the process, and multiplying the public comment processes is actually harmful because of the time that it takes and the confusion that it [inaudible].

So there's been a lot of thought put into this with those who have participated to this process in the past and while, to your point, having a public comment process may always feel beneficial, transparency can be also a very burdensome transparency in the case of the planning process, as per the feedback that we've received in the past.

And also just wanting to repeat, the report on the strategic outlook, which provides all the input collected during the 13 sessions, for example, of this past year, is published and available to anyone who wants to look. Thank you for that. But I do take the offer of a cup of coffee in Cancun, however. And we can share the composition of the 260 people that you were asking for in the chat here. No problem. That's also available in the report. And I see Sébastien's hand up. I don't know if it's on that topic. If so, happy to ...

SÉBASTIEN BACHOLLET: Thank you for letting me talk. It's not too much specifically on the topic. But just if you allow me to take my very old hat as a chair of the meeting strategy, one of the suggestion was to have presentation during a prep week to decrease the number of presentation during the meeting itself and allow more exchange of the participant. Therefore, I think what is important today is more to have the landscape and the discussion need to happen during the Zoom meeting itself if that's possible. It's the best way to use our time here. Thank you very much.

VICTORIA YANG: Thank you, Sébastien. Alright, with that comment, let's move to the next section. Again, we will have some additional time towards the end to discuss other questions. So Alex, if you're ready, I'm going to pass the floor to you.

ALEX MORSHED: Sure. Thank you, Victoria. So here we have a five-year review of our funding expense projections and average full-time equivalents or FTEs for ICANN operations during the five-year planning period, funding is projected to decline slightly in FY 24 from FY 22 And FY 23 levels. And this is followed by gradual increases as the economy improves. And for expenses, as mentioned, ICANN faces inflationary pressures in the form of rising costs, but we have the assumption that we will reprioritize costs and activities in order to spend within available funding.

So personnel costs increase during the five-year period due to inflationary increases while the FTEs remained steady at 413. And some of the other costs decrease during the five-year period, but you'll note that contingency increases proportionally more than funding does to cover hard to predict costs that may occur.

So given that the costs that are modeled here are flat or decreasing, we're assuming that we will reprioritize activities such as nonpublic meeting-related travel or the use of contractors. But as mentioned, contingency is available to help cover costs that are significantly higher than planned or unplanned. Next slide, please.

So now we were switching gears to the one-year budget and also switching views from ICANN operations to total ICANN. So total ICANN includes the FY 24 ICANN operations activities we saw on the previous slide listed under the operating fund, and also includes other business segments, which are funded by other sources shown on the slide, which include the new gTLD funds, and this column includes work on the 2012 round and SubPro implementation costs for FY 24.

And then the SFICR or supplemental fund for implementation of community recommendations includes expense activity for prioritized review implementations. And auction proceeds, which is utilized for the grant program. So these additional funding sources provide the ability for ICANN to execute on the increasing amount [inaudible]. And also, we can draw on those funds based on the nature of the different work that we have. Next slide, please.

This chart shows FTE trends for each segment that I just went over. ICANN operations is indicated in the dark blue bars. This has been steady for the past few years and is projected to have an average of 413 in FY 24. And for the new gTLD program, the 2012 round reflects the efforts to process the remaining applications received in 2012. And then starting in FY 22, we have subsequent procedures or SubPro. This reflects resources at first for policy development and then later for implementation. The grant program and prioritized review implementations both started this year in FY 23 and are ramping up in FY 24. Next slide, please.

This chart the chart shows the funds under management which includes all cash on hand and investments. And they're listed here by fund with actual or projected balances as of June 30 of each fiscal year shown. Some items to note are that in November of 2022, the Board approved a $19 million transfer to the reserve fund from the operating fund. And in FY 24, $10 million of grant disbursements are expected to be drawn from auction proceeds. Next slide please.

The next two slides will cover the overall new gTLD program, which is made up of the 2012 round shown here. And also subsequent procedures or SubPro will be covered on the next slide. The new gTLD program is the process for adding new generic top-level domains or gTLDs. And the program has evolved over time to meet the demands of today's Internet and the stakeholders who use it.

So this chart for the 2012 round shows the multiyear actuals and a forecast for the remaining years. Application fees collected were 361 million. And with the total projected refunds of 53 million, most of which has already been actualized and refunded, this results in a net funding for the program of 308 million. The projected program costs are 274 million and that is partially offset by investment gains that we've realized so far through FY 23 of 11 million, and that results in total cost of 263 million, leaving the remaining funds of 446 million. The remaining funds will be reserved for unexpected expenses and contingency. And please note that in September of 2021, ICANN Board approved expenditure of up to $9 million of funds for the SubPro ODP or operational design phase. And with that, we can move on to the next slide and cover SubPro. Thank you.

So, in December of 2022, the ICANN Org ODP team submitted its operational design assessment or ODA to the ICANN Board for consideration in adopting the final report outputs. The ODA outlines operational impacts of accepting the recommendations including potential obstacles, expected costs, and the timeline to implementation.

ICANN Org is using the general assumption that the ODP phase will be followed after Board approval of the final report by phase in preparation for the next rounds of the new gTLD program. The funding to pay for the SubPro development costs before the program launch, including those of the ODP, will come from the 2012 round of the new gTLD program, the remaining funds that we just saw on the previous chart.

And then on this chart, you'll see that the ODP is estimated to cost $8 million. So that's the FY 22 actuals and the FY 23 forecast from the ODP row. And then ICANN will start with the preparation phase if FY 23. And this is moving into implementation in FY 24 where you see that in the budget column. And so the spend from FY 22 to FY 24 is estimated to be approximately $24 million. Okay, I will move on now to the next slide and cover the prioritized specific review recommendations.

So in February 2022, ICANN Org's planning team developed the planning prioritization framework to help the ICANN ecosystem prioritize its work within the planning cycle in a manner that is transparent, inclusive, and efficient. ICANN Org has identified 45 recommendations that can be implemented in the next year, with incremental funding outside of the annual plan and the operating budget.

In November of 2022, the ICANN Board passed a resolution that approved ICANN Org to utilize $5.8 million from the SFICR to fund one-time efforts for these prioritized review implementations. And the SFICR, as touched on before, should be used to fund projects and initiatives that were specifically approved to be included in the annual plan but due to the size, complexity and length of those projects, can create a challenge to be solely funded by the annual operating funding.

So after implementation, all ongoing expenses of the identified recommendations will be part of the ongoing ICANN operations budget.

Okay, and my last slide, the next one, on the grant program. The grant program is based on recommendations in the final report of the Cross Community Working Group on new gTLD auction proceeds. The community's recommendations were adopted by the ICANN Board in June of 2022. And the grant program will distribute proceeds from auction proceeds of the 2012 round and will be open to applications that are in support of ICANN submission.

Applications will be accepted and processed in cycles. And the first one there, distribution is up to $10 million. ICANN Org estimates to receive about 200 applications and approve about 50 grants. This is just an estimate so far. And the table here shows the expenses for both the one-time implementation of the grant program and the recurring costs for the first grant cycle.

So one-time implementation costs are projected to be 1.9 million. And this will include the creation of the grant program department, an applicant helpdesk, program website, literature and documentation. And then the recurring costs are projected to be 3.9 million. This includes ICANN staff, awareness and outreach programs, outside services for an independent evaluation panel, etc. And the program implementation costs will be incurred primarily in FY 23. And the recurring operational costs will be incurred during FY 23 and 24. Are there any questions? While I was going through this, I noticed there was some activity in the chat, but happy to go over anything now, or at the end.

MARGARET BENAVIDES: Hi, Alex, I don't see anything to address right now. But if anyone has any questions, please feel free to unmute yourself and ask the question. Thank you.

ALEX MORSHED: Great, thank you. There's a hand up from Alfredo. Yes, please.

ALFREDO CALDERON: Thank you. My question is related to—I'm a little bit confused with the FTEs that you're stating between the forecast—in the actual slide that you had, the last one, I see that there's some difference, some increases and then some decreases. I understand the first part since the one-time implementation cost based on the personnel you have to hire to create the department. I understand that. But then on the other side, the recurring costs, when I look at the FTEs, in some cases, it decreases and in others, it increases. I guess I'll have to look into the details of the structure that you're following. So it's just a comment. If you don't mind. If you can answer that, I would appreciate it a lot. Thank you.

ALEX MORSHED: I will try. So are you're talking about the FTEs overall or specific to one of these segments?

ALFREDO CALDERON: Overall.

ALEX MORSHED: If we can bring up slide—I think 18. Is this the slide, Alfredo?

ALFREDO CALDERON: No, it's a combination of both of this slide and the last one. Because here you're increasing the numbers in the one we have there due to the grant program. But then when we go to the last one, I see that there's some disparity, some difference between what is the personnel and non-personnel in creating the office and then in that recording cost. Yeah.

XAVIER CALVEZ: Let me try to address that if I can. Bear with me, because I'm not sure I fully understood your question. But in the onetime implementation work, there is a set of FTEs that participate to helping to set up the program. The recurring cost is once the program has been created, then it's operating the program by receiving the applications, managing the applications, etc. So it's actually different personnel in both phases, as well as some common personnel between the two. But there are two different activities, because when we implement the program, we haven't yet received any applications. So there's no application processing. There is therefore no resources supporting the application processing, for example. But we have resources like legal, like myself, we have a project team that is supporting the implementation that is working on designing the program that's happening now. I had two meetings about it this morning, for example.

But that's a different set of resources than the ones that once the program will be launched, that will be managing the reception of the applications, the verification of the applicants and of the applications, the setup of the panel, the work of the panel, etc. Very different work, which is probably why the numbers are different. I'll stop here because I'm not sure I fully addressed your question or your concern. And I'm happy to address it further if I haven't yet.

ALFREDO CALDERON: Yes, thank you, Xavier. We'll talk offline regarding this. Okay?

ALEX MORSHED: Sounds good. I don't want to kind of overly discuss this if it's not needed, but I just wanted to point out that on this slide, the grant program financials are not split by fiscal year perfectly. Most of the recurring costs occur in FY 23 and 24. So this kind of is more aligned with if you are looking at that first slide 18 with the bar charts, the five FTEs required in FY 24 make sense with the recurring costs on this slide, if you want to think about it that way. The implementation costs are kind of split between fiscal years, although it's incurred primarily in FY 23. So that's why that doesn't match perfectly, in turn, because there's no fiscal year split. But we're assuming that we will ramp up to five FTEs and kind of stay there for a while. I got a thumbs up, I think, maybe that helps.

VICTORIA YANG: All right. Thank you. So now let's move to the next section. Basically in this next section, I'm going to give an overview of the statistics that we received through the public comment proceeding of the draft for fiscal year 24 plan. Just a few high-level simple slides. So on these slides, you will see that we received 80 individual comments. These slides also provide you a brief, short overview of the trends as is related to the prior year. So we do want to take this opportunity and thank all the community members who first attended the webinars in December and today and give us an opportunity to hear your feedback on the draft plan. So we did receive the 80 and we are in the process of reviewing all the comments and providing response and also following that will draft the summary report of the public comment for publication.

On this slide is just a breakdown of the comments which we received from different ACs and SOs and individuals. And also just to compare—to have an understanding and provide more context of the comments received in the past three years. So as you can see, when we compare fiscal year 24 to 23, we received about 20 comments less, and the main driver here is we did not receive comments from the GNSO this year. We also didn't receive any comment from the registrar stakeholder. So this gives you more context, comparison.

So in these next slides, upon reviewing all the comments that we received, we used similar themes so that we can better compare with previous year. On this slide, shows you the breakdown by theme of what are the comments about. You can see that the largest comment we received is about the operating initiatives. And the second one is about the functional activities that we received comments on. And the third largest is about financials.

So on the operating initiatives and functional activity, upon brief initial overview of the comments we received—and again, as said, we're still in the process of responding and addressing all the comments—we did see a good mixture of a lot of support from the ACs and SOs, from the communities on the activities that plan out for the operating initiative. We also heard some good feedback and appreciation about merging some of the operating initiatives because work has progressed in the past two or three years. So for a streamlined and better understanding, we did merge some of them and we did see positive feedback on those. So, we will be looking in detail every comment that we received and will provide response to that.

This next slide again is more detailed breakdown by theme, by AC and So that you can generally get an understanding of the focus area by each stakeholder and what are the sections that they were looking at.

In the next slide is a timeline. So here, basically wrap up what are the remaining steps for fiscal year 24’s planning process. So as mentioned, we are in the process of reviewing every comment and we will be working cross functionally within the organization to make sure that all comments are addressed. We will publish the summary report on March 30.

Following the publication of the summary report, we will start the process of looking at our draft plan, whether or not a revision is needed, and revisions only based on the public comment that we received whether or not is going to trigger a revision on the draft plan. Then we'll have a review with the ICANN BFC on the proposal for adoption plan, and also the based on the public comment received.

Should the BFC approve the recommendation for the ICANN Board to adopt the plan, we will be publishing the proposal for adoption plan on the website so that community also have the opportunity to look at the plan that we shared with the ICANN Board as well. And currently, we have scheduled the ICANN Board to review the proposal for adoption plan, basically, end of April, beginning of May during the Board workshop. And when the ICANN Board consider the adoption of the proposed for adoption plan ,we then start the empowered community period, which is 28 days. And this is another added accountability mechanism due to the transition that the community will have another opportunity to look at the plan that is adopted by the ICANN Board. This process basically runs through May, perhaps beginning of June. And if there's no petition received during this period, then the plan will go into effect first of July when the fiscal year starts.

So this basically wrap up the timeline for fiscal year 24. And I want to see if there's any questions.

MARGARET BENAVIDES: Hi, Victoria, we just got one from Werner Staub. And he asked Xavier, in terms of financial and governance best practices, we all expect ICANN to stand out as an example for others to follow. The use of an internationally recognized ISO 17442 legal entity identifier is something that should be expected from ICANN. Apparently, the topic was discussed in ICANN’s management but ICANN still does not have an LEI. LEIs are often required as a financial regulation for the country. Xavier, Would you like to address that, please? Thank you.

XAVIER CALVEZ: Thank you, Margaret. And thank you, Werner, for the point. So for everyone to understand, this is a point that Werner and I have discussed directly during an ICANN meeting recently. I think it was in KL in the hallway. Werner’s point is that there are legal entity identifiers that are offered for companies to identify themselves. So Verner mentions the point that was discussed with me, so I don't know if that was discussed elsewhere with ICANN management, but at least it was discussed by with he and I together.

I did indicate to Werner that I would follow up on the topic which I have not yet done. I just want to make sure it's clear that Werner stating that this is a best practice, I think that's something we need to establish whether that's the case or not and whether it is relevant, useful, beneficial and worth for ICANN to do, which I think is simply something that by normal due diligence we need to evaluate and we have not yet done that. I'll take the commitment to follow up on the topic but not necessarily the commitment that we will actually subscribe to an LEI because we need to first evaluate whether this is useful.

VICTORIA YANG: Thank you, Xavier. Alright, so with that, let's move to the last topic for today's webinar. Margaret is going to give a sneak peek of fiscal year 25 planning process including key steps and timeline. So Margaret, the floor is yours.

MARGARET BENAVIDES: Great. Thank you so much, Victoria. Hi, everyone. This is Margaret Benavides from the planning team for the record. I will now provide a quick glimpse into the FY 25 planning process. Next slide, please.

Okay, as previously mentioned, the annual planning process is mandated by the ICANN bylaws. The planning process for us begins every January to accommodate for the development of the next fiscal year plan. So our fiscal year runs from July 1 to June 30 every year. As such, there is an overlap in the fiscal year plans. For example, previously, Alex Morshed had mentioned that we have completed seven months of FY 23. And as Victoria previously mentioned, we are working on finalizing the planning for FY 24. The draft plans were submitted, we're working on kind of publishing the public comment summary report, and that FY 24 process will start in July of this year.

But we are also kicking off the FY 25 planning process with the strategic outlook sessions as well as the planning prioritization process for FY 25 which will be held in early spring. Next slide, please. Thank you.

So with regards to the FY 24 planning process, we are currently marching towards the final steps for the IANA operating plan and budget as the IANA operating plan and budget Board resolution was adopted just yesterday. So this will basically set up the empowered community period for IANA.

For ICANN, we are currently working on publication of that summary report for the ICANN draft plans for FY 24. And that will be issued at the end of March. We will incorporate any changes necessary to the draft plans and then kind of proceed towards adoption and the empowered community process for ICANN as well. Next slide, please.

So as we finish FY 24, we're also kicking off the FY 25 planning cycle beginning with the strategic outlook trends program. So as we have mentioned, right now, this is kind of a three-step process where we have the Org, the Board and the community involved. And community members can participate in trend identification sessions through their SOs or ACs. And we are collaborating with the SO and AC chairs and support teams on our side to schedule those sessions for March and April. And we look forward to meeting with you, hearing and making sure that ICANN has a consistent way to identify and track these trends and prepare for opportunities and mitigate risks.

Once we have included the trends sessions, we will do a detailed trend analysis as well as an impact assessment with oversight from the Strategic Planning Committee, who assesses the impact of the trends and shifts and recommends to the Board any impacts that might happen to the strategic plan. And tactical recommendations are also utilized in updating the operating plans.

As I previously mentioned, we are also going to be starting the planning prioritization process in April. And nominations will be due at the end of March for this community led process for the SOs and ACs. Next slide, please.

So this is a great slide just to kind of summarize how you can participate in the ICANN planning process. And we really do appreciate all the participation from the community and the Board. So there are three main ways to stay involved. One is subscribing to the ICANN public comment page if you haven't done so already. As we have mentioned, we do a public comment for the PTI and IANA plans and the ICANN plans every year. That's a fundamental way we You get feedback back from the community on this bylaw mandated process, and shares how we anticipate using our resources to get things done while staying fiscally responsible.

Number two, you have the finance and planning community wiki workspace. This is where we post all non-ICANN meeting community webinars. Those are all posted there. All of the kinds of information about the planning, prioritization groups and the planning practice framework are posted there. There's reference materials, there's information on ABRs, and it's all available on that wiki workspace. If you have not visited, we encourage you to do so.

And last but not least, we do have an email distribution list, community-finance@icann.org, where we regularly send emails to remind subscribers of kind of events that are happening for the planning community and the planning team. So whether a public comment is opening or closing, new activities we might be having. So we really do encourage you to join that as well. Thank you.

And the next slide is actually just the questions and answers slides. So we've had a lot of great feedback and questions throughout the webinar. So thank you for all of your remarks and comments. If there are any additional remarks or comments and you wish to speak, please feel free to raise your hand in the Zoom Room. And we can call your name. And please feel free to kindly unmute your microphone and take the floor. You can also submit a question or comment through the chat as well. Please state your name for the record, as well as the language you wish to speak in, if speaking something other than English. And please feel free to mute yourself when you're completed. Thank you.

VICTORIA YANG: Thank you, Margaret. Very well done. Yeah, this is the time if you have any questions. I'm happy to shift the slides to where your question is relevant. This is a great opportunity. Okay, we have Sébastien. Go ahead and unmute yourself and ask your questions. Thank you.

SÉBASTIEN BACHOLLET: Hello. Just wanted to know if you could tell me when all this work will be discussed during the meeting, ICANN 76 in Cancun. Thank you.

XAVIER CALVEZ: Margaret, I'll take that.

VICTORIA YANG: Yes, Xavi, Go ahead.

XAVIER CALVEZ: I'll take that probably because [inaudible] had a session in order to prepare the subject on finance in a complete manner with this presentation, actually. Because when it comes to the planning of the meeting, ICANN 76, there are no session that are specific for that group, working group in order to have this information—for this information to be provided. And this is the reason why we always plan to have a presentation during the prep week so we can distribute the information because there is no way during the general meeting to have presentation on that subject. Of course, if there is such a need, we could probably organize a presentation with the working group. I hope that it will answer your question.

SÉBASTIEN BACHOLLET: Yes. The tool was completely awful. I was listening very badly to Xavier in French. And I was listening the interpreter in French at the same time. I don't know how you interpret French to French but that was a very interesting job. You need to fix at least.

Therefore what I would like to take what I understood from Xavier, I think the presentation was great. And that's good that it's happened this week. But during the ICANN meeting, we will not need a presentation. If we have time—and I hope that we have time—we will discuss the issue. We don't want another presentation. It's really—no, Xavier, you shouldn't have answered in English. It's we need to fix the tools. We need to be able to switch language and very easily. But the question is that during the ICANN meeting, if we have time, we need to be able to discuss this issue. Thank you.

VICTORIA YANG: Thank you very much, Sébastien. We'll definitely provide that feedback to our E&IT team. And that is indeed interesting, listening both the origin of audio in French and also the translation. In any case, I did also leave a comment here, some of the team will be at ICANN 76, so please feel free to reach out. We can arrange engagement and discussion on any topic that you might be interested of. And otherwise, as Margaret shared, we have a planning at ICANN mailbox, you can always reach out to us. And that's always one way for us to engage virtually as well. With that, I want to see if there's any other question.

This is a really great discussion and exchange. Thank you, everyone, for attending this meeting. We indeed shared a lot of information, large amount of material. So feel free to refer back to the recording or the material and also feel free to email planning at the ICANN if you have any additional questions. And again, I know some of the team will be at ICANN 76. So we really look forward to continue any discussion of topics that are of your interest face-to-face. So thank you for your continued support to planning and we very much appreciate everyone's participation today. Have a lovely day ahead of you. Thank you.

[END OF TRANSCRIPTION]