



80 | POLICY
FORUM

Finance and Planning Update

Presented by ICANN Org
Planning and Finance Team

28 May 2024



Webinar Information



This session is recorded.



This session is scheduled to last one hour.



Presentation is published on [ICANN80 Prep week web page](#) and [ICANN Finance and Planning Community Wiki page](#).



Q&A will be during and at the end of the presentation.

Agenda

- FY24 Financial Update
- Adopted ICANN FY25-29 Operating and Financial Plan and ICANN/IANA FY25 Operating Plan and Budget
- FY26 Planning Process
- Q&A

FY24 Financial Update

All Amounts in USD unless otherwise indicated

Financial Overview (Jul 2023 - Mar 2024)

- ICANN org publishes quarterly [financial reporting](#) on ICANN.org

ICANN Financial and Planning Information

FY25 Plans and Reports

FY25 – FY29 Planning Documents

- [Highlights of ICANN FY25-29 Operating and Financial Plan and FY25 Operating Plan and Budget](#)
- [ICANN FY25-29 Operating and Financial Plan and FY25 Operating Plan](#)
- [ICANN FY25 Budget](#)
- [IANA FY25 Operating Plan and Budget](#)

FY24 Plans and Reports

FY24 Financial Reports

- Quarterly Reports
 - [FY24 Q1 Management Financials](#)
 - [FY24 Q2 Management Financials](#)
 - [FY24 Q3 Management Financials](#)

Total ICANN – Financial Overview (Jul 23 - Mar 24)

USD in millions Unaudited	FY24 YTD Actual				
	ICANN Operations	New gTLD Program	SFICR Projects	Grant Program	Total ICANN
Funding	\$112.7	(\$0.2)	-	-	\$112.5
Expenses	\$112.5	\$14.4	\$2.8	\$0.9	\$130.6
Average FTEs	412	29	11	4	456
End of Period FTEs	426	38	8	4	475

FTE = Full-Time Equivalent

- The table above is a financial summary of the segments of Total ICANN, each with its own source of funds, and the Reserve Fund.
- This information reflects YTD financials, corresponding to nine months beginning 1 July 2023 and ending 31 March 2024.
- New gTLD Program includes 2012 Round and Next Round.
- SFICR Projects include Prioritized Review Recommendations and Registration Data Request Service.

New gTLD Program Next Round Financials

- ⦿ In August 2023, ICANN org delivered a comprehensive implementation plan to the Board
- ⦿ Program to date, the ICANN Board has approved two tranches of funding for implementation costs:
 - \$9 million in March 2023 to cover implementation costs through 31 October 2023
 - \$13 million in October 2023 to cover implementation costs through 30 June 2024
- ⦿ The funding to pay for New gTLD Program Next Round development costs before program launch will come from the New gTLD Program 2012 Round remaining application fees and available funds from the Supplemental Fund for Implementation of Community Recommendations (SFICR)

New gTLD Next Round (USD in millions)	Forecast April 2023 - June 2024 (15 Months) Implementation Tranche #1 & #2		
	Actuals Apr'23- Mar'24	Forecast Apr'24 - Jun'24	Projected Total Spend
Direct Implantation Costs	\$12.2	\$4.8	\$17.0
Shared Services & Org Support	\$3.6	\$0.8	\$4.4
Contingency	\$0.0	\$0.4	\$0.4
Total	\$15.7	\$6.0	\$21.7
Staff Average FTE	28.0	41.3	32.0

Grant Program (Program to Date)

- Applications will be accepted and processed in cycles.
- One-time implementation costs include creating the Grant Program department, applicant helpdesk, program literature and documentation.
- The recurring program operational costs include ICANN staff, awareness and outreach communication campaigns, and outsourced services for an independent evaluation panel.
- The program implementation costs have primarily been from July 2022 through March 2024. Moving forward, all costs to support the grant program will be ongoing operational activities.

- For more information on the Grant Program please visit the [website](#).

Grant Program	Program To Date - 21 Months (July'22 - March'24)		
USD in Thousands	Total Actuals	Total Budget	Variance to Budget (Over)/Under
Personnel	\$827	\$823	(\$4)
Travel & Meetings	\$53	\$40	(\$14)
Prof Svcs	\$153	\$171	\$18
Admin	\$9	\$0	(\$9)
Shared Services Support*	\$347	\$337	(\$10)
Total	\$1,389	\$1,371	(\$18)

* Shared Services Support represents allocated costs from ICANN org for administrative costs.

Any arithmetic inconsistencies are due to rounding

ICANN Operations – Financial Overview (Jul 23 - Mar 24)

- The statement of activity below provides a summary of ICANN Operations' YTD financials, corresponding to nine months beginning 1 July 2023 and ending 31 March 2024.
- Where relevant, comparative information pertaining to the prior year (FY23) is provided, corresponding to nine months beginning 1 July 2022 and ending 31 March 2023.

ICANN Operations	FY24 YTD Actual	FY24 YTD Budget	Var	FY23 YTD Actual	Var
Funding	\$113	\$110	\$3	\$113	(\$1)
Expenses	\$112	\$106	(\$6)	\$105	(\$8)
Net Operating Excess/(Deficit)	\$0	\$3	(\$3)	\$9	(\$8)
Average Full-Time Equivalents	412	403	(9)	399	(13)

ICANN Operations – Full Year Forecast

- FY24 is projected to end with a deficit (higher expense than funding) in ICANN Operations
- All other segments of Total ICANN have separate funding sources and are aligned to plan
- On 5 May 2024, the Board voted to [approve](#) a deficit in ICANN Operations of up to \$8M in FY24, which ends 30 June 2024

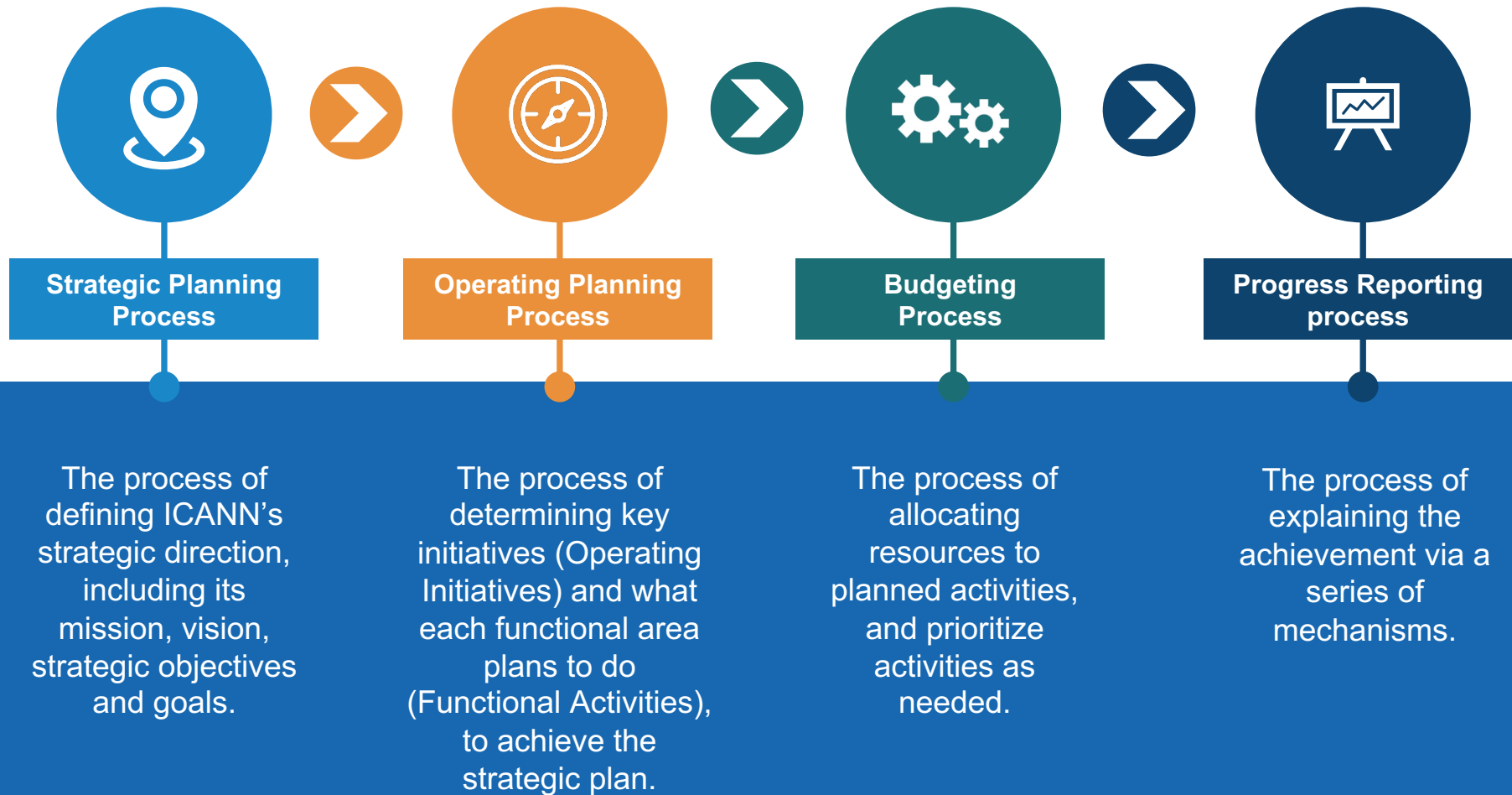
ICANN Operations – Deficit Factors

- ICANN is currently projecting a deficit of \$6-7M for FY24; the pressure on ICANN's financials is resulting from the following factors coinciding:
 1. **Stagnant funding:** ICANN's funding has been stable until FY23, with indications of decrease in FY24 and FY25.
 2. **Inflationary impact on expenses:** all ICANN's expenses have increased due to inflation (most notably travel and meetings).
 3. **One-Time costs:** unplanned costs that have fully used the budgeted placeholder for contingency.
 4. **Timing of planning process:** plans drafted nine months in advance which increases uncertainties (lower funding expectation after budget draft publication; finalization of budget by function several months after publication).

Adopted ICANN FY25–29 Operating and Financial Plan and FY25 Operating Plan and Budget

All Amounts in USD unless otherwise indicated

Planning Process Overview



Overview of the FY25 Planning Process

- The Draft FY25–29 Operating and Financial Plan and FY25 Operating Plan and Budget were published for public comment in December 2023 and two public webinars were held mid December 2023
 - A summary report on public comments was published in April 2024
- Following the public comment proceeding, a new set of financial projections were developed which were not subject to Public Comment due to timing
 - The revised plans were published on the public comment page as a key step of transparency to the public and [Two Public webinars](#) were held on 25 April 2024
- Following a recommendation by the Board Finance Committee, on 05 May 2024, the ICANN Board adopted the ICANN FY25–29 Operating and Financial Plan and FY25 Operating Plan and Budget and IANA FY25 Operating Plan and Budget
- The Empowered Community (EC) process started on 09 May 2024 and if no Rejection Action Petition is raised or pending, in June 2024 the plans will ready to go into effect on at the beginning of FY25

FY25 Budget Overview

FY25 Total ICANN Overview by Segment

Total ICANN Financials		For the Twelve Months Ending 30 Jun 2025				
In Millions, US dollars	ICANN Operations	New gTLD Program	SFICR Projects	Grant Program	Reserve Fund	Total
Funds Under Management - 30 Jun 2024	\$37	\$47	\$24	\$217	\$172	\$497
Funding	145	-	-	-	-	145
Personnel	(90)	(13)	(1)	(1)	-	(105)
Travel & Meetings	(13)	(1)	(0)	(0)	-	(14)
Professional Services	(29)	(15)	(1)	(1)	-	(46)
Administration	(19)	(1)	(0)	(0)	-	(20)
Capital	(1)	-	-	-	-	(1)
Cost Savings Initiatives	8	-	-	-	-	8
Total Expenses	(145)	(30)	(2)	(2)	-	(178)
Projected Transfers	-	18	(18)	-	-	-
Projected Grants Distributed	-	-	-	(10)	-	(10)
Investment Income/(Decline)	0.4	0.4	0.0	2.1	1.7	5.0
Funds Under Management - 30 Jun 2025	\$37	\$36	\$4	\$208	\$173	\$459
Average FTEs	407	46	4	4	-	460
End of Period FTEs	408	45	4	4	-	460

- The only revisions were in the ICANN Operations segment of Total ICANN
- All other segments have separate funding sources and align to the Draft publication

FY25 Budget - Adopted vs Draft

In Millions, USD	FY25 Adopted Budget May 2024	FY25 Draft Budget Dec 2023	Favorable/(Unfavorable) vs. FY25 Draft Budget	
	ICANN Operations	ICANN Operations	\$	%
Funding	\$145	\$148	(\$3)	-2%
Personnel	\$90	\$90	\$0	0%
Travel & Meetings	\$13	\$13	\$0	0%
Professional Services	\$24	\$24	\$0	0%
Administration	\$19	\$19	\$0	0%
Capital	\$1	\$1	\$0	0%
Contingency ⁽¹⁾	\$5	\$5	\$0	0%
Cost Savings Initiatives	(\$8)	(\$5)	\$3	-62%
Total Operating Expenses	\$145	\$148	\$3	2%
Net Operating Excess/(Deficit)	\$0	\$0	\$0	n/a
Average FTEs	407	407	0	0%
End of Period FTEs	408	408	0	0%

⁽¹⁾ Contingency represents an amount of budgeted expenses unallocated to specific activities or functions

Sustainable Rate of Expenses

- ICANN anticipates challenges such as slower funding growth and inflationary pressures that will affect ICANN's financial position over the next few years
- With the current economic circumstances, ICANN is increasing its focus on identifying new efficiencies and process improvements to maintain support and services while minimizing costs
- ICANN is committed to achieving a sustainable rate of expenses for projected funding levels by the end of FY25
 - An overview of the cost savings initiatives and savings will be presented to the Board as ongoing updates

IANA Operating Plan and Budget Adoption

- The IANA OP&B includes the PTI OP&B plus additional ICANN funded expenses for the IANA Functions
- ICANN received input from PTI as input into the IANA Functions Operating and Financial Plan and Budget
 - The PTI Board Adopted the FY25 PTI OP&B by on 26 March 2024
- The IANA OP&B was posted for Public Comment on 12 December 2023 through 12 February 2024
- The IANA Public Comment Summary Report was published on 2 April 2024
- The IANA OP&B was adopted by the ICANN Board on 5 May 2024
- The Empowered Community period for the IANA OP&B was started 09 May 2024

IANA FY25 Budget

FY25 IANA Budget in Millions, USD	IANA FY25 Budget	IANA FY24 Budget	Under/(Over)		IANA FY23 Actuals	Under/(Over)	
			Total	%		Total	%
PTI Budget	\$10.9	\$10.5	(\$0.4)	-3.8%	\$9.0	(\$1.9)	-21.2%
IANA Support Activities (1)	\$0.6	\$0.6	(\$0.0)	-1.1%	\$0.6	\$0.0	0.7%
TOTAL	\$11.5	\$11.0	(\$0.5)	-4.2%	\$9.6	(\$1.9)	-19.9%
Average Headcount (FTE)	25.2	24.1	(1.1)	-4.5%	22.1	(3.1)	-14.1%
(1) IANA Support Activities include the Root Zone Maintainer function, Customer Standing Committee, Root Zone Evolution Committee, and IANA Naming Function reviews.							
(2) FTE: Full-Time Equivalent							

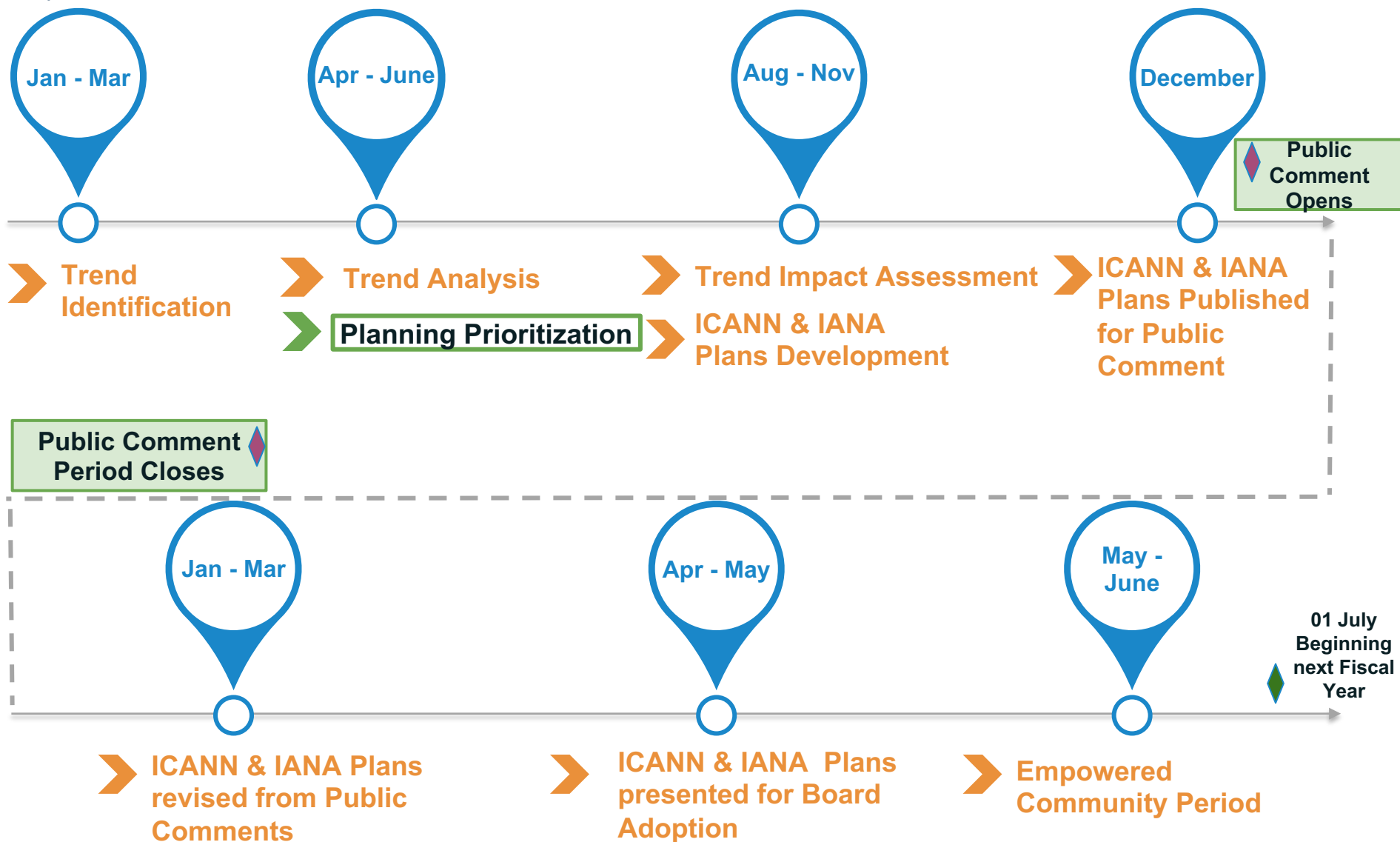
The IANA support activities remain flat to compared to the FY24 IANA Budget due to consistent support requirements but the FY25 PTI Budget has increased by \$0.4M primary because of additional staff, increase in personnel costs to address inflation, and incremental admin and capital expenses.

FY26 Operating Plan and Budget Process

FY26 Operating Plan and Budget Process

- ICANN's planning process includes a Five-year Strategic Plan, a Five-Year Operating Plan, and an Annual Operating Plan & Budget
 - These documents are mandated by ICANN's Bylaws
- The development of ICANN's Five-Year FY26-30 Strategic Plan is in progress
 - The draft FY26-30 Strategic Plan and the draft FY26-30 Operating will be published for public comment early July 2024
- The FY26 Annual Operating Plans and Budget process is kicking off in May 2024 with the Community led Planning Prioritization Process
- The Planning Prioritization process is based on a [Planning Prioritization Framework v4](#) and this process allows ICANN stakeholders to collaborate to provide input on the prioritization of activities that ICANN will be planning for in FY26

FY26 Operating Plan and Budget Timeline-Tentative



FY26 Planning and Public Comments

- The annual planning process is mandated by ICANN's Bylaws, including the timing and the deliverables.
- Each annual planning cycle takes over 12 months; thus, there are usually about 5 months overlap between two planning cycles each calendar year.
- This year, development of the Five-Year Strategic Plans are happening simultaneously to the annual plans.

Calendar	2024												2025						
Fiscal Year	FY24						FY25												FY26
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
ICANN FY26 - 30 Strategic Planning	ICANN FY26-30 Strategic Plan Development						ICANN 5 Year SP & 5 Year OP Public Comment Proceeding			Public Comment Analysis & Draft Review			ICANN Board Adoption	Empowered Community Period					ICANN FY26 - 30 Strategic Plan in effect
ICANN Five-Year (FY26-30) Operating Plan				ICANN FY26-30 Operating Plan Development										ICANN Board Adoption	Empowered Community Period				
PTI FY26 - 30 Strategic Planning				PTI FY26-30 Strategic Plan Development				PTI SP Public Comment Proceeding			Public Comment Analysis & Draft Review		PTI Board Adoption				PTI FY26 - 30 Strategic Plan in effect		
FY26 PTI Planning Process								Development of PTI FY26 Operating Plan and Budget			PTI FY26 OP&B Public Comment Proceeding		PTI Board Adoption				PTI FY26 Operating Plan and Budget goes into effect		
FY26 ICANN/ IANA Planning Process							Development of ICANN/IANA FY26 Operating Plan and Budget			ICANN/IANA FY26 OP&B Public Comment Proceeding		Public Comment Analysis & Draft Review		ICANN Board Adoption				FY26 Operating Plan and Budget in effect	
														Empowered Community					

-  - Community Involvement
-  - Board Decision
-  - Empowered Community

Questions and Answers



- ❖ Please raise your hand in zoom if you want to ask a question
- ❖ Unmute your microphone to ask questions when it is your turn
- ❖ Mute your microphone when not speaking



- ❖ Type your questions in the chat



For questions or information,
email the planning team



planning@icann.org

Appendix

How to Participate in ICANN's Planning



Subscribe to the
[ICANN Public
Comment page](#)
to receive
notifications of
upcoming activities/
proceedings

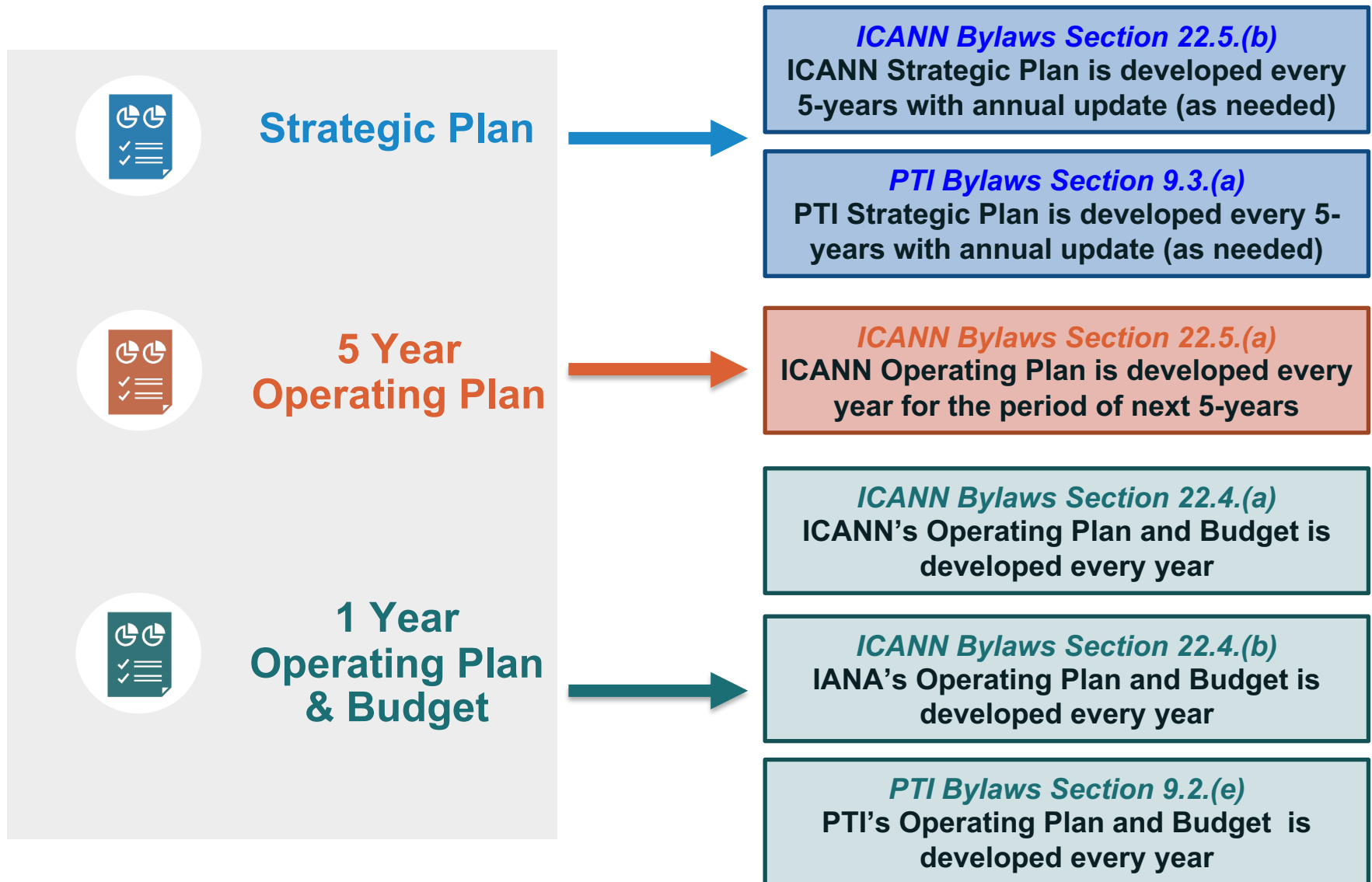


Visit the Finance
and Planning
Community Group
Workspace for
recorded webinars
and project Updates
[Wiki page](#)



Send an email to
[community-
finance@icann.org](mailto:community-finance@icann.org)
to subscribe to
regular updates on
planning and
finance activities

Planning Related Bylaw Requirements



FY26-30 Strategic Plan Timeline

What	When
Community engagement - draft strategies	ICANN 80
Public comment proceeding of draft 5Y strategic plan and 5Y operating plan (62 days)	Jul 9 - Sep 10 2024
Publish public comment summary report	Early November 2024
Update the draft 5Y strategic plan and 5Y operating plan per public comment	Nov - Dec 2024
Publish the proposed for adoption 5Y strategic plan and 5Y operating plan	Jan 2025
Board consideration of the 5Y strategic plan and 5Y operating plan	Feb 2025
Empowered Community Period	Mar 2025

FY25 Operating Initiatives

The 11 operating initiatives represent major areas of work that support the strategic objectives identified in the strategic plan. Each operating initiative is cross-referenced against the strategic goals identified in the Strategic Plan to show the strong interconnectedness of ICANN org's work. Two operating initiatives were completed prior to FY25 and any ongoing activities were incorporated into functional activities.

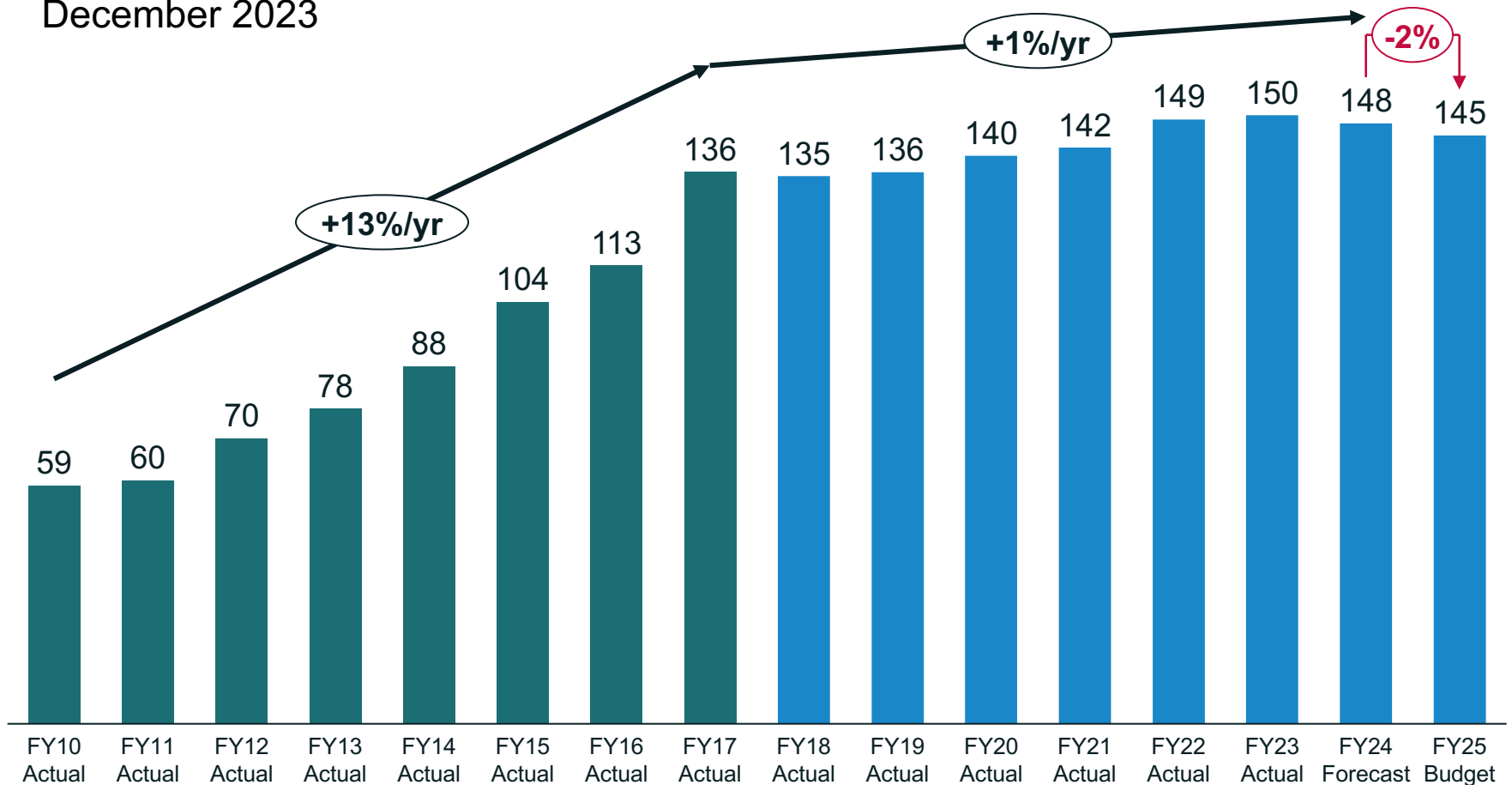
	Operating Initiatives	Strategic Objectives Supported
1	Support the Evolution and Strengthening of the Root Zone Management and Root Server System	◦ Strengthen the security of the Domain Name System (DNS) and the DNS Root Server System. ◦ Evolve the unique identifier systems in coordination and collaboration with relevant parties to continue to serve the needs of the global Internet user base.
2	Facilitate DNS Ecosystem Improvements	◦ Strengthen the security of the Domain Name System (DNS) and the DNS Root Server System. ◦ Evolve the unique identifier systems in coordination and collaboration with relevant parties to continue to serve the needs of the global Internet user base.
3	Evolve and Strengthen the Multistakeholder Model to Facilitate Diverse and Inclusive Participation in Policymaking	◦ Improve the effectiveness of ICANN's multistakeholder model of governance.
4	Evolve and Strengthen the ICANN Community's Decision-making Processes to Ensure Efficient and Effective Policymaking	◦ Improve the effectiveness of ICANN's multistakeholder model of governance.

FY25 Operating Initiatives

	Operating Initiatives	Strategic Objectives Supported
5	Evolve and Improve Internal and External Ethics Policies	Improve the effectiveness of ICANN's multistakeholder model of governance.
6	Promote and Evolve the Domain Name System (DNS) Through Open and Transparent Processes That Enable Competition and Open Entry in Internet-Related Markets While Ensuring the Stability, Security, and Resiliency of the DNS	Evolve the unique identifier systems in coordination and collaboration with relevant parties to continue to serve the needs of the global Internet user base.
7	Geopolitical Monitoring, Engagement, and Mitigation	Address geopolitical issues impacting ICANN's mission to ensure a single, globally interoperable Internet.
8	Improve Depth of Understanding Domain Name Market Drivers which Impact ICANN's Funding	Ensure ICANN's long-term financial sustainability.
9	Implement New gTLD Auction Proceeds Recommendations as Approved by Board	Ensure ICANN's long-term financial sustainability.
10	Planning at ICANN	Ensure ICANN's long-term financial sustainability.
11	ICANN Reserves	Ensure ICANN's long-term financial sustainability.

Funding Trends

- ICANN funding was growing due to an increase in the number of domain name registrations, gTLDs and contracted parties
- More recently, funding growth has stagnated and FY25 funding is now projected to decline versus the FY24 Forecast and the FY25 Draft Budget published in December 2023



Expense Trends

- ICANN continuously develops process improvements to manage costs and resources, these efficiencies have enabled ICANN to execute on an increased workload while maintaining flat headcount from FY17-FY22

Post- USG transition

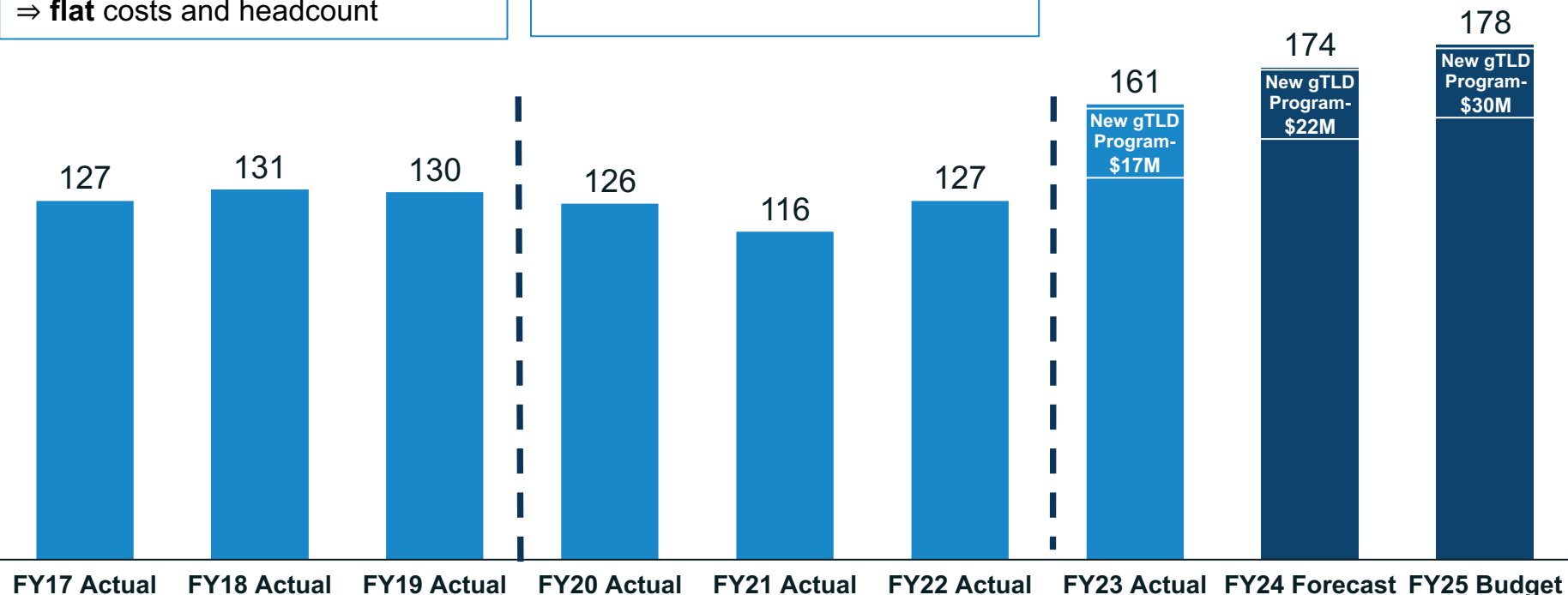
- PTI and WS1 Implementation costs
 - GDPR and ITI projects costs
 - Process improvements (reductions of IT systems, meetings optimization)
- ⇒ **flat** costs and headcount

Pandemic “anomaly”

- Lower travel and project activity
 - Project management network
 - Improvements to tools and processes to benefit virtual work and meetings
- ⇒ **lower** costs, **flat** headcount

Intense projects implementation

- Resumption of travel
 - Staff increase for new projects
 - Inflation
- ⇒ **higher** costs and headcount



\$ in millions

PTI FY25 Budget by Cost Category

FY25 PTI Budget in Millions, USD	FY25 Budget	FY24 Budget	Under/ (Over)		FY23 Actuals	Under/(Over)	
			Total	%		Total	%
FUNDING	\$10.9	\$10.5	(\$0.4)	-3.8%	\$9.0	(\$1.9)	-21.2%
Personnel	\$7.2	\$6.7	(\$0.5)	-7.4%	\$6.3	(\$0.9)	-14.2%
Travel & Meetings	\$0.5	\$0.5	\$0.0	2.1%	\$0.5	\$0.0	5.9%
Professional Services	\$1.5	\$1.8	\$0.3	16.6%	\$1.0	(\$0.5)	-50.0%
Administration	\$1.0	\$0.9	(\$0.1)	-10.9%	\$0.9	(\$0.1)	-16.3%
Contingency (a)	\$0.5	\$0.5	(\$0.1)	-16.0%	\$0.0	(\$0.5)	0.0%
Capital	\$0.2	\$0.1	(\$0.1)	-60.0%	\$0.3	\$0.1	45.9%
TOTAL CASH EXPENSES	\$10.9	\$10.5	(\$0.4)	-3.8%	\$9.0	(\$1.9)	-21.2%
EXCESS/(DEFICIT)	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	\$0.0	0.0%
Average Headcount (FTE) (b)	23.7	22.6	(1.1)	-4.8%	20.7	(3.1)	-14.8%
(a) Contingency is an amount included in the Budget but not allocated to specific activities; it can be used for unforeseen costs or to cover the difference between budgeted and actual costs (b) FTE: Full-time staff equivalent							