YEŞIM SAĞLAM: The Operations, Finance, and Budget Working Group. My name is Yeşim Sağlam, and I'm the remote participation manager for this session. Please note that this session is being recorded and is governed by the ICANN Expected Standards of Behavior and ICANN Community Anti-Harassment Policy.

During this session, questions or comments will only be read aloud if submitted within the Q&A pod. Interpretation for this session will include English, French, and Spanish. If you would like to speak during this session, please raise your hand in Zoom. When called upon, virtual participants will be given the permission to unmute in Zoom.

On-site participants will use a physical microphone to speak. Please state your name for the record, the language you will speak if speaking a language other than English, and speak at a reasonable pace. I will now hand the floor over to Claire Craig and Marita Moll, co-chairs of the OFB WG.

CLAIRE CRAIG: Thank you, Yeşim. Good morning to those of you in the room, and good day to those of you who are following online. My name is Claire Craig, and I am the one of the chairs of the OFB Working Group, Operations, Finance, and Budget Working Group. And I am pleased to welcome you today to our overview of the operations of the OFB with my colleague who is online and co-chair, Marita Moll.

As Marita asked me, she said, “Claire, is this going to be a normal OFB meeting today?” And I said to her, “What we're going to be doing is an overview of what we have done during the year.” And Marita will start, and then we will have a discussion with the planning team who is here, led by Becky Nash of the planning department, as well as her colleagues, Shani, who is sitting here, and Marilia, who will be here shortly, so that we can have enough time.

Then we will end with an opportunity for questions and answers. So, without further ado, I will turn this meeting over now to Marita, who will give us an update on the OFB, and I will chime in on some of the other things that we are doing. Marita, thank you.

MARITA MOLL: Thank you, Claire. Good morning. We didn't do a sound check, so I hope this is okay. Staff, can you tell me whether you can hear me?

CLAIRE CRAIG: Marita, we can hear you.

MARITA MOLL: Okay, thank you. Yes, as Claire said, we thought maybe we would do a quick overview of what goes on at the At-Large Operations, Finance and Budget Working Group, we call the OFB. And it's one of the two major At-Large Working Groups. The other one, CPWG, we will hear about next. We meet on Thursdays weekly, sometimes every second week when it's not too, too busy. But lately it has been very busy. So, every week on Thursday, we'll be going through some of these items that I'll talk about here.

And this is not everything, but it's just some of the things, if I can get my screen working here properly. All right. Okay. So, one of the things we do in this group is pretty much looking at—we often look at many of the things through the lens of the—I'm sorry. I'm having a lot of trouble looking at my notes here, and I thought I had this set up so I could do it, but working remote isn't always fine. Yeah, we look at a lot of things through the lens of the multistakeholder system, so forget the notes.

And we do that in a number of the very large things that we're looking at right now, stuff that is ongoing. We have the Continuous Improvement Plan, which is a way that ICANN is—because of input over quite a long time, ICANN is looking at ways of more effectively arranging the way we work. So, this is a small team, a team that's put together by Cheryl and headed by Cheryl Langdon-Orr, who's looking at these things.

And one of the things that is related to that is what we call the Pilot Holistic Review. Another one of those things that is looking at ICANN work through the multistakeholder—the effectiveness of the multistakeholder system. If you're interested in looking at things that way, this is probably a good place for you to go. And other than that, we're also looking at things from the policy side. We are definitely, as the title suggests, looking at the budget. Every year, we look at the budget, ICANN and PTI, Public Technical Identifiers. And we will comment on that. That is an annual event.

And then, we'll look at various issues that come up. We will look at things like how we meet, or if there's some by-law change things as there was recently. That's another thing we'll look at. Those are things that look at what's happening inside ICANN. And the other thing we have is what goes on outside of ICANN, whereas we take a look, we review and monitor what's going on in the internet governance fora that are happening. So, for the World Summit for the Information Society +20, WSIS+20, which has been sort of moving up to its major meeting in June of 2025.

We also looked at the Global Digital Compact and kept up-to-date with what ICANN was doing there and what members might do. And also, the IGF, the Internet Governance Forum, which many At-Large members are participating in and have submitted sessions to. So, if you're interested in looking at things that way, we really invite you to take a look at the OFB meetings, and attend some of our meetings if you're new, and find a little niche. There's plenty of work to do for everybody. Thank you, Claire. I'll pass it back over to you.

CLAIRE CRAIG: Thank you, Marita. So, we have been doing a number of things, as Marita said, during the year. And one of the things that we have done and continue to do would be the public comments. And we have completed a number of them. And there are a few public comments that are open right now that I would like to bring your attention to.

So, the first one that's on the screen would be the proposed Internet Coordination Policy 2, ICP-2 Version 2 Principles. And I think this is one that we had a presentation on this particular proposal. And while you would see that the closing date there is the 25th of November, we have actually gotten an extension to the 6th of December, which will give us further time to review and comment. And I really think that we need to look at this as it impacts not just the way the new RIRs are set up, but also to look at how the current ones operate. So, we do have some time.

And the reason for speaking to you about this at this point as well is to give you an opportunity to be part of the team of pen holders who would be writing these public comments. The second one that's there is the ICANN Community Participant Code of Conduct on Statement of Interest and General Ethics Policy. So, this is also something that we need to look at very carefully. You would see that the closing date is the 2nd of December.

And so, these dates give us enough time after the ICANN meeting, even though the OFB Working Group does not meet before the 2nd. I think we meet on the 4th. It's the first Thursday in December. We will have to work offline to get these done. But again, we are looking for volunteers for this. Yesterday, at one of our development sessions, we spoke about standards of conduct. And so, these are some of the things that are very near and dear to us. And as the OFB, most people think about OFB as just finance and budget, but operations is also a key part of what we do. And therefore, we need to pay particular attention to this.

The other one that's there is the proposed revision to the Community Anti-Harassment policy. And we would have heard some of that yesterday as well in Avri's presentation. And the adjunct ombuds person was in the room at that time as well. And this is where we can give comments and feedback on the work that is taking place there. And there was a lot of conversation about that, discussion about that at this meeting yesterday. And so, we also are looking for you to volunteer. Next slide, please.

So, we do have some other public comments that are on the books, but there are no dates as yet. These are supposed to open in November. So, they can open anytime now. And this is the Continuous Improvement Program Framework. And you know that we have been doing a lot of work on that. And we do have members of our teams, as well as members of the ALAC, as well as members of the RALOs who participate in that. But we need now to look at the work that has been ongoing there.

And we also expect to look at the draft PTI strategic plan. We have done the ICANN draft strategic plan. And we are waiting for the information on the PTI strategic plan. I think we have one more slide. Right.

Again, in upcoming public comments, we also would be looking at the draft PTI FY26 Operating Plan and Budget. That is not yet open. We are anticipating as well the ICANN FY26 Operating Plan Budget and Draft, IANA FY26 Operating Plan and Budget, as well as the improved GNSO Stakeholder Group and Constituency Charter Amendment process. However, this last one has been on radar for some time. And I think the OFB has already made a decision that this is one that we will not be commenting on. But it continues to remain here as an upcoming public comment.

So, this is just to let you know what we have been working on and what we will be working on. I think this is the last slide, if I'm not mistaken. So, are there any comments on this or questions before I turn the floor over to the planning team? Let me just see if there's any hands on. Okay, there are no hands up in the Zoom room, and I'm not seeing any hands or cards up here. So, thank you, Marita. I guess, we were very clear with our presentation this morning.

Yeah, I know it's 9:00 in the morning here and everyone is probably still half asleep. But I do thank you for being here, and thank you for listening. And I turn the floor over to Becky and her team.

BECKY NASH: Thank you very much, Claire and Marita. It is great to be here today. My name is Becky Nash, and I'm from the ICANN Org Planning Team. And I'm joined here today with my colleague, Shani from the finance team, and also, with Marilia from the IANA team. So, we're going to cover just a few different finance and planning and IANA-related topics.

I'm going to start off with a short overview of the public comments for the Draft FY26 through 30 Strategic Plan and the Operating Plan Framework. Then, I'll just touch upon the overall planning timeline. Then, I'll hand it over to Marilia for the IANA update. And then, Shani will then come in following Marilia with the FY24 Financial Review. So should you have any questions, please feel free to raise your hand during the presentation. So, if we could go to the next slide, please. And the next slide please.

Here, I'm just going to cover all of the public comments that were received on the Draft FY26 through 30 Strategic Plan and the Operating Plan Framework that accompanied this draft strategic plan. So just to start off, community engagement has been taking place throughout the process where the board of ICANN developed the Draft FY26 through 30 Strategic plan and the public comment process is fundamental to ICANN's process for planning overall.

So, for the public comment, which opened on the 26th of July and then closed on the 17th of September, we had over 301 specific comments received. And we received 10 submissions which are noted on this slide including several of the SOs and ACs and specifically At-Large and ALAC. And then, we also had three individual submit comments.

So, the comments of 300 were broken down by theme and we had approximately 218 related to the draft strategic plan and then 83 related to the operating plan framework. And overall, the majority of the respondents are satisfied with the draft strategic plan and the overall sentiment from all of the submissions towards the draft plan is very positive. And this was very good to hear from the community. So, if we could go to the next slide.

We received feedback on the vision statement developed by the ICANN board for 2030. A 100 percent of the respondents feel that the vision statement is aligned with the expectations and the needs of the community. So, the draft vision statement in the strategic plan for ICANN for year 2030 is as the trusted steward of the internet's unique identifier systems. ICANN is dedicated to strengthening the single global interoperable internet for all. This vision statement had the intent of being simple and easy for us to have a dialogue and explain about the draft vision statement for 2030. Next slide please.

We received feedback on all elements of the strategic plan. In general, the strategic plan first starts with the strategic objectives, then we have strategic goals, and then, we have the strategies. That is all encompassed in the draft strategic plan. So, on this slide, we're talking specifically about the four strategic objectives that have been set forth by the board of ICANN for the FY26 through 30 Strategic Plan.

So, one key question was, are the strategic objectives clearly stated? We did have 100 percent indicating that the strategic objectives are clear. Then we had 85 percent indicating that the strategic objectives are relevant. One submission from the ccNSO SOPC had some recommendations on a few key issues that were not fully addressed in the strategic objectives. Then we had a polling on, are there any additional strategic objectives that need to be added, removed or modified?

So, 40 percent provided feedback that such modifications could be made to the draft strategic objectives. And the suggestions come from two individuals in the ccNSO SOPC. We want to highlight that all of the comments received throughout this process are considered by the board strategic planning committee, which is the committee that the work has been delegated to. So, if we could go to the next slide.

I'm just quickly going to cover feedback on the strategic goals. So again, these are the goals that support the strategic objectives. And here we did receive 83 percent mostly positive reception about, are the goals clearly stated and defined and aligned with the objectives? We did receive 100 percent support for the breakdown of the strategic objectives into strategic goals, and how this was helpful to understand how the objectives will be achieved. And then, 67 percent, are there any goals, strategic goals that need to be added or removed or modified?

And here we're just highlighting that ALAC and several other community groups did indicate that there was some room for adding and revising the strategic goals. So, if we could go to the next slide. This is now. On this next slide, please. Oh, sorry. One back on the strategies. Thank you.

So again, now we're cascading down to the actual draft strategies that support the achievement overall of the strategic plan. And here we received some very valuable feedback from the community as well. So, are the strategies provided for each strategic goal clear and actionable? We received some feedback that there could be some more clarity and we did receive 100 percent feedback that the strategies are appropriate and effective for achieving the strategic goals.

We received 83 percent comments regarding progress indicators associated with each strategy. Are they adequate for tracking the progress? We received some feedback about some areas of improvement. And do the strategic risks identified for each of the strategies seem comprehensive and realistic? We received 100 percent support for that. And then, do you have any suggestions for additional strategies, progress indicators, or improvements to the existing ones? And here we did receive several comments just about further improvements or additions to the strategies.

Again, all of this is being considered by the Board Strategic Planning Committee and the Board of ICANN, and will be responded to as part of the summary report, which will be published on the 19th of November. And that report will be published back on the public comment page and we do encourage the community members to register for alerts. So, if we move to the next slide, I'm just quickly going to indicate where we are in the process.

Again, the public comment report will be issued later this month in November and then, we move into the revision of the plans. And then, we move into the plan consideration and adoption. And the adoption by the Board of ICANN is to be no later than the March 2025 period and that then permits enough time for the empowered community process. And then, the plans will be available to go into effect by the beginning of the next fiscal year. And this is for the five-year strategic plan. So, if we move to the next section, please, and one more slide.

We've just provided in this presentation a detailed table that just again indicates exactly when we are planning on having the adoption of the ICANN Operating Plan and Budget key dates as well. So that process is underway in development. We just want to highlight that the planned date for publication will be the 17th of December and that public comment will run—and it’s planned to run through the 17th of February. And then, we will also have two webinars on the 17th of December and the 18th of December UTC times for ample community members to have the ability to join in their time zone.

So, this is just a short overview of that process, and I'll just move to the next slide, which will be the last one prior to going to the IANA update.

We just want to highlight that this information here is so that all of the community members can follow the work and understand that there will be a public comment opening on the 17th of December, which will be for the ICANN and IANA Operating Plan and Budget, a separate public comment on the same date for PTI, the affiliate of ICANN, and then, we are highlighting that the draft PTI Strategic Plan is estimated to be opening on the 26th of December, which is coming up very shortly as well.

And please subscribe to the public comment alerts page. So, with that, if you could move to this slide here. And Marilia, it is for you to take over here. Thank you.

MARILIA HIRANO: Thank you. Hello, everyone. Thanks for having our team here to speak with you today. I just want to present a little bit of the highlights of what we're focusing on for the next five years in IANA. As you all know, our strategic plan, the first ever dedicated strategic plan for PTI concludes at the end of this fiscal year. So aligned with ICANN, we started planning where we wanted to be in 2030.

So, after convening with the PTI board, the staff, and leveraging all the trends identified in ICANN's exercises, also the environmental scan that you all participated, these are the three key areas that the team in IANA will be focusing on for the next five years. So, the first one is on innovation, and here our main goal will be to enhance our agility and reduce time to market for new features. This is going to allow us to adapt to technological advancements and evolving customer needs.

And I'll go over some of the activities that will touch on innovation and the other focus areas in the next slides.

The next area is operational excellence. IANA's been focused on continuous improvement for over a decade, and we will continue to leverage continuous improvement best practices and focus on staff development, streamlining all of our business processes, and continue to leverage all of the work that we've done with the help of the community to evolve our operations.

And then, the last one is community engagement, where here our main objective will be not only to maintain the relationships with the community leaders that we have today, but also to improve communication strategies that our target will be non-traditional stakeholders, particularly in underrepresented regions. That will be our focus area for engagement in the next five years. So now, the next slide.

So, as I mentioned, innovation is our priority. The first system that I'm going to share here is RZMS, which is the online system that allows top-level domain administrators to manage their delegation details in the root zone database. We launched a major upgrade in 2022 of this system. And very recently, actually, on October 30th, we launched another big update, which is enabling two-factor authentication and all your customer features into the system. And so, if you are a TLD manager, you would be getting notified by the IANA team on how to set that up in your account.

What's next for the system? We will continue to develop features through fiscal year ‘26, and this is going to be in our operating plan that you also will review, as Becky mentioned. So, the first one here, reducing friction in the change request workflow. We will make updates to authorization policies, and this is all based on community feedback, and then, passkeys. So, those are the next three main areas of work that our development team is focusing on. The next slide, please. Thank you.

Then, iana.org, for those of you who are familiar with our website, you will definitely see, after being there for 30 seconds, that it needs to be updated and brought to this era. It is very, very outdated. So, we are working, and I see some smiles here, so I know we're in the right track. So, we are working—in fiscal year ’25, we're going to have a branding exercise and a modernized design, and then continue to evolve, especially where the registries are concerned. It's very convoluted and difficult to search.

So, we are working on accessible site-wide search and search and filtering of data within the registries, which we cannot do today. So, that is a very big priority for us throughout the coming year, fiscal year ‘26. Primarily, that's the big part of the work that's going to happen. Next slide.

DNSSEC management. So, we are preparing for the second key rollover. It's expected to occur in fiscal year ‘27. However, there's a lot of preparation that needs to go into it. So, fiscal year ’26 and ‘25 too, which we're already working on, conducting outreach to operators to make sure that everybody's ready for the next key rollover.

I did put the mailing list there if you want to stay updated on this project. How to sign up for it. Then, we are going to make updates to both key management software and systems, both facilities, and all the related policy and procedures, because we're preparing for a future algorithm rollover. That is going to—and it's anticipated to happen at the following rollover. So, it's not this one in 2026, but 2029, we want to be ready for a potential algorithm rollover. So, that's what we're working to prepare ourselves for through this year.

And then last, the new certificates, the ICANN-CA, that's to validate the DNS trust anchor file, and that will replace current certificates that are due to expire in 2029. So, even though these are future occurrences, it does require a lot of preparation work and engagement with experts to make sure that this happens. Next slide.

And then, IANA's role in the next round of gTLDs. Of course, we don't start the delegation process until the end, even though this program is well underway. It is the hot topic of ICANN meetings for the past few years. We don't get involved in the delegation. It's toward the end of the process. So, we're not expected to start delegation until quarter three of 2027. And it's going to go through multiple years after we start delegation. But it is in our radar. We are following the work that is being done by ICANN org with the community on this to make sure that we are ready when the time comes for delegation. And the link there is, if you want to know more about how our role is, specifically in IANA, it's there. Next slide.

Okay, last but not least, I talked about some of the activities on innovation and operations. But, community engagement, the targeted outreach that I was referring to, we want to raise awareness of IANA's essential role in ensuring that the internet interoperates. For IANA 2030, we want to prioritize engagement with non-traditional stakeholders. A lot of our key customers already understand what we do and their importance of what IANA does, but we want to educate other community groups on the important work that IANA does.

And then, focus on the underrepresented communities. We were in Columbia earlier this year to do some outreach and we plan on doing more of that. So, if you have ideas, if you want us to be in your webinars, in your region and talk about IANA, we're available. So, let's chat on how we can do that. And I was here last year at the full ALAC to ask for your feedback. So, there's a QR code there. If you want to give us feedback on what you think our priorities—if there's anything else that you think our priorities should be, there's an opportunity to provide that feedback through our annual survey. We do value and use this feedback.

The work that is being prioritized there is part of the input that we receive from customers. So, take part of it and help us improve. And I believe that's my last slide. Becky talked about the timeline of the public comment. You all see more details in our strategic plan coming up in public comment, so please participate. Thank you for having me.

BECKY NASH: Thank you very much, Marilia. We do have a question in the chat just about sharing the sign-up link that you spoke about. So, I'll let you respond to that.

MARILIA HIRANO: Okay, will do. Thank you.

BECKY NASH: Okay. And now we're going to go to Shani. Thank you.

SHANI QUIDWAI: Thank you. I see that we have roughly 15 minutes left, so I'll do my best to go relatively quick and leave some time for.

BECKY NASH: Not too quick for the interpreters.

SHANI QUIDWAI: Okay, sorry. I'll try to speak slowly, but not cover the slides in too much detail. But here's a quick overview of the agenda. Just a recap of our fiscal year ‘24, which recently completed, and our audit was completed. So, we've had some key schedules posted. Then, a high-level overview of our fiscal year 25 financial forecast. We're about three to four months into the year, and so, we have some projections.

And then lastly, I wanted to bring some visibility into a fee increase that ICANN is planning to pursue and recently announced. So, if we could move to the next page.

Here, I just wanted to bring some visibility to the postings that we do. If you're interested in learning more about ICANN's financials, we encourage you to browse this link. Most of these schedules are posted annually, with the exception of the quarterly financial reporting that's posted throughout the year. And we also provide updates through webinars and sessions like this. So, plenty of opportunities to understand the financials. If we could move forward.

Here's a high-level overview of the financials for the fiscal year 2024. Overall, the financial health of ICANN remains strong. If you look at the top of this and the bottom, I know there's a lot of numbers, but we started the year with $518 million and ended the year with $518 million. These various columns represent the segments or the way that we report our costs and segregate our funds. And just to call attention to the first column, this is operations. You can see here that we had funding of 150 million and costs of 156.

And so, for fiscal year 2024, there was a deficit where we had more costs than funding. And ICANN has begun taking actions to reduce costs so that we have a more balanced budget in the future. Some of those actions have already been completed, and some of them are still remaining. As of today, we're roughly 60 to 70 percent at our target of actions identified and completed to balance the future budgets.

Just a few words on some of the other columns. The new gTLD program, these are the costs incurred for the remaining applications from 2012, as well as the costs that we are incurring to implement the next round. This [inaudible] is the Supplemental Fund for Implementation of Community Recommendation. These projects for that year were the RDRS, Registration Data Request Service, along with prioritized review implementation work. Next, we have the grant program. These are the auction proceeds from the 2012 new gTLD applications. And you can see here that we incurred one and a half million dollars of expenses to implement and prepare for this first cycle.

And then we have investment gains of 12.3. So, the investment gains clearly outgained the costs for the year. Lastly, we have the reserve fund, and this is at a level of $183 million at the end of the year. There were no contributions or withdrawals in the year, and happy to report that the balance as of today or at the end of the year is above our minimum target of having one year of expense in the reserve fund. If we could move to the next page.

Pretty much covered most of this, but this is just a better visual of the funds. Few things to call attention to. The operating fund had a decrease in the fiscal year. The light blue bars are where we started, and the dark blue is where we ended. This decrease in the operating fund was due to the fact that the board approved a transfer of $20 million into the [inaudible]. And those funds have been used for the projects noted, as well as some of the implementation costs for the next round.

Aside from that, you can see some general gains on most of the funds, and this is due to increases in the value of the investments. If we move to the next page.

This is just a little bit more detail within the ICANN operations. I mentioned before that we had a deficit this year. Overall, there was a plan to be balanced as we do plan our budget every year. However, costs were higher this year than what we had projected, and this is what's led ICANN to start taking some actions to improve the financial sustainability of the organization.

This concludes the recap of ‘24. From here, I'll jump into the forecast for the current fiscal year. Most of the numbers that you see on this slide and in the next slide are all in ranges. We project ranges just to highlight the fact that we don't have full certainty into everything that drives the funding or the expenses specifically things like funding. We analyze this on a monthly and quarterly basis and look at filings and macroeconomic indicators and other key filings within the DNS industry to help us understand what the projections for the funding will be.

We currently project a slight decline or flat funding to prior years. Regarding the expenses, we do continue to project a slight deficit. However, this aligns with the board resolution that ICANN will have taken all the actions needed to have a balanced budget in future years by the end of this fiscal year at the latest. And so, as I mentioned before, we are about 70 percent done in completing those actions and the remaining 30 percent will be done before the board resolution of the end of this year.

On the next page, here's just some of the numbers that overall, there is at the bottom, you can see a deficit projected as low as 2 million and as high as $7 million. Won't go through all the details here but you can just see the various high-level lines that kind of drive that. As mentioned, the funding, it's currently projected at 144 million, which is a slight decline from the prior year. We do have a range of 142 to 146, acknowledging that that number could move up or down a little bit less.

And then, within some of the cost lines here, there are ranges and some of the key reasons are that some of those remaining actions, the timing and the exact impact of those cost savings initiatives are not yet known. And so, those will help drive some of the variants within those lines. If there's no questions, we can move to the final section.

Lastly, I just wanted to mention the fee increase. ICANN announced the intent to increase fees that we earn on the domain name transactions and some of the other fees from registries and registrars. This was announced about a week or two weeks ago and there's a link on the slide if you want to understand it more. But overall, this is an initiative to improve the financial sustainability of ICANN. This is not something that is being done to help close the gap or the deficit that I mentioned.

Clearly the ICANN is taking the actions needed to balance the budget and is not relying on this fee increase. Ultimately, the plan for the fee increase is to improve the financial sustainability and help ICANN better manage things like inflation in the future. To date, there has never been an increase on the fees that ICANN charges. There's actually only been a discount, specifically on the registrar side.

And so, these fee initiatives plan to launch in the coming year or month. For the registries, there is contractual language that allows ICANN to increase the fees in alignment with inflation and so, that's intended to start in January. For the registrars, that process is different and it will go through the budget that's posted for public comment in December. Ultimately, that will be presented and reviewed by the board for adoption in May. And if that's approved, the new fees for the registrars would go into effect in July. And the proposed increase on the registrars is the removal of the discount that I mentioned.

In 2009, there was a discount of 10 percent for the registrar transaction fee as well as the variable accreditation fee. So, both of those have been discounted 10 percent and the intent is to remove that discount. Thank you. I'll pause and I see Marita's hand up.

MARITA MOLL: And everybody, thank you for that and it's a great presentation. I also attended the similar presentation that you did during the preview week. And I just still have one question that's lingering from the previous presentation. I didn't ask it, but I'm just, the $20 million that you moved from operating expenses into this thicker fund. Why 20? Why not 10? I mean, how much of the grant program is actually being expended in the coming year. Just a little mystery I hope you can clear up. a deficit? Why 20, why not 10? I mean, how much of the grant program is actually being expended in the coming year? Just a little mystery, I hope you can clear up. Thank you.

SHANI QUIDWAI: Thank you for the question. So, the transfer that she's referring to, there was excess within our operating fund from prior years and we have an investment policy that's approved by the board on our website if you would like to read it more. Each year, we evaluate the balance within the operating fund and if there's extra funds, those are evaluated for transfer.

And so, the transfer was into the supplemental fund for implementation of community recommendations and those funds are going to be primarily utilized for implementation of the next round. All of the costs that ICANN is incurring today to implement the next round of TLDs are costs that we're having to incur without collecting any funding. We will collect funding later when those application fees are in.

However, there's a need to have funding available today until those revenues essentially come in and so that's the primary driver. We are also using remaining application fees from the 2012 round to implement. However, that's not enough to carry out the full implementation plan. And so, that's why we're using this blend of excess that's in that [inaudible] as well as the remaining funds. So hopefully that helps.

And last, just comment. None of that is being used for the grant program. The grant program is purely utilizing the auction proceeds.

CLAIRE CRAIG: Thank you, Becky and team. We have just about five minutes. I recognize Sergio's hand for a question and Judith. So, Sergio's going to be asking this question in Spanish, so please put your—okay, so three questions. Can you please make your questions brief so that we can get the responses back. Ao that as we heard yesterday, our interpreters need to leave on time. So, thank you, Sergio. Please go ahead.

SERGIO SALINAS: Thank you very much, Claire. I'm really pleased to be at this meeting today. I have a question that has been in my mind for some time now. There was a reduction of 7.5 percent in our budget. This means $5 million. And so, I have some questions here. Number one, how could we account for that reduction in budget, the 7.5 percent reduction? And this has had an impact on our active participation. In the case of La Corral, for example, a region of Latin America and the Caribbean within At-Large, we are sharing meetings of two working groups in 90 minutes with the same interpretation services.

This is something which is happening due to these reductions. We have lost part of the staff assigned to us. Is somebody responsible for this? Thank you very much.

CLAIRE CRAIG: Thank you, Sergio. But before we get an answer, let's just get all the questions, so that we can keep it tight. Thanks. Judith and then—I don't know.

JUDITH HELLERSTEIN: Yes, it's Judith Hellerstein for the record. Question for you. So, the original 20 million that we we're talking about that was moved to this [inaudible], was that during the years when the pandemic, when we weren't traveling, and is that—we don't expect that to happen again, but was that the original reason for that? And then, also, you mentioned that we expended money for the grant, for the new gTLDs, then the funds will be, once they have them, is the money going to be put back into the—is it going to be reimbursed in the budget after the funding. After you get the money from the expenses on that? Thanks.

OKSANA PRYKHODKO: Thank you. Oksana Prykhodko speaking. After full-scale Russian aggression against Ukraine, ICANN allocated $1 million to Ukraine. Then this program was continued, so now the sum is $3 million. We in Ukraine are trying to find any traces of these millions. Could you please help us, and could you please provide us any information for our IGF-UA, which will take place in two weeks? Thank you.

SHANI QUIDWAI: Thank you for the questions. I'll do my best to remember them. Regarding the question about Ukraine, I don't have those details here, but we'll get back to you, hopefully, with some more information. Regarding the budget reductions, the comment I would say on that is that ICANN has taken actions to reduce costs across multiple areas, and so, the level of staffing has been reduced. There has been a reduction to some travel. There's also a reduction on the reliance of some outside vendors and so forth. And so, while it's not a fun topic that anybody wants to go through, it's been across a broad set of categories and different costs. And so, it's been dispersed, and it's not just targeted in one area.

To Judith's questions about this [inaudible], the transfer of excess that went into there, it does relate primarily to years from the pandemic. During the pandemic, ICANN's costs were lower than our funding. One of the biggest reasons was travel, but that wasn't the only reason. And so, yes, that's ultimately the source of the funding that went into this [inaudible].

As far as repayment of this, once the new gTLD application fees come in, that has yet to be determined. Ultimately, we don't know exactly how many applications will come in and what all of the costs to process those applications are, but that is clearly something that would be considered and looked at, depending on the level of volumes that come in. Thank you.

CLAIRE CRAIG: Thank you so much. We do appreciate the fact that the planning team is here with us today, and takes their time to come to speak to the OFB Working Group. I will just allow one more question because we started a little late, so just one question if there is. Yes, I'm seeing Avri on—I prefer to give the question to somebody who hasn't asked a question before. So Avri, please go ahead, and then we will close off after this.

AVRI DORIA: Thank you. Avri speaking. In going along with the fact that the rise in the fee is said to not be for the gap, and is said to not be for funding of any projects, but in alignment with inflation, does that mean that we should be expecting a sequence of—since inflation keeps on going, and we're not doing a cost of living increase, as it were, do we need to expect that each year we're going to have an inflation rise? Thanks.

SHANI QUIDWAI: Thank you for the question. At this point, we're only raising the fees for the next year, and that would essentially be evaluated on an annual basis. Historically, ICANN has been able to absorb inflation and new work through optimization of costs and other funding growth. And so, it's unknown at this point if this would be a perpetual increase. However, we do, at least in the immediate future, think this is a necessary action to help the organization absorb costs of inflation and so forth.

CLAIRE CRAIG: Thank you so much. Again, thanks for the planning team for joining us. We are looking forward to the new draft FY26 to 30 reports and the plans and the budgets and the opening of the public comment in December, so that we can be sure to participate in that exercise. This is something that we take very seriously, and during the last round, we actually had the whole At-Large community get involved in it rather than just a few pen holders. So, it made the contribution richer and more fulsome, and we plan to do more of that kind of thing. So, we do appreciate you spending time with us and look forward to these webinars.

So again, I wish to thank all of you for—I know this has been a sacrifice at 9:00 in the morning. And for those of you online at whatever time zones you're at, thank you for joining us for this OFB meeting, and we wish you a good rest of the day. Thanks again. Bye-bye.

[END OF TRANSCRIPTION]