
SAN JUAN – ICANN FY19 Operating Plan & Budget: Review of Public Comments, Part 1

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UNIDENTIFIED MALE: March 13, 2018, ICANN FY19 Operating Plan and Budget Review, Room 202. Current time: 1:27 PM.

BECKY NASH: Hello, everyone. This is Becky Nash. We're going to go ahead and get started. My name is Becky Nash, and I'm from the ICANN org Finance Department. I want to thank everyone for joining us today here at ICANN 61 and any remote participants as well.

As noted in the chat, this call is being recorded and then it will be posted to the ICANN community wiki within the next few days. This session today is intended to provide an overview of ICANN's FY19 operating plan and budget public comments. These are the public comments that have been received during the public comment period. That period did end on 8 March, last week. This session is to provide the opportunity to the community members to clarify any of their comments that have been submitted in order to help ICANN org to prepare responses to the comments.

Note: The following is the output resulting from transcribing an audio file into a word/text document. Although the transcription is largely accurate, in some cases may be incomplete or inaccurate due to inaudible passages and grammatical corrections. It is posted as an aid to the original audio file, but should not be treated as an authoritative record.

For the presentation today, we have two speakers. Myself, Becky Nash, VP of Finance and then Xavier Calvez, ICANN’s CFO. With us today, we have Ron da Silva, the ICANN BFC or Board Finance Committee Chair. Welcome, Ron. Thank you very much for joining.

Just to go over the agenda, we have several slides just to start the session. It is just the background and, again, the session’s objectives.

Then we have a few overview slides that are a preliminary overview of the comments received through the ICANN public comment process. We’ve categorized them by theme, and then we’ve also categorized them by the submitting party.

Then we have a section in the presentation which is really just called “Discussion.” So we do invite all the community members that would like to provide insight on the public comments submitted, that’s where we will then have a discussion

Then we will be talking about next steps and, finally, just general Q&A for additional discussion.

For the Background and Session Objectives, our objective in this session is to provide a thematic overview of submitted comments. It is to allow community members to further clarify comments when necessary. This is where in the past after the

closing of public comment for the annual operating plan and budget, we typically had held several calls and asked community members to walk us through their comments. The reason for this is to use this period of clarification to better prepare ICANN org to respond adequately to the comments. Our goal is to thoroughly understand comments and to be able to better draft our responses.

Just as a short overview, ICANN’s draft operating plan and budget for FY 19 and the five-year operating plan update for FY19 were all published as drafts for public comment on 19 January. That public comment period ran approximately 47 days, and it did close on 8 March 2108, which was last Thursday. The next key milestone is that the report from ICANN org on the responses to public comment will be published 12 April.

This next slide just gives a picture of the public comments page. We do, of course, encourage everyone to review all of the comments that have been posted. As of the time of this snapshot, we had received 41 individual documents that were posted to ICANN’s public comment page.

This next slide gives a preliminary view of the public comments by submitter. In total, based on the 41 different documents that we had posted or received on the public comment page, we then were able to separate out several of the documents into

individual comments. And on a preliminary basis through that first pass at editing, we do see approximately 155 individual comments.

This list is a preliminary list just based on the e-mail addresses that were used to submit the comment and then also if there was a submitter heading listed, we picked that up. Again, this is a preliminary list. We're still working on looking at this data in more detail.

This next slide just provides a thematic breakdown or by-category breakdown of the comments. Again, we do disclose that this is on a preliminary basis because we are still in the process of reviewing each and every comment just to identify if it is a separate comment to be categorized in a particular category. But this gives another breakdown for the 155 individual comments that we've identified at this time, and it gives just the approximately number received by topic.

At this time, I'm going to pass the microphone over to Xavier Calvez for a few comments. Thanks.

XAVIER CALVEZ:

Thank you, Becky. Thank you, everyone, for participating. As Becky indicated earlier, we have in the past organized calls with the organizations that have submitted comments to the public

comment because we understood over time that it was actually quite helpful to be able to discuss face-to-face or at least during an interactive call the comments that had been submitted in writing.

It may sound a bit redundant, but something that's written does not always translate clearly the intentions that the commenter had with a comment that is submitted. Also, it had helped us in the past be able to give indications to the submitters as to how we would answer the comment, thus allowing to align the expectations of the commenter with the potential answers we would provide.

Because of the timing of the public comment period that finished at the end of last week that preceded the meeting that we are now in, we thought we would use the opportunity to be face-to-face instead of on the phone with the community members who would have submitted comments and anyone else who may not have necessarily submitted comments.

Having said that, what we also want to make sure is clear to everyone is that in trying to respect the integrity of the public comment process, now ahead of us is the period during which we are going to respond to the public comments in writing as they have been submitted in writing. Therefore, for now until we have reviewed and considered all the comments received, we

are not as of yet, of course, able to answer to the comments and certainly not – pardon the American expression – on the fly.

But we do need to give full considerations to the comments, therefore, having a full view of what those comments are, and then be able to provide the comments received to the various subject matter experts throughout the ICANN organization who will then take those comments and provide draft answers to those comments.

I’m sure it’s clear to all of you that Becky and I have a general understanding of the activities of ICANN but are not expert on various aspects of each of the detailed activities that all the departments of ICANN carry out. So what we do when we receive the comments, and Becky showed you the statistics. You may want to go back on them. What we do when we receive the comments is that we distribute those comments by topic to the experts within the organization who are most able to answer them.

Simple illustration: when we receive a comment relative to Contractual Compliance, we will send it to Maguy Serad who heads Contractual Compliance and will offer a draft answer to the comments much better than anybody else could do.

So that’s our process, and we are going to do that over the next few weeks with the intent, of course, to publish all those written

comments into a report that will be published – remind me the date, Becky.

BECKY NASH: 12 April.

XAVIER CALVEZ: 12 April, as you said earlier. So that is our process.

What happens with those comments? The report on the comments will try to address every single one of the comments. Of course, in receiving and these comments and reviewing those comments, the next step is to determine how we affect the draft budget. What changes do we make to the budget that reflect, to the extent possible, the comments that were submitted?

Therefore, the organization on the basis of what those comments are provides suggestions to the finance committee of the board first and then to the entire board on changes from the draft budget to become the final budget that, to the extent possible again, address the comments that have been submitted.

I want to be clear in case it's helpful to everyone that addressing a comment does not necessarily mean agreeing with a comment. It means responding to it and maybe explaining why

we think that, while the comment is useful and valuable, it may not be possible to accommodate the impact of the comment into the budget. So we will respond to all the comments. It does not necessarily mean that we will proceed with what the comment is requesting to do. But we want to ensure that respect of the time spent by the submitters of comments, that we do respond to all of them.

As you can see, there are 155 comments, at least the way we have broken them out. And you see the topics that are offered here. I want to emphasize – and Ron can attest to it – that the Board Finance Committee pays a lot of attention to how the ICANN staff has comprehensively reviewed the comments, comprehensively responded to the comments in writing, and provides what I would call a quality control that the answers to the comments do address the intended purpose of the comments. This is why the calls that I mentioned earlier have been very useful in the past and have been attended to by the Board Finance Committee for that very purpose of ensuring that the community is listened to, that the comments are addressed, and they are being responded to as a result.

Ron, anything you want to say about that? No? Okay, thank you.

So we will then provide along with the comments a final budget for proposal to the Board Finance Committee, and the Board

Finance Committee will evaluate how we have effectively affected or changed the draft budget into a final budget and will evaluate how well we have addressed the comments and the community.

That final budget and that evaluation will then be the subject of a recommendation by the Board Finance Committee to the entire board to then approve the final budget. The board will also be provided with the opinion of the Board Finance Committee on how the comments have been answered and will themselves, the entire board, will also be provided with an overview of the comments, an overview of the answers, and of course the opinion from the Board Finance Committee as to how the comments have been addressed. With that information, the board will decide to approve or not the budget.

One step that we have introduced last year, it's a little bit of a timing step. The board will consider the budget in the upcoming year no later than the end of May 2018, so in about two months. For the board to consider any decision, including the approval of the budget, the board needs to receive documents way in advance, so about two weeks in advance. So what we have done last year is we have published on ICANN's website the intended final budget that is also submitted for board approval. So before the board approves, we are publishing the final budget that is proposed so that the community has a chance to understand

what this final budget contains and understand, therefore, what are the changes that have been made or not been made before the board considers that budget. So we are expecting to publish the finalized version of the budget that will be submitted for board approval around mid-May, no later than mid-May.

I recognize it's also a short period of time for anyone to look at that final budget. Also, of course, in that final budget we summarize at the top of it all the changes that have been made so that it's easier for everyone to be able to understand what those changes are. We're not asking you to go through the 198 pages and try to figure out for yourselves where the changes are. That's what we will do so that it helps everyone be able to see what those changes are.

I want to advertise one little thing. We tried to share all those steps of the budget, including this time the finalized version of the budget, we publish it of course but we also announce it to our finance community e-mail distribution list which I would like to make sure that any one of you who is interested in this process feels free to give us your e-mail address if you're okay with that so that we include you in that e-mail distribution list. And you will receive e-mails about the entire process on a regular basis. It announces webinars. It announces publications that are on our website. It simply helps you keeping up-to-date, and those of you who have been part of it I know are welcoming

the ability to receive those e-mails. I see some nodding heads. So I just wanted to add that. It helps us make you aware of the steps and make you aware timely of the publication of those documents.

With that, we want to let anyone who has any questions either on the process or more specifically on comments that they have heard about or seen be able to ask any questions. So as you are lining up, I see one hand already, please don't hesitate to bring up the topics that you have. Remember that we may remind you that we cannot yet answer comments that have been submitted in writing, but we can definitely discuss with you our understanding of what those comments are and also offer ideas as to how we would intend to respond to those comments.

I think we had Marilyn first. I haven't seen anyone in the Adobe room as of yet raising hands. So while everyone thinks about it, please, Marilyn, go ahead.

MARILYN CADE:

Xavier, thank you and also Becky. I want to really open my comments and point out that at this point I am speaking as Marilyn Cade. We do have a BC position, and I think the vice chair of Finance and Operation may come later, although I can speak to the BC's views as I drafted our comments. But I have just a couple of questions of clarification.

First of all, I really want to support and endorse the great job that you and your team have done and also the extra effort that you are taking to break down the silos to make sure that you are going to the experts to get the staff point of view.

I'm just going to make a comment because I'm glad to see some board members here. At a couple of areas, I prefaced one of them at the public forum yesterday so that you would be aware of them and the board would be aware of them, it was surprising to me – and this is a general comment – I said it yesterday but in case anyone missed it or was unclear, I was very surprised to see what seems to appear to be an over-focus on prioritization on cuts to community supporting activities.

The BC comments offer some examples of that. And Becky heard this earlier this morning from me as well in a meeting. Our comments in the BC propose a refocus of where some of the cuts would come from. Assuming that there are supporting comments that come in from others, and I have not yet been able to digest of course all the comments, assuming that there are supporting comments that come in from others, given this timeframe how will we be able to really understand that there has been a redistribution of the cuts?

If I need to give an example, I will. I suggested a freeze in hiring. I suggested no bonuses. I suggested other reductions such as

cutting the number of board workshops, cutting the number of trips that are made outside of the ICANN meetings for the board, reducing the travel of numbers of staff who travel, other kinds of things.

Assuming those cuts, that readjustment happened, how would we be able to see that reflected and in what timeframe so that we would be able to then respond?

XAVIER CALVEZ:

Thank you, Marilyn. I'm trying to answer directly the question that you raised. In the finalized budget document, we will try to summarize all the changes that have been made to the draft. So from draft to final, the changes are in between. We will summarize the changes that have been made at the top of the document so that it's there easy to find. I think that would be, practically speaking, the answer to your question is the list of those changes.

As I indicated, the earliest we can offer that information publicly is as soon as basically it's ready, which is going to be around mid-May because after we have received and considered all the comments, this is the time that we're going to use to determine how we reflect those comments into the budget and what changes are being made, then reflect those changes into the document, and then publish that draft document. That will be

ahead of the review by the board. In between, just to remind you, there's also a Finance Committee review that happens that precedes that publication of a finalized draft budget. So the opportunity for the community to see is at the time of that publication of the finalized draft, which is a step that we inserted last year, as I indicated.

We do recognize it is not a lot of time or it's not a long window for the community to be able to review those changes. I think that, as I indicated, we will announce it. We have not yet but will evaluate the possibly to carry out maybe a webinar on that finalized budget. I also see nodding heads, so maybe that's an idea that we can use so that we can give the opportunity to the community to understand what those changes are.

As I said earlier, we will respond in the public report on the comments by sometimes also possibly indicating what we are not going to do about the suggestions. But I want to emphasize that the comments of the BC that Marilyn has just alluded to as well as a number of other organizations or commenters, we welcome very much the approach that has been now for the real first time retained to offer not only more things to do but things not to do. This is something that in my view demonstrates further and further the responsibility of the community in offering guidance and input to the organization on what should be different in the budget.

I'm hoping I'm addressing at least most of your questions, Marilyn. Do we have anyone in the Adobe room? No? Okay. I have another practical comment to make, but if there are any questions in the meantime, we'll be happy to address them.

One question that I wanted to make sure is clear to everyone from a process standpoint, there are some comments that may have been submitted after the due date for whatever practical reasons. What we have been doing in this case – and we have two cases like this, this year – is that we ask the organizations who actually have all reached out to us to say that they were late in submitting their comments, we ask these organizations to do submit their comments on the public forum and they will, of course, appear as being submitted after the due date.

But we will look at those comments and indicate that these comments have been submitted late. What we will do is we will review those comments submitted and see how much those comments already relate to comments that have been submitted on time. If there are similar comments, then for those comments submitted late we will refer them to the answers provided to the same comments that have been submitted on time.

The approach that we're [retaining] here, and we're very happy to receive input on that, is it's unfair to those who have

submitted on time their comments that we give the same amount of consideration to the comments that have been submitted late. At the same time, it also feels unfair to those who spend time trying to produce comments but happened to submit them late to not give any consideration to their comments.

So we are trying to find a compromised approach that at least allows to not leave the groups that submit late with having wasted their time, which is not fair especially since you are all very busy as volunteers. If anyone has taken the time to look at the budget, comment on it, and put a document together, it must be because there's motivation, interest, and desire to do so. So we feel that it would be unfair to ignore them completely simply because they have been submitted late.

I just wanted to make sure it's visible to everyone. At this stage, I know of two organizations whose comments have been submitted late or will have been submitted late. We're waiting for another one. And this is the treatment that we will give to them. I certainly welcome any comment on that approach to see if it makes sense to everyone. Okay, thank you.

Unless there are any questions or other comments, I would like to emphasize a little bit the breakdown that we see of the categories of comments that have been received. I think it's,

again, a very preliminary draft. Pardon the expression, we've been peddling as fast as we could since the end of the public comment period to compile together the comments received and to try to read through them.

First, I want to congratulate the community for having been able to submit the most number of comments that we've ever received. So that's success from my perspective because it demonstrates interest and engagement. A lot of comments is good.

You see the variety of topics though at the same time as the variety of topics, you also see what the topics are most of interest by the community. Not surprisingly, it is the community outreach and engagement, the programs, the travel support and the funding relative to community travel that bear the most interest.

And then there's a number of topics that have received a lot of specific comments, so the ICANN wiki is in that case. And of course in this case it's the funding or lack thereof that is the subject of comments on the ICANN wiki.

There's also the Fellowship perfect that has received a lot of comments, whether from organizations or from individuals who have interest in that.

There's also a number of comments on the reserve fund. I want to remind everyone that there is a reserve fund public comment currently open that is focused on the replenishment of the reserve fund and on the strategy that the board has offered to the community and to the public for commenting on how to replenish the reserve fund. So we may, depending upon what the comments are on the reserve fund that have been submitted in the budget process, we may refer those comments into the public comment on the reserve fund replenishment. That public comment opened up last Tuesday. I can't remember what date that was, but last Tuesday, and will be closed on 24 April. So there is ample time ahead of us to particularly comment on the replenishment of the reserve fund.

Relative to the community outreach and engagement programs and travel support, I would like to provide maybe a little bit of clarity that may offer thoughts to a number of you. A little bit of clarity on what specific programmatic reductions have been made to the budget year-on-year.

I've heard a lot the notion of cuts for the budget, and it's a challenging word technically speaking because the question is, what are we comparing to? I'll address head on the three main areas of reductions that have been the subject of interest by the community and that are the subject of most of the comments

that are in the three or four first lines at the top of this schedule we're looking at.

It's the Community Regional Outreach Program (CROP). It is what we call the additional budget request process, and I'll explain quickly what that is. And the third topic which is addressed throughout these comments is also the Fellowship Program and the reduction of funding to the Fellowship Program that is suggested in the FY19 budget.

The Community Regional Outreach Program (CROP) is a program that was piloted over the previous years. After having been piloted for a couple years, it was integrated in the core budget of ICANN. I'll explain what I meant by piloted when I talk about the additional budget request process. After having been piloted for a couple of years, it was integrated in the core budget of ICANN because it was perceived to have value and to bring help to a number of activities.

The suggestion has been made to eliminate this specific program, and I want for everyone to understand that specific program represents approximately between \$100,000 and \$150,000 of spend, depending on the number of trips that it contains. It contains funding for what is called outreach. Sometimes it may be able to fund the travel of existing community members to other meetings than ICANN meetings.

So in this case, the outreach is not reaching out to someone. It's sending a community member to another meeting. But it is also to provide funding to a potential future community member to which an organization will reach out and help come to an ICANN meeting by providing funding. There may be other ways that this CROP program is also used and if you would like to offer those alternative approaches, please speak up.

That's the program that has been entirely taken out of the budget. The other program that has been reduced is the additional budget request process. That process was created six years ago to facilitate the possibility for community members to specify any programs or activities or actions that they would like to be carried out for specific purposes.

I see I have Cheryl in the queue. Give me just one minute. The additional budget request process allows for any organizations to formulate a request for funding for any topic. There's a process. There are criteria. There's an evaluation process. The Board Finance Committee and the board ultimately approve these additional budget requests and the funding for these additional budget requests.

They have been also very much used for the purpose of outreach activities or participations, for example, to IGF meetings, etc. There has been also in the past these requests have been on

publications like the Business Constituency newsletter, for example, used to be the subject of such type of requests.

The way it works is that this specific program is intended to evaluate the benefit of new types of activities, and that's the piloting that I was talking about earlier. The CROP program was piloted through the additional budget requests, and it was a solution offered to address a number of requests that came in.

The additional budget request process, why we are talking about it in the context of budget cuts is because in the past we have allocated to this process about \$600,000 to cover for potential requests. I'm talking about an envelope because at the time we publish the budget, we only have the envelope because we don't yet know which requests will be submitted and approved, and therefore we simply put an undefined envelope in the budget. That envelope has been of \$600,000 in the past. In the FY19 budget, it's \$300,000, so it is reduced by half.

The Fellowship Program is the third area of cuts that has been offered, which is to reduce the number of funded travelers from 50 – if my memory serves me right – to 30. So it's a significant reduction as well. And there's been a number of comments on that.

What I would like to emphasize in that a number of our responses will include is that we all need to have a

comprehensive understanding of the context in which those specific programs happen. They are of particular use to a number of community organizations, some a lot more than others. So there are some organizations that don't use at all those processes, some organizations that use them very scarcely for very isolated purposes, and some organizations that use them more broadly. So the perspective on how important those programs are for the activities of any organization depends, of course, on how much those programs have been used or not used by these organizations.

I want to illustrate that comment to say that some community members, several in this room, have felt that eliminating the CROP is a very challenging decision because these organizations have been using the CROP as a funding mechanism. And sometimes it's all the funding mechanism that is in the flexibility of that organization and being used by it, so it feels very painful as a result. And it is inevitably.

The reduction of funding on Fellowship is also very visible. It's significant. The additional budget requests, I want to emphasize the word "additional" budget requests because this program, which is the one that allows a lot of flexibility to the community to tailor it to its specific needs, is only an additional program.

I want to emphasize that the CROP and the additional budget request process are simply “the tip of the iceberg.” They are specifically tailored program of support to the community among the other support of the community.

The travel funding, for example, was not reduced. It was not. It was reduced only relative to Fellowship. The approach that we have tried to retain here, and which is why all the comments received are very welcome, is we have tried to preserve the core support of the community, notably in travel funding, so that the policy development process at ICANN meetings can continue to occur unaffected.

This is why those programs were targeted to be less contributing to the policy development process, and therefore be able to be reduced without affecting too much that policy development process. So if and when any community organizations feel that that’s a wrong assumption, then that’s where the comments are very welcome so that we can understand that the assumption that we may have made on how dependent the community was on these programs for policy development processes. If that assumption was incorrect, that will then come out of the comments as well.

And that’s very important for us to receive them because that’s what our standard process is. We offer a budget. We offer

assumptions to the community. And the public comments that are submitted help shape those assumptions, correct those assumptions as they need to be.

I wanted to make sure we put that into context because I know a lot of you will care about those specific comments. They represent nearly a third of the comments that we have received, and I thought that little bit of context around those specific areas would be useful. I would suspect there are comments on that comment starting with Cheryl who is in the queue, and then I don't know if we have anyone else. Thank you.

CHERYL LANGDON-ORR: Thank you, Xavier. Yes, I'm sure you'll get comments on that comment. I thank you for putting the context in. I wanted to ask, however, to make sure I have absolutely clear that what I heard is accurate. I believe I heard the words "it was decided to remove." Happy for that to be checked. That I would like to understand more about, particularly because based only on the statistics of how many comments you've got in – and it's good that you've got that many comments coming in because you now will go through an appropriate process to review and reanalyze – when it's not a reduction, it's not a rationalization, this is not a belt tightening, this is a guillotining, I would have thought a unilateral decision should have been associated with

an analysis of effectiveness that may have actually had a conversation with the affected communities. Call me fussy perhaps, but I'm a little surprised with how far we've come in communications that that in particular happened. Not expecting you to answer it. Just declaring it as an issue for me.

XAVIER CALVEZ: Can I answer it though?

CHERYL LANGDON-ORR: Of course you may.

XAVIER CALVEZ: Thank you. And I think we have Marilyn in the queue. What you're saying makes complete sense. It's not that it's surprising. I just wanted to make sure, but what you're saying makes complete sense. When you change anything to an existing program or the funding of a program, ideally you are able to do it on the basis of the most comprehensive possible evaluation of the program and ideally involving all the parties involved or who can benefit or who have interest in it. No question on that. That's a very logical point.

First comment, and I don't want to be facetious in saying that, but I think it will be understood I think with this image. There's

about 25 organizations that make up the community. There's about 233 projects in the ICANN budget. There are a lot of changes across those 233 projects.

That will not be my full answer, but imagine how many conversations I need to have if every change to every project needs to be discussed with every organization. Now this is a principle answer, but my point is that there's simply a very practical, logical, logistical challenge in being able to identify a potential assumption to the budget, formulate it and ensure that there is in-depth analysis of it, be then able to bring it into conversations in consultation with the community, bring it to a conclusion as to whether this is a good assumption or not, and then integrate it into the development of the budget process. Also knowing that when the evaluation of that specific program is done we don't necessarily know what the rest of the budget is looking like so it's difficult to also say it may be effective but is it more effective than something else.

So there are limitations I want to emphasize on the amount of 1) analysis and 2) engagement that we can actually carry out in the development of this budget, which is why I've heard earlier today the comment on "we've not been consulted on the elimination of the CROP." You are consulted on the elimination of the CROP through the public comment process. I recognize that that consultation mechanism has its limitations. It is

written. It's not interactive. It is not allowing for a back-and-forth. And I agree that we didn't provide an evaluation of effectiveness to be able to make that decision.

So as I said before, and I'm hoping that you will trust that I'm genuine about it, the criteria that we have retained is preserving policy development process and trying to ensure that as it relates mainly to travel funding, we do not reduce the travel funding that supports the SOs and ACs in doing their work today.

So the FY18 year in the budget that we established for FY18 reflected an increase in the number of seats of the GAC, of travel funding for the GAC, for At-Large, and for the ccNSO, for example. We maintained that increased level of travel funding in FY19. We did consider to go back to the previous year's level. We evaluated that, and the criteria that we used to determine that we shouldn't do that is because we thought it was more important for these communities to keep travel funding to be able to bring their groups to the ICANN meeting for policy development processes than to keep the CROP, for example, which is why it's important that we receive feedback on that topic so that we are able to assess whether that was a wrong assumption or not.

But, yes, it has not been done on the basis of an evaluation, for example, of the effectiveness of the CROP program or for that

matter on the effectiveness of the Fellowship Program which itself is currently under a process of discussion as to whether it's the ten-year "anniversary" of the Fellowship Program and there's a consultation going on, on that Fellowship Program and how does the community view it and does the community feel that it should stay the same, be expanded, be reduced, etc. And there are comments being provided on that very topic in the budget process as well.

But I agree with you in principle, Cheryl. All the decisions or changes that we offer in a given budget ideally would all be backed up by a thorough analysis of effectiveness. And not only of effectiveness of those very actions but also of comparative effectiveness with other activities and actions.

This brings us back to the notions of accountability indicators and KPIs which help us measure how much we do and, to the extent possible, how much we feel that these programs are effective. Sally is in the room, and her team has been working for a long time now on trying to develop indicators that not only speak to how much effort do we put into engagement, for example, or outreach but also how effective those programs are. Everyone who looks at it will understand that it's actually very difficult to measure the effectiveness.

With that difficulty, we are still faced with decisions to be made on the budget. So, yes, several decisions relative to the budget are made without a full understanding of the effectiveness of the activities that are carried out. We cannot avoid to make those decisions because we don't have necessarily a full understanding of the effectiveness. Even though that would be a much better and ideal situation.

I think we have Marilyn in the queue and Ron. Ron, do you want to answer specifically to that? Thank you.

RON DA SILVA:

Yeah, let me just simplify the process to date. The board directed the organization to find a budget, propose a budget that was matching what we think the expected funding was. The organization then, each of the leaders would aggregate up the various programs they're supporting and the costs they expect to meet those needs. That was aggregated, and then there was an exercise where the leadership got together and had to figure out how to make all that fit into the projected funding for FY19. That's what you have before is the product of that process.

XAVIER CALVEZ:

And Marilyn now.

MARILYN CADE:

Thanks. I'm first going to respond, Ron, to what I took to be perhaps a little frustration conveyed in your voice, and perhaps you weren't recognizing that. I think most of us really understand the process very well.

So now I'll go on with my comments. And thank you, Xavier, for that extended clarification, however, I do think it is based on an assumption that I'm not sure is as widely agreed to by the broader community by thinking that our sole priority is policy development. So I'm going to use a specific example.

I think you want me sitting in this room and reading your budget documents and your strategic plan at ICANN. And I don't mean me; I mean the community. That is not considered policy development. So I think you want engagement by informed, mature, engaged participants in the review teams. That is not policy development.

So I'm going to scratch my head here because one of the things that I see happening, unfortunately, and Fadi began it but it's being continued and I think perhaps it's being over-continued, is the pyramid has gone from upside down to top-down again. By speaking only to the chairs of the SOs and ACs, you get a very different understanding of the work that is done. Because in some of the communities the primary thing they focus on is gTLD policy, but that's not all that the CCs focus on. And I'm not

going to speak for them. I just want to point out that there's a huge amount of technical training and capacity building that goes on there.

So if you're supporting policy development, it may be at the exclusion of something that is actually absolutely central to ICANN's security. If you're supporting policy development, you may not be also supporting the participation of a part of the community that needs to participate in the strategic plan development, etc. I haven't touched on outreach, but I'm going to now.

If you're supporting only policy development, then you may be actually stagnating the outreach into the community that needs to know about ICANN and needs to defend it externally as well as to grow the group of participants within ICANN. I think everybody here already knows the depth of my experience at ICANN and that I wrote some of that language that was in the original bylaws. I am a big believer in the development of policy, but that is not all ICANN does.

XAVIER CALVEZ:

Thank you, Marilyn. I think it's very important that these types of perspectives can be reflected in the comments that we receive so that the budget that may undermine the resources for

outreach purposes can be affected and changed if outreach needs to be further supported.

What I want to be emphasizing as well, and I'm hoping that it will be understood as intended, is that with flattening resources we are in an environment where we start to need to make decisions between two good things. It's a lot more difficult between one good one/one bad.

In the past of ICANN, the limitation of what we've done was – and I'm going to oversimplify and I don't have the full history of ICANN, so with my own limitations – we have done everything we could at any point of time in the sense of we felt it was necessary, we felt it was important, so we're going to tackle it. we did not very much have to decide, “Well, it's important, but we actually don't have the resources to do it, so we're going to do it later.” We didn't have to do a lot of that in the past. We worked on whatever we felt we needed to work.

But I think that today we're in an environment where we're going to need to do more choices and prioritize activities that may all be relevant, necessary, and valuable sometimes. Therefore, the choices are going to be more difficult. So I think that what we need to work more on is actually enabling ourselves to have processes that allow to make those tough

decisions in a manner where we include all the participants to those decisions.

We do not have a very well established or practiced process for prioritization [today at] ICANN. We don't, and we probably need one. We were talking about that this morning with the board and the ccNSO, for example. So I think there is a lot for us to think about and consider on how do we make collective decisions on prioritization of our activities.

It will start with a strategic planning process. Our strategic plan today is absolutely not prioritized. We have 5 objectives, 16 goals. They all receive the same value. They all receive the same level of priority. I'm not trying to say they all receive the same level of funding, but the level of funding is not necessarily the reflection of their level of priority. But tomorrow we will need to prioritize our activities, and that's probably a fairly healthy thing to do, by the way.

Let me stop there and see if there are any reactions or comments.

[SEBASTIEN BACHOLLET]: Yes, just to show it's clear that we need to find new ways because budgets are not continuing to grow. We need to find new ways together, and the strategic planning seems to be a

very good tool with that but it's not in place yet. So today and also tomorrow twice we have these meetings with all of you, and I'm very pleased to see how many people are here. This is more than what we used to have at budget meetings. There are also board members here because it's in very good hands with Becky and Xavier to facilitate this, but we are also very interested. And not the whole board is here, but it's mainly because there are so many other meetings we are engaged in as well at the same time. Also, I know for a fact that my compatriot here, Ron, was not irritated. He's just expressing his interest as well. We're here to listen and to see how we get to the best possible solution of what we can do at this moment today and in two sessions tomorrow.

RON DA SILVA:

Thanks for that clarification. I kind of missed, Marilyn, your preamble and I thought I heard my name in there, so I apologize for that. But, no, I'm not frustrated.

But I'm a little concerned about a piece of your commentary and that is that we are transitioning to a top-down philosophy and approach. I think the premise of that is that the SOs and ACs chairs are somehow that top-down forum. And I'd like to call caution to that type of characterization because the SOs and ACs chairs should be a representation of our community.

If they are in some way not representative and have their own interests or they're doing something that is not in the interests of a particular SO and AC, then there's something wrong there and we should probably go back and look at that. If they're enabled to make decisions, that enablement should be coming from their respective SO or AC.

So that top-down notion just because we're looking to, as Xavier was saying, have some way of doing prioritization, I take caution to that. I really would encourage everybody to really look at that. If you feel the same way, that it's not representative of a particular SO and AC, then that chair needs to have some better accountability to the part of the organization they're representing.

MARILYN CADE:

Xavier, I need to clarify this. SO/AC chairs are volunteers. It's not a question of someone being "representative" of an SO or AC, but it is often a question of workload. And I might be looking at one who in the past was the chair of an AC. But when you have very complicated issues and very short timeframes and lots of other priorities, and SO/AC chairs are not necessarily elected, I'm not going to dwell on this but we do not have a GNSO chair. We have a GNSO policy chair. That's what I meant when I said we have different structures. It's not a question of someone not

being representative. It's just a question sometimes that work is distributed differently within an organization.

XAVIER CALVEZ:

We have an online person in Adobe with a question or a comment. I will go to that person quickly. I just wanted to also indicate that as part of the operating plan and budget process, we are not using the SOs and ACs chairs at all for any part of the process itself. So just for clarity on that. Thank you. So there's a question or a person in Adobe.

UNIDENTIFIED FEMALE:

Yes, there's a hand raised by Daniel.

UNIDENTIFIED MALE:

It's [Daniel] for the record. I appreciate the great work that is being done by the finance and budget team, but coming from an African perspective and coming from Africa, we see that it really affects the growth of the knowledge base, the participation within the region. And if we're looking at encouraging more participation into the policy development processes, then I think there is a need to review which areas have to be tackled.

The current framework does not fully engage into encouragement of key or core participation from Africa region.

Just like if you can see around this room, we from Africa are underrepresented. Coming through the outreach and engagement, I was reached out to, got involved, understood the process, [takes] action, and now I'm participating in the different PDPs.

Now if a core function of the program that is to enhance ICANN's mission in reaching the underserved, it shoots up, goes inside into the core, then automatically comes down. It affects the operations of the growth of the knowledge base. So to go back into the consultation process, reviews are being made. But the timeline to get into the next FY also affects the respective strategies of the different regions to reach the potential new members.

I would like to ask what criteria because probably you may not have subjected it to proper metrics of the impact that it is creating into the growth of the membership or the contributions to the policy development process. I know it's quite some kind of work, but I think there is need to go back and review how are we going to be able to scale and improve the operations of the community. Thank you.

XAVIER CALVEZ:

Thank you for that thought and that comment. I think it's a very important question that you're raising on the effectiveness of

outreach and being able to involve communities from any region. And of course, this is the type of questions that I know the engagement teams at ICANN and the community organizations look at a lot in addition to their policy development work to try to see how to bring more participation, and more participation from the underrepresented regions as you are pointing out, and that it is a general challenge.

And under limited amount of time and resources, it is clear that between policy development and outreach and being able to invest more efforts into reaching out to various organizations or various regions is taking an amount of effort that is not always easy to make and not always available. Sally, I don't want to put you on the spot other than leveraging your perspective on the efforts of the various community organizations and of the organization into outreach and regional development.

SALLY COSTERTON:

Thank you, Xavier. Daniel, sorry I can't see you from down here, but I just wanted to thank you for your comments. I would say that for anybody in this room or on this call who is not familiar with how ICANN runs engagement, in other words the process, Daniel has just described it perfectly. I could absolutely not have done it better myself, so thank you so much for that.

He explained and Marilyn made a very good point that we don't just engage in outreach for pure policy making. It is part of our mission at ICANN that we as a community, as an organization, should strive to bring representation of global Internet users who are affected by the work that we do to ICANN. So there is a big diversity requirement there of different types, not just geographical, and that they should be equipped to participate in the work of ICANN. It doesn't limit that purely to policy making in the mission.

And I'm talking actually about the commitments and values section, so please don't – I'm doing this without having the wording in front of me, but it's sort of tattooed on the inside of my eyeballs, as it should be. As it should be because these are the instructions that we operate under and for which Göran asks me to take a leadership role. So that's the first thing. That is the mission. That is what we are doing. That is the goal.

The second [quote] point is how do we do it, and we do it in two or three different ways as a community. Firstly, we provide some staff around the world who we call our engagement team who work with me predominantly to facilitate very localized engagement activities which vary quite widely. They have some common themes. There's a lot of capacity development or training, not literally capacity development, helping people to help themselves so that we can fulfill the participation

requirement at ICANN. Not just showing up but being able and willing and interested to participate in the processes, be they policy making, be they reviews, be they public comments, the various different activities we have.

Many of those programs, not every one, but many of you in this room will be aware that since around 2012 when Africa actually took the lead, we have had community based regional engagement programs that are bottom-up. They're facilitated by the ICANN org team in the region, but they are a product of the prioritization of that regional group. The only requirement that we place on that at the org is that that group should be a multi-stakeholder group so we don't inadvertently run into potential [captor] issues by mistake on this more toward the outside into the detail of implementation.

And I keep a very close eye on that through out internal measurement systems. Many of you know, we use Salesforce inside the team. We've done this now for about three years, and we've got more and more sophisticated. Almost all our activity is now in there, and that's [inaudible] currently being through to GDPR compliance. So these things all come together.

In time, I would like much of that to be in the public space with the community. Once we get through data privacy questions, I will be coming to you hopefully later this year for a detailed

discussion about how we measure what we termed the stakeholder journey.

Really, Daniel just described the stakeholder journey beautifully. You come to me. I don't know you. I know nothing about ICANN. I'm affected by your work. You introduce me, first of all. Then you educate me. Then you mentor me. Then I start to participate. Then hopefully I begin to bring others in. This is really the only way that this community is ever going to scale to address the mission that we all have in front of us.

That piece of the metrics has been very complicated, very slow, much more complicated than I anticipated and much slower than I would like. Many of you know that. I'm very mindful of the need to complete that circle.

Now once we have those behavior metrics, and you will have to help us to decide what are the tradeoffs that you are prepared to accept between how we measure activities and we measure journeys, if you like to use that word, versus your ability to withdraw your right to have that data captured.

So that's for the future. We've all spent so much time in the last three or four months around data privacy issues because of GDPR, I am hopeful that we will all be experts by the time we get to later this year. So we will find that a little easier than perhaps we might have done otherwise. But don't feel that we are not

dedicated to trying to close this circle because we are, but we're not quite there yet. We're getting much closer.

The final area I should say is that outreach and engagement is handled independently, i.e., without staff involvement, by many of the SO/AC structures. And typically those are often the activities for which the additional budget request bucket within the CROP bucket has been utilized. Not exclusively. I don't want Xavier to take me out later and say that I misled the community. But typically.

That is why, for example, with the CROP program the funding comes centrally as Xavier explained – came centrally, I don't want to get into that – but the administration, the decisions about who gets what have been done with the regional teams very transparently. I think I saw Tijani in here earlier. He said in the ALAC meeting earlier this week he thought it was a very good – oh, hi, Tijani – he thought that was actually a really transparent, effective model for everybody understanding what was a reasonable way to allocate and what expectations should there be on people who received funding, which there are.

So I think we have the pieces. I know this is a very difficult discussion, but we need to go on having it. And I for one certainly will do everything I can with my team to support you, to try and get us to the prioritization that works for us with this

very grandiose mission – it’s a very ambitious mission – and a flattening budget.

I hope, Xavier, that’s helpful.

XAVIER CALVEZ:

Thank you, Sally. I think it’s very helpful. It connects the dots, what you said about the metrics and Salesforce and all the measurement with what Cheryl was saying earlier about how do we measure the effectiveness of a program before being able to affect it. So what Sally and her team are helping to do is very much in that range.

Becky is continuing the meeting with you. I need to leave for a second. And there’s another question over there. Thank you.

BECKY NASH:

Thank you. Yes, Tijani, please go ahead.

TIJANI BEN JEMAA:

Thank you very much. I want to stress that I am absolutely in full agreement with Sally that we need to have those metrics. We need to see what we are doing with the money. I understand that. But, Sally, I would like that those metrics be prepared or be imagined together with the community, not only staff do it.

Because staff is very good on one side, but the community will give the other dimension.

SALLY COSTERTON:

Yes, allow me just to clarify that point. Thank you, Tijani. Absolutely. What we are doing at the moment internally, just for clarification, we are just measuring things. We're counting things. I make no claims for it to have massive insight. But as with any system, as my good colleague here Christine knows, you have to build some mechanism to actually just say, "Well, how many of these did we do and how many people came and did we send out a satisfaction survey." Really quite basic data collection structures.

Because if we don't have that in place, what will happen – and I learned the hard way when I first came to ICANN – if you start with a discussion about what would we like to measure, which we did three or four years ago, and then you go and try to design a system that is going to do it, let alone one that is going to be data compliant with the new data privacy rules, it's just much better to have a more iterative approach.

Because it takes a long time. It was much harder to build that than we ever thought in those early days when you and I first worked together. But we are nearly there. So my goal at the moment, and I have some meetings here this week with my

colleagues internally because it requires several different teams to be able to work together on this in terms of different – some of it’s software, some of it’s planning. Susannah over there is part of it with our accountability indicators.

I would like ideally by the Barcelona meeting to be prepared. And in the run up to the Barcelona meeting to be prepared to have the conversation that says, “Okay, here’s what we can do. Now this is what we can do. Here are some of the tradeoffs if we do these things: cost, time, privacy, complexity. Let’s have a debate.” And we won’t have it all done at Barcelona, but I will organize resources to make sure that there’s time about what we really think as a community that we find acceptable.

It’s really going to be about tradeoffs, but I 100% endorse what you say. There has never been an intention that we should start to set metrics and impose them. That would never work.

BECKY NASH: Thank you, Sally. We do have another question from Sebastien. Please go ahead.

SEBASTIEN BACHOLLET: Thank you. A few comments. The first one is I think that hard work was done, is done about outreach. I think we need to put more emphasis on engagement today to have the people keep

somewhere into the loop into this organization. If not doing outreach for [having] people coming for one, two, three, four meetings and leaving, I am not sure that it's a good investment. It's not bad, but it could be better.

The second, I am more and more afraid that the cost of running programs will be higher and higher, and then how much we spend to run a program and how much we spend in doing the program in having the money for what we want to do and not for the – sorry the word – administrative purposes. We have to be careful with that.

My third point, it's from the comment from Göran yesterday. It seems that we spend a lot of time to discuss a 15% part of the budget with changing or possible changes and we don't discuss the 85%. I think it will be important to find a way to have this discussion, even if it's not in the comments. Specifically the example about reviews. We need to have this discussion and don't wait for next year for that. If there are some hard decisions to be taken here, it needs to be done. But how it will be organized within the framework that we have today. Thank you.

BECKY NASH:

Thank you for your comment. I'm just looking around the room and in Adobe to see if there are any other hands. If there are any

other participants who would like to comment, we'll go there now. Please state your name.

TAYLOR BENTLEY:

Hi. My name is Taylor Bentley. I'm with the government of Canada. Thank you for the session, your work, this opportunity. I just to talk about, I guess follow up – Xavier isn't here – but on that process of prioritization that he mentioned. Maybe it's just kind of a next steps, but I guess I would ask, what is the current prioritization process? How can that be scaled up to include the whole community in some kind of future process? And how can we use the metrics discussion?

I preface all of this by saying that I really don't envy the position and I regret that people are getting more involved in the budget at this time when we really need to but in not the most positive way. I think that process is extremely important, and the more metrics we have, the more data we have, but that's going to require a lot of onboarding into this process. So if you guys could comment, I'd really appreciate it. Thank you.

BECKY NASH:

Thank you for your comment. I would say one of the most important things that you stated is the onboarding into the engagement process and commenting on the operating plan

and budget. From an ICANN Finance standpoint and total ICANN org and community, we have been stressing that we do need new participants into this process. And we'd love to hear feedback on the types of webinars that we do provide up front at the planning stage.

At the last ICANN meeting, we had a budget beginners session that we invited people to come to who had not had experience in the operating plan and budget. We are committed to those types of ongoing activities and encourage community members to invite other community members to engage in this process.

Then separately as indicated in your comment, the engagement process, we have just finalized the public comment period which is a very important process for us here at ICANN. Definitely, holding these types of sessions today – and again as Ron and other board members have said, we're so happy to see so many participants here today and we do really welcome engagement for clarification on the comments that have been submitted. And then from there as Xavier and others have indicated, the prioritization is through a series of engagement and recommendations by the community, by the management, to the board.

So at this time, I believe Tijani had another hand raised. No? He put his hand down. I do see a hand over here. Please go ahead and state your name.

AJAY DATA:

Ajay Data for the record. I have a little different flavor to add in this meeting. That comes to me from yesterday's talk. We heard in a public forum from Göran where he declared that he has decided not to have a salary raise for next four years.

[I ran my organization] of around \$200 million based out of India with [4,000] employees and if my CEO takes a decision like this, there can be only two reasons. One, he is working on a sinking ship, which might sink and he wants to give it a last try. Or he is [utterly] overpaid. I rule out the point second because he is hired with a [set] process and capable as CEO and delivers results which we hear all the time.

As a community, I think we have a role to have the best people support us in our initiatives while we demand money to operate for ICANN work for public good. At the same time, we have a responsibility toward the other side of the table to have the great people, great leadership. We all know that the successful organizations are based on great people only.

I do not like the idea of dropping down the salary increase because it's a continuous demotivation in a person's mind that he's not going to get a raise. It might be [his own] decision, but he is – and this creates a pressure downline of the [inaudible] every person he has in his team to think on those lines because it's led by example.

That's not a great scenario. If I would be in a position to decide, then I would not let it happen to not to raise the salary. We have many ways to deduct [inaudible] funds, save some more money, not by cutting the employees salary. I think this is a very, very low point for ICANN CEO to decide in a public forum that he is not going to get a raise. We have not become so poor right now. Thank you very much.

BECKY NASH: Ron, you'd like to respond? Thank you.

RON DA SILVA: Yeah, I'll respond briefly on that. I know we're out of time. First of all, thank you. I appreciate the comments. I wanted to, I guess, break them into two parts. One is, are we a sinking ship? We're by far no means a sinking ship. This organization has plenty of resources, and it's just a matter of prioritizing what we have.

Then secondly, just to assure you, there is a compensation committee as part of the board that regularly looks at compensation. We believe when we brought on our CEO that we gave him a compensation package that was commensurate with similar level role of other organizations and similar responsibilities. So we are confident that he's compensated fairly for the post that he has.

Regarding his comments earlier, I don't want to speak to his comments, but I just wanted to address the other issues what I thought were specific to the board.

BECKY NASH:

Thank you, Ron.

Our session has actually just come to an end at 3:00, so we really want to appreciate, thank everyone for coming today. Should you have additional comments, you can e-mail them to us at planning@icann.org.

Or I would like to inform everyone that we do have another similar session tomorrow at 10:15 AM on Wednesday, March 14, in the same room. Then also tomorrow on Wednesday, March 14, in the afternoon at the same time at 1:30 PM we actually have our budget working group which goes over much more

aspects of the budgeting process. And certainly, we welcome those that wish to become engaged.

So thank you, everyone, for your participation.

[END OF TRANSCRIPTION]