



ICANN Strategic Plan 2003-04 to 2006-07

Prepared by ICANN Staff for the President and CEO
November 2004

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Media inquiries, please contact Kieran Baker, ICANN via email: press@icann.org

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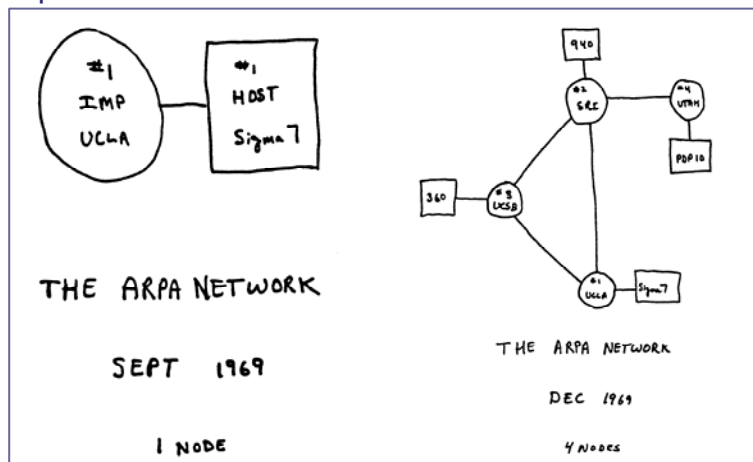
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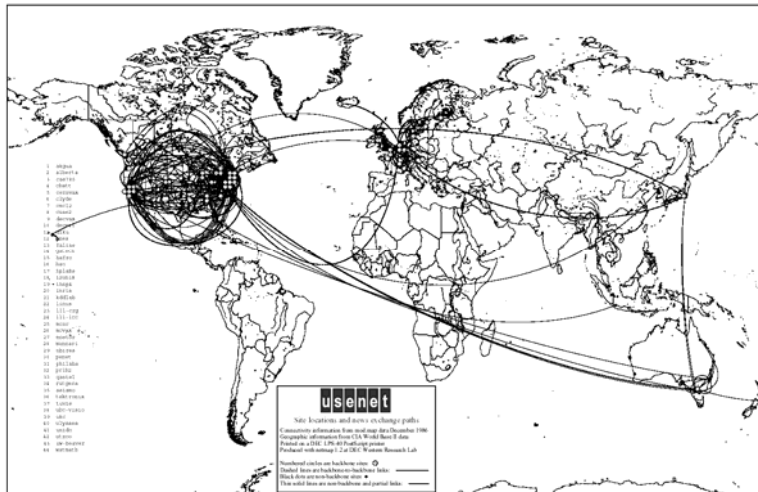
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The Evolution of the Internet

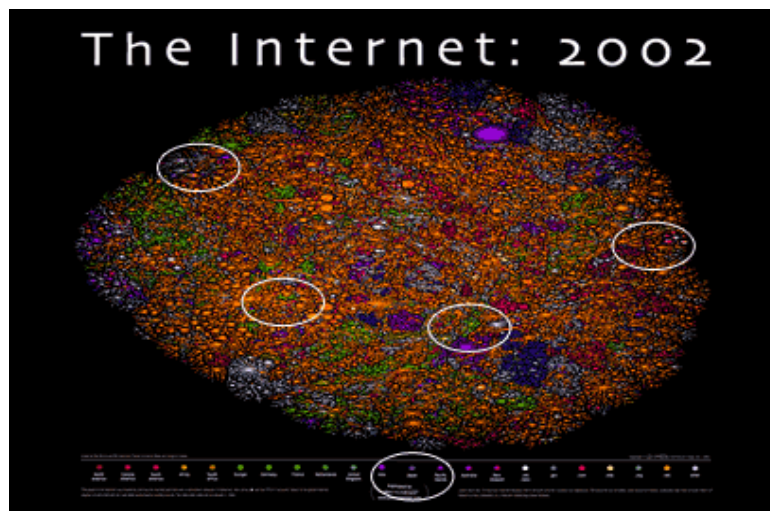
The ARPA Network – September 1969



USENET – 1986



The Internet – 2002



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Preface

This Strategic Plan sets the direction and establishes the three-year goal for ICANN's staff and operational functions:

To enable ICANN and its structures to serve a global Internet community in fulfilling ICANN's Mission, and to complete the initiating MOU process, by establishing an effective, international, inclusive, stand-alone ICANN.

This draft Strategic Plan has been prepared by the ICANN President and his senior staff in consultation with ICANN's Board of Directors and members of the ICANN community. The final document will be prepared following further consultation involving ICANN staff, Board, and community members.

In preparing a multi-year Strategic Plan, ICANN is applying good business practices which allow it to build on its successes and incorporate improvements over time. While the plan will guide ICANN for the coming three years 2004–2007, it will be updated annually by the Executive and Board to respond to the dynamic policy resolutions and interests of ICANN's diverse constituencies.

Limits of Strategic Plan

ICANN fulfils two separate but related functions within the global Internet community:

- **Policy development** – ICANN provides a global forum and framework for the discussion of topics related to its technical mission and the consequent development of related global Internet policy.
- **Administration** – At the same time, ICANN and its staff implement specific technical policies, and provide support for the policy development process to work smoothly and effectively.

ICANN underwent a reform process during 2002-3 that restructured and strengthened the ICANN policy process. This Strategic Plan does not revisit the reform process but focuses on defining strategic priorities for administrative roles only, those required to sustain a stable, global and multi-stakeholder organisation, and to support the organisation's policy development process. This Plan also does not seek to make any statement or limitation on how the Internet community may seek to engage the ICANN policy forum, or prescribe any future direction for policy development.

Guiding Principles and Values

For this Strategic Plan, particular attention has been paid as to how to best execute the administrative and operational objectives within the framework of its [Mission](#) and in the spirit of its [Core Values](#). These documents, reproduced on pages 7 and 8, are part of the governing principles for ICANN embodied in its Bylaws.

As Article 1 of ICANN's Bylaws points out, the Core Values are expressed in general terms, and 'situations will inevitably arise in which perfect fidelity to all eleven core values simultaneously is not possible.' The proposals for executing the Strategic Priorities below are attentive to this tension. They chart an appropriate balance among competing values and reflect the priorities that the community has collectively defined for ICANN.

Development of this Plan

Staff commenced the planning for the Strategic Plan in August 2003. A draft version of this Plan was finalised as of 31 December 2003 to fulfill an ICANN obligation under the Memorandum of Understanding (MoU) that ICANN has with the US Department of Commerce. Fulfilling the terms of the MoU allows ICANN to conclude that relationship.



ICANN and the Internet

The Internet requires a stable and secure system of unique identifiers if it is to serve its global community efficiently and reliably. ICANN has been established to serve the Internet community in maintaining the stability and security of the Internet's unique identifier systems, while fostering competition where appropriate to give Internet users greater choice at optimal cost. While the core functions were in the early years of the Internet (and its predecessors) performed under auspices of the US Government, ICANN marks the transition of these services from the responsibility of one national government to the global Internet community. In ICANN's self-governance model, the policies that create a stable, competitive domain name system are able to be developed in a manageable, bottom-up, consensus-based process that has global, multi-stakeholder representation. In short, ICANN's bottom-up coordination of global stakeholder interests is the way in which it accomplishes stability and competition.

Since its origins in 1998, ICANN has helped secure an environment in which over 700 million people can use the Internet daily with universal resolvability. It has worked to address stakeholder issues as they have appeared, and fostered greater choice, lower costs and better services to DNS registrants and their end-user customers. So that these benefits are realised for an ever-growing Internet community, ICANN is planning for the future. This strategic plan lays out ICANN's objectives and planned initiatives through to 2007, and incorporates the organisational and financial elements expected of leading organisations in both the commercial and non-profit sectors.

The Internet's Unique Need

Among the Internet's great strengths is its universality. Built out of thousands of interconnected networks, the Internet is a truly cooperative enterprise. Its basic premise is that everyone using it should be able to connect end-to-end. For that to happen, the many networks involved must communicate together. The community that collectively maintains the Internet has agreed on how that communication will take place. They share the same set of unique identifiers – a globally unique 'public name space' and numbering system – and agree on its proper use and application. Otherwise, the Internet would face fragmentation and disruption on a technical level that would be reflected in confusion and uncertainty for users.

The global Domain Name System (DNS), described more fully in the box below, delivers this essential characteristic of the Internet in combination with the other sets of unique identifiers. The DNS is a unique hierarchy of domain names that builds on a single, globally unique root. There cannot be more than one authoritative root in the public DNS system. Imagine if different ISPs used systems built on different roots. Two people who relied on different ISPs would then click on the same link on the same web page but end up at different destinations. The intent of both the web page designers and the users would be thwarted. This ability for all users to reach the same Internet site via the DNS is called “universal resolvability”. The DNS was developed through cooperation and a commitment to preserving interoperability of the global Internet. As with other global standards, the DNS must be updated as technical innovations are introduced.

Table 1: The Domain Name System

<p>The Domain Name System (DNS) helps users find their way around the Internet. Every network location on the Internet has a unique address called its “IP address” (Internet Protocol address). Because IP addresses (which are strings of numbers) are hard to remember, the DNS allows a familiar string of letters (the “domain name”) to be used instead. So rather than typing “192.0.34.65,” you can type “www.icann.org.”</p> <p>Translating the name into the IP address is called “resolving the domain name”. The goal of the DNS is for any user to be able to reach a unique and specific host IP address by entering its domain name. Domain names are also used for reaching e-mail addresses and for other Internet applications.</p> <p>Ensuring predictable results from any place on the Internet is called “universal resolvability.” It is a critical design feature of the Domain Name System, one that makes the Internet the helpful, global resource that it is today. Without it, the same domain name might map to different Internet locations under different circumstances, which would only cause confusion.</p>	<p>The data in the DNS is stored in hierarchical and widely distributed sets of machines known as “Name Servers”. These machines are in turn queried by “resolvers”, which are often part of the operating system or software on the user’s computer.</p> <p>The top of the hierarchy is known as the “root” and the set of time-zone distributed root servers mirror the root and provide redundancy and robustness to the domain name system. These servers contain information enabling resolvers to find details of the level below, known as Top Level Domains (TLD).</p> <p>There are both generic TLDs, such as .org, .com, .biz and .museum, and Country Code TLD’s such as .uk, .nl and .br. The name servers for these, often referred to as “TLD-servers”, in turn contain data for the level below that, i.e. icann.org. The icann.org name servers will in turn contain the information that maps www.icann.org to 192.0.34.65.</p> <p>Once a resolver has identified the right TLD-server and name server it will store that information and not need to return to the root servers for that information every time. This distributed method of information sharing keeps the DNS and global Internet extremely robust and stable.</p>
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The greatest threat to DNS stability and security is the corruption of the root-zone file, or the unavailability of the root server system. Were the zone file to become corrupted or obsolete, or the root servers to become completely unavailable (e.g., through a denial of service attack or massive technical disruption), the DNS would begin to degrade immediately, and within days would be unusable. In ordinary circumstances, such a breach in the integrity of the DNS would be quickly healed through the collective work of the global technical community. While the present system has remained stable and secure through the last 35 years, extraordinary situations are something that must be guarded against. Maintaining a unique, stable, and secure DNS root server system ensures that the domain name system works reliably for everyone.

Similarly, for IP addresses to work as they should – being the unique identifiers that guide routing across the global Internet – they require the security of a unique and authoritative source to manage the allocated and unallocated IP address pool. The policies for allocation of IPv4 and IPv6 address blocks are applied fairly and are based on the documented need for address space. The cooperative distribution system from ICANN to the Regional Internet number Registries ensures that isolated “shortages” will not occur. Addresses and other number resources are distributed in a coordinated fashion from a single global pool, and there is no system whereby that pool is exclusively divided among, or pre-allocated to, different countries or regions. This ensures everyone has equitable access, both now, and in the future.

ICANN’s mission is to ensure the stable and secure operation of the Internet’s unique identifier systems, including the DNS root name server system and IP address allocations. The cooperative agreements enabling the DNS and IP addressing systems to function so well are the same collaborative efforts that are embodied in ICANN’s policy development process.

Coordination, Collaboration and Cooperation

The Internet is a necessary resource for businesses, individuals, and Governments in modern society. As such a vital resource, Internet issues attract great attention from the many public and private organisations that represent those interests. At the same time, the technical community continues to innovate and extend the range of the Internet’s capabilities and functions. Many of these experts and everyday users have competing views of how the Internet should be managed, and each has a stake in having that view prevail.

The Internet is designed to be *layered* in its implementation so that different groups can create software at different layers, take responsibility for operating different parts of the network and build and operate a variety of applications more or less autonomously, while following the technical standards that permit widespread interworking of independently implemented software.... Two things about the Internet should be abundantly clear. First, it is a vast collaboration of many components and second, that it cannot and will not function without the cooperation and collaboration of the entire range of entities with interest in its operation. There are literally hundreds of thousands of networks that make up the global Internet.... It should be evident from these observations that the coordination, collaboration and cooperation of many distinct entities is vital to the Internet’s successful operation and that this characteristic has been a part of the Internet’s history from its earliest conception.

*Foreword to "Who Rules The Net? Internet Governance and Jurisdiction"
(Cato Institute, 2003) by Vinton G. Cerf*

The 2001-5 UN World Summit on Information Society (WSIS) exemplifies the global efforts towards a better understanding of the information society and its potential accessibility to all. Its in-depth exploration will likely reinforce that the Internet will not function without the cooperation and collaboration of the wide range of entities with interest in its operation.

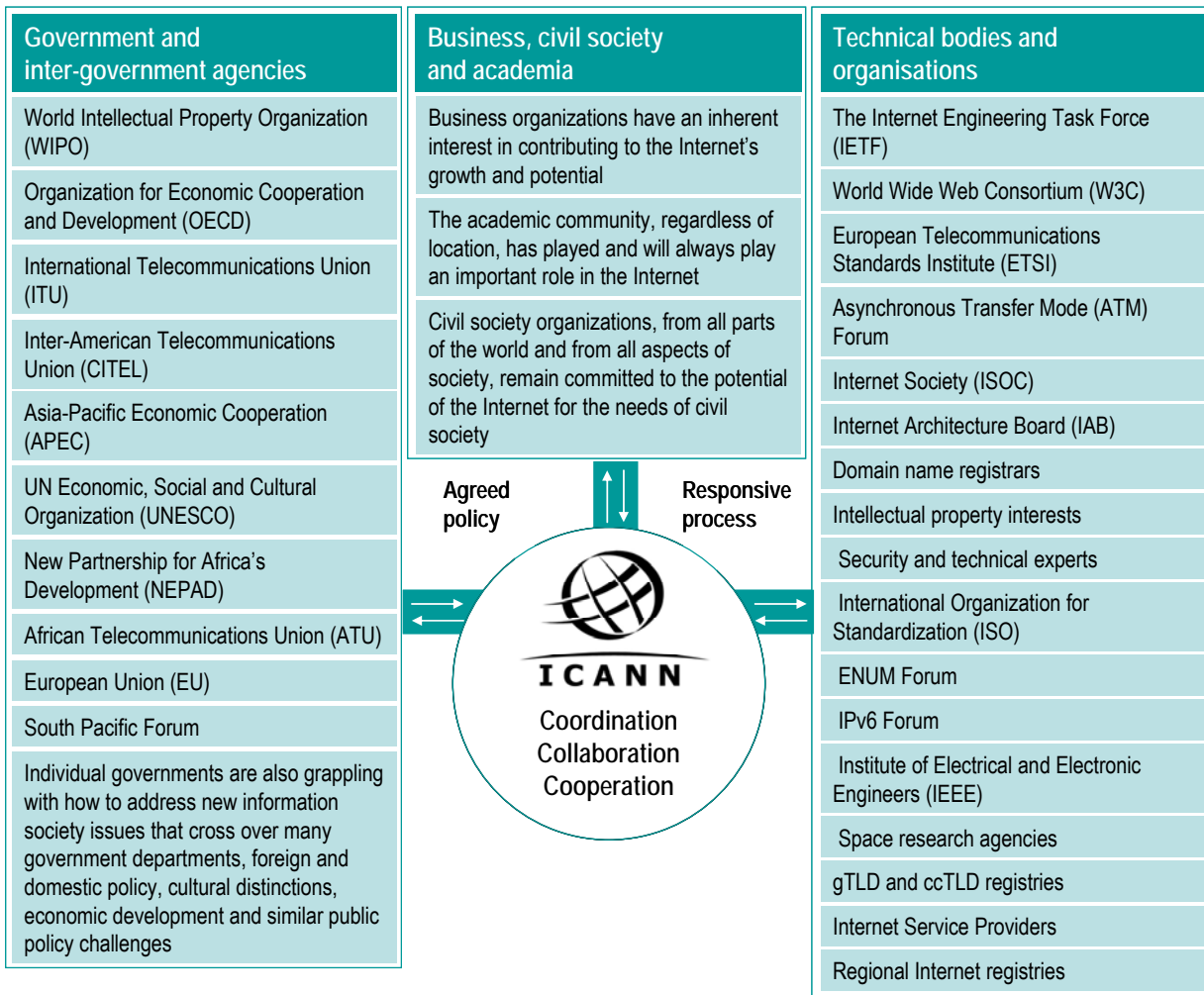
The WSIS process has also highlighted that among some sections of the international community there are misperceptions about ICANN's role and responsibilities. It is important that there be clear understanding of ICANN's specific role and mission. Further, it is clear that the solutions to some of the Internet's problems (such as financial transactions, Internet content control, spam, data protection, e-commerce, e-government, and Internet taxation) are outside of ICANN's mandate and influence.

UN Secretary General Kofi Annan has designated a Working Group on Internet Governance (www.wgig.org) under the Chairmanship of Mr. Nitin Desai, Special Advisor to the UN Secretary General for the World Summit on the Information Society. The WGIG will further discuss and define important issues surrounding the Internet and the wide range of related issues of concern to governments. The Working Group's report will further increase public knowledge and understanding of the Internet, how it works, which organisations are involved and their respective responsibilities. Such an in-depth exploration will likely reinforce that the Internet will not function without the cooperation and collaboration of the wide range of entities with interest in its operation. As with other Internet related issues and discussions, the fully inclusive nature of such a Working Group, involving governments, the private sector, civil society and international governmental organisations and international organisations reflects the general partnership approach which has helped build the Internet over the years.

ICANN operates in this increasingly complex environment. While ICANN's mission is limited and distinct, focused on the layer of unique identifiers, it involves the basic underpinnings of the Internet. Those who rely on the Internet's continued stability and global interoperability have an active interest in ICANN's decisions.

ICANN's structure and processes must continue to ensure that all these stakeholders can not only participate, but can work cooperatively to craft policy that appropriately balances their various concerns. The alternative – a top-down entity that represents only one or a select few constituencies – would be a dramatic shift from the successful multi-stakeholder partnerships that have been critical for the success of the Internet. It would also represent a severe disruption not only to ICANN, but also to all the consensus bodies that play a key role in the diverse development and functioning of the Internet.

Figure 1 Stakeholders in the Domain Name System



ICANN's Mission

Since its creation, the Internet community has vigorously discussed and reviewed the mission and values that guide ICANN's actions. This extensive, inclusive and bottom up discussion has been encapsulated in ICANN's Bylaws, its Mission and Core Values.

The limited and distinct mission of ICANN is clearly set out in Article I of its Bylaws.

The mission of The Internet Corporation for Assigned Names and Numbers ("ICANN") is to coordinate, at the overall level, the global Internet's systems of unique identifiers, and in particular to ensure the stable and secure operation of the Internet's unique identifier systems. In particular, ICANN:

1. Coordinates the allocation and assignment of the three sets of unique identifiers for the Internet, which are:
 - a) Domain names (forming a system referred to as "DNS");
 - b) Internet protocol ("IP") addresses and autonomous system ("AS") numbers; and
 - c) Protocol port and parameter numbers.
2. Coordinates the operation and evolution of the DNS root name server system.
3. Coordinates policy development reasonably and appropriately related to these technical functions.

These services were originally performed under U.S. Government contract by the Internet Assigned Numbers Authority (IANA) and other entities. ICANN was created in 1998 through a Memorandum of Understanding (MoU) with the United States Department of Commerce to transfer the management of the systems of unique Internet identifiers from the U.S. government to core Internet stakeholders internationally. ICANN is an international, non-profit, multi-stakeholder organisation. It has become the globally authoritative body on the technical and organisational means to ensure the stability and interoperability of the DNS, and the continued equitable distribution of IP addresses.

ICANN's Core Values

ICANN's Bylaws detail ICANN's core values as part of its Mission.

In performing its mission, the following core values should guide the decisions and actions of ICANN:

- 1 Preserving and enhancing the operational stability, reliability, security, and global interoperability of the Internet.
- 2 Respecting the creativity, innovation, and flow of information made possible by the Internet by limiting ICANN's activities to those matters within ICANN's mission requiring or significantly benefiting from global coordination.
- 3 To the extent feasible and appropriate, delegating coordination functions to or recognising the policy role of other responsible entities that reflect the interests of affected parties.
- 4 Seeking and supporting broad, informed participation reflecting the functional, geographic, and cultural diversity of the Internet at all levels of policy development and decision-making.
- 5 Where feasible and appropriate, depending on market mechanisms to promote and sustain a competitive environment.
- 6 Introducing and promoting competition in the registration of domain names where practicable and beneficial in the public interest.
- 7 Employing open and transparent policy development mechanisms that (i) promote well-informed decisions based on expert advice, and (ii) ensure that those entities most affected can assist in the policy development process.
- 8 Making decisions by applying documented policies neutrally and objectively, with integrity and fairness.
- 9 Acting with a speed that is responsive to the needs of the Internet while, as part of the decision-making process, obtaining informed input from those entities most affected.
- 10 Remaining accountable to the Internet community through mechanisms that enhance ICANN's effectiveness.
- 11 While remaining rooted in the private sector, recognising that governments and public authorities are responsible for public policy and duly taking into account governments' or public authorities' recommendations.

These core values are deliberately expressed in very general terms, so that they may provide useful and relevant guidance in the broadest possible range of circumstances. Because they are not narrowly prescriptive, the specific way in which they apply, individually and collectively, to each new situation will necessarily depend on many factors that cannot be fully anticipated or enumerated; and because they are statements of principle rather than practice, situations will inevitably arise in which perfect fidelity to all eleven core values simultaneously is not possible. Any ICANN body making a recommendation or decision shall exercise its judgment to determine which core values are most relevant and how they apply to the specific circumstances of the case at hand, and to determine, if necessary, an appropriate and defensible balance among competing values.

ICANN was formed by the Internet community in answer to the growing globalisation of the Internet and the identified need for competition and choice in the domain name arena. During 2002-3, it was re-formed by the community to better answer their needs. This hands-on, self-governing model of Internet policy development has characterised the successful development of the Internet for over 35 years. ICANN embraces that success, and has embodied those tested policy development principles into its own structure and processes. ICANN brings together stakeholders from across all spectrums to develop policies related to its specific roles – the management of the DNS and of other unique Internet identifiers. While these informed stakeholders initiate and guide the policy development process, ICANN sustains their efforts by providing staff support, resources, and coordination. While being broadly supported by national governments and their international agencies, ICANN has remained independent from them.

Table 2: What Does ICANN Mean by Policy?

<p>“Policy” is a word used extensively by ICANN’s various constituencies – the Internet community, government and business. But it is a term which means different things in each one. Loose use of the term in a cross-constituency setting can result in confusion and even conflict. So it is worth being specific about how ICANN and its structures use the term.</p>	<p>Within governments, ‘policy’ is the set of principles by which a government is guided in its management of public affairs. ICANN refers to this use of the term as ‘public policy’. ICANN does not create public policy and relies on the Governmental Advisory Community to give advice on how ICANN’s work is influenced by, or may impact, public policy.</p>
<p>We use the term to mean “the framework of technical rules, standards and agreed procedures needed to manage the domain space and unique technical identifiers”. This is a technical coordination definition to be sure, but is the one adopted by this document, and wherever ICANN refers to “policy”.</p>	<p>Within businesses, “policy” often refers to the agreed priorities, rules and procedures that operate within a company. ICANN refers to this usage as ‘corporate policy’. ICANN’s Articles of Incorporation and Bylaws, and some of its Board resolutions constitute ICANN’s repository of corporate policy.</p>

Strategic Principles

While ICANN remains committed to the narrow scope of its mission, it is a mission that is ever more demanding in the world of a growing and globalising Internet. To meet this expanding yet prescribed role, ICANN relies on its founding principles. These same principles were embedded in the Memorandum of Understanding and reflected in ICANN’s Mission and Core Values. They have remained the basis for all discussions since on ICANN’s functions and purpose, and have guided this current Strategic Plan and budgeting process.

These Principles are that the Internet's unique identifier systems must be maintained as *stable and secure*, with competition within them giving Internet users greater *choice*. The policies that create a stable, competitive unique identifier system are in turn developed through a *bottom-up, consensus-based process* that has *global representation*. In short, ICANN's bottom-up coordination of global stakeholder interests is the mode through which it accomplishes stability and competition.

These core principles require ICANN to pursue a greater outreach to and service for all users of the Internet. This is particularly true for developing nation Internet communities, who have been less able to participate in the existing structure. As these communities join in the ICANN process, ICANN will facilitate their participation with these principles firmly in mind.

Stability and Security

ICANN's role is to facilitate practices, processes, and implementations that enable the unique identifiers systems to operate reliably and predictably. Necessarily, security is a significant consideration.

Competition and Choice

Competition in the domain name markets brings proven benefits to consumers in choice and costs. ICANN engages this principle by enabling the introduction of new gTLDs, fostering competition among registrars, managing the contracts and relationships involved, and overseeing compliance with the policies and contracts.

Independent, Bottom-up Coordination

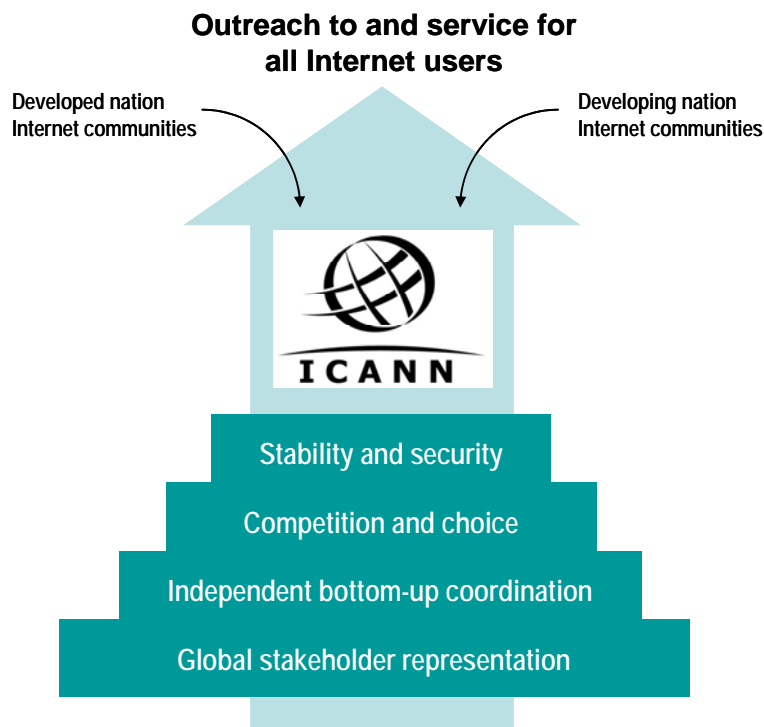
ICANN has embraced the successes of self-governance in Internet policy development and embedded them in the structure of its organisation and ICANN's policy development processes. ICANN brings together the spectrum of Internet stakeholders and users, including businesses, governments, non-commercial, technical, and individual users, and provides mechanisms for their bottom-up coordination of policy development related to ICANN's specific role in the management of the Domain Name System and unique Internet identifiers. These stakeholders initiate and guide the policy development process, ICANN sustains their efforts by providing staff support, resources, and coordination of activities to maintain the participation of informed individuals and groups.

Global Representation

ICANN operates for the benefit of the Internet community as a whole. As a corollary, ICANN relies on participation from the full breadth of the Internet community, to ensure that its policy development incorporates all relevant perspectives. In particular, ICANN seeks to ensure truly international participation – from both developing and developed nations – in decisions that determine the security and stability of the global Internet.

Again, this principle is a foundation of ICANN's policy development process, and is discussed further in the next section.

Figure 2 *How Stability and Competition is Accomplished*



ICANN's Policy Development Process

Policies that resolve issues within ICANN's responsibilities are developed through a bottom-up consensus process, to which all relevant players contribute on the basis of their specific interests, expertise, or responsibilities. This bottom-up, inclusive model for technical coordination, encapsulates the multi-stakeholder approach used within the Internet community over the last 35 years.

The figure *Stakeholders in the Domain Name System* gives some indication of the number of interest groups and organisations, public and private, which feed into this policy process. The question for the Internet community has always been – how to channel all of that expertise into agreed policy, while keeping the process responsive and timely?

The ICANN answer has been for these stakeholders to work through a series of Supporting Organisations and Advisory Committees. The policy debate is held within and between these bodies. In them, governments and international treaty organisations work in tandem with businesses, organisations, and skilled individuals – all working to resolve issues that directly concern ICANN's mission of technical coordination. These bodies are:

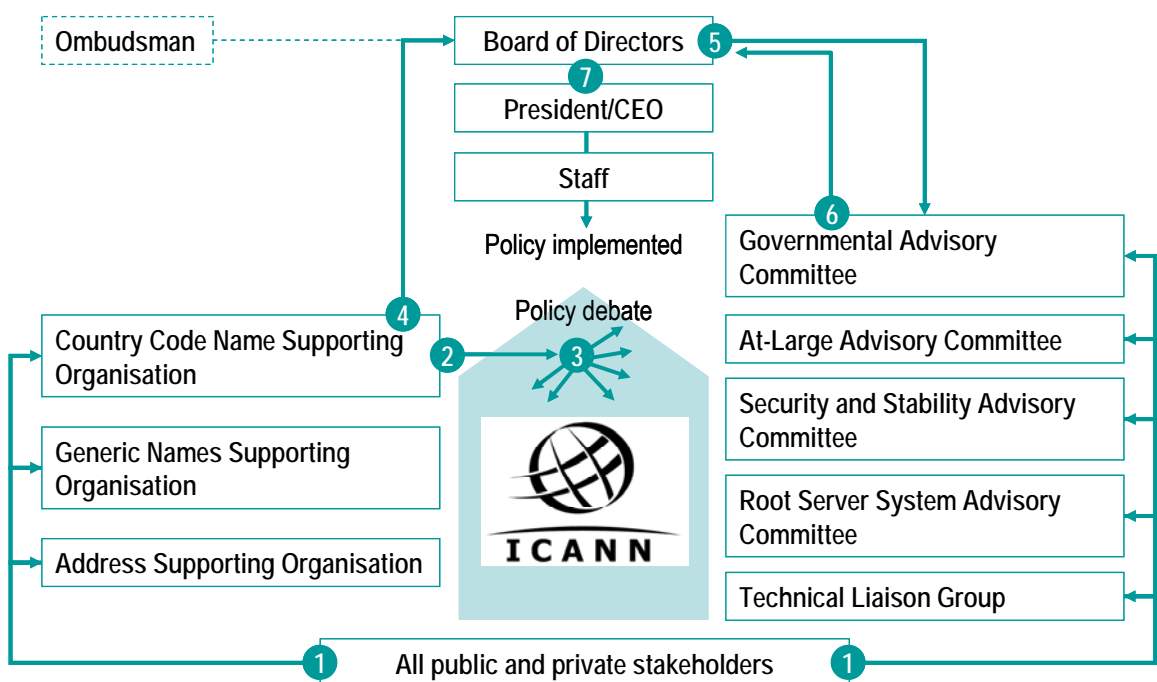
Address Supporting Organisation (ASO)
At Large Advisory Committee (ALAC)
Country Code Names Supporting Organisation (ccNSO)
DNS Root Server Advisory Committee (RSAC)
Generic Names Supporting Organisation (GNSO)
Government Advisory Committee (GAC)
Security and Stability Advisory Committee (SSAC)
Technical Liaison Group

While each body has a direct link to ICANN's Board (*see chart over*), the relationships are governed by a series of consensus policy decisions, legal agreements, and Memorandums of Understandings that are both transparent and comprehensive.

As the innovation and continuing growth of the Internet brings forth new challenges for maintaining stability, any of the ICANN bodies may propose new policies in response. When a consensus position is reached within the proposing group, after suitable public comment, and taking account of other supporting organisation and advisory committee comments, a proposal is put to the ICANN Board for ratification. Once policy decisions are made through this framework, they are implemented by the ICANN executive and staff.

The Government Advisory Committee may take part in the general debate, but has a particular role in the process. If an ICANN policy would likely be affected by national public policy, the ICANN Board must obtain advice from the GAC. Over 100 national governments advise the Board of Directors through GAC. Governmental input is received at many levels of the ICANN process and ICANN by-laws provide specific mechanisms for soliciting, receiving and considering governmental inputs.

Figure 3 ICANN Policy Process



Policy Development Process

ICANN staff do not make policy. Rather, policy is created through a transparent, bottom-up process involving all stakeholders in the Internet Community.

1. That a policy is needed may be recognised anywhere in the Internet community, and proposed to one of ICANN's Supporting Organisations (SO) or Advisory Committees (AC), including the GAC.
2. Policy suggestions are reviewed by the relevant SO or AC and, if the body sees its possible merit, it is introduced to the ICANN process.
3. Each SO and AC has its own (published) process to call for and review public comment. Other SOs or ACs may respond to that process. All considerations are debated within the sponsoring SO or AC until a consensus position emerges. ICANN facilitates this exchange of views and, where necessary, keeps the process on track until a draft policy is finalised.

4. Once a draft policy is in final form, the SO or AC submits it to the ICANN Board for ratification. The Board receives its own expert advice, and may pursue another round of public comment. If it senses that the draft policy does not reflect a truly consensus position, it may hand it back to the sponsoring SO or AC for refinement. Again, ICANN staff facilitate communications between the Board, the SO and ACs, and the public, to ensure that the policy process is efficient, thorough and inclusive.
5. The Board shall notify the Chair of the Governmental Advisory Committee in a timely manner of any proposal raising public policy issues on which it or any of ICANN's supporting organisations or advisory committees seeks public comment, and shall take duly into account any timely response to that notification prior to taking action.
6. The advice of the Governmental Advisory Committee on public policy matters shall be duly taken into account, both in the formulation and adoption of policies. In the event that the ICANN Board determines to take an action that is not consistent with the Governmental Advisory Committee advice, it shall so inform the Committee and state the reasons why it decided not to follow that advice. The Governmental Advisory Committee and the ICANN Board will then try, in good faith and in a timely and efficient manner, to find a mutually acceptable solution.
7. Once policy decisions are ratified through this framework, they are implemented by the ICANN executive and staff.

ICANN's inclusive processes enable it to respond rapidly to changes in the commercial, technical and geopolitical landscape of the Internet that may impact on the Internet's unique identifier systems. Since policy development is managed by those directly affected by the outcome, those participants have a stake in achieving effective and implementable policy on a timely basis. As their needs change, they can readily initiate new proposals, or recommend changes to existing policy. This is the heart of self-governance, and ICANN brings that to life for the specific technical areas that constitute its mission.

Though rapid and flexible, the ICANN process also requires and considers input from all interested and affected constituencies. Several redundancies are built into the ICANN process to ensure that a new policy addresses the needs of the entire Internet community, and not one special interest area or geographical region. The most obvious of these is the need for policy recommendations to have consensus support before they are ratified by the ICANN board. This is a rigorous process and, so that ICANN can meet the need for timely responses to real world change, it can be resource-intensive.

Global Representation in the ICANN Process

The Internet is marvellously robust, in no small part due to the thousands of independent networks that operate together to move traffic around the globe. ICANN strives for greater international participation in decisions that determine the security and stability of the global Internet. Without that participation, ICANN cannot be sure that its policy development incorporates all relevant perspectives, and that it is operating for the benefit of the Internet community as a whole.

Accordingly, ICANN invests significantly in ensuring that all corners of the Internet community, in both developed and developing economies, have access to the policy process. Participation is open to all who have an interest in global Internet policy as it relates to ICANN's mission of technical coordination. To facilitate this:

- The ICANN Board and staff reflect the international nature of the organisation. The staff hails from nine different countries, and the Board represents twelve nationalities.
- Bylaws require geographic diversity on the Board and other policy making Councils and committees
- The Supporting Organisations and Advisory Committees that lead the bottom-up policy development process are internationally based and populated.
- ICANN holds public meetings throughout the year across its five regions. Recent meetings have been held in Accra, Bucharest, Shanghai, Rio de Janeiro, Montreal, and Tunis. The 2004 meetings are being held in Rome, Kuala Lumpur and Cape Town, attracting attendees from more than 75 countries.

The ICANN community sees a growing need for outreach to developing country Internet communities, particularly in areas where personal travel costs, or network access to live webcasts can impose a significant burden on local operators, users, and other stakeholders for participating in the ICANN process. These local Internet communities are vital stakeholders in ICANN, relying on a stable and secure DNS to provide common ground as they connect to and engage with the global Internet. ICANN seeks to foster their involvement in the ICANN process, and to ensure that their needs are fully considered as policy is developed.

ICANN's Achievements to Date

Since 1998, ICANN's self-governance model has succeeded in addressing stakeholder issues as they have appeared, and bringing lower costs and better services to DNS registrants and everyday users of the Internet.

The main achievements ICANN's stakeholders have seen are:

- **20 billion DNS resolutions per day.** There have been about 55 million domain name registrations globally. The Regional Internet Registries (RIRs) and ICANN, working together, have allocated approximately 313 million IPv4 addresses since 1999. Each day more than 700 million users use the Internet. Due to universal DNS resolvability, the Internet works in the same way for every one of them.
- **A US\$1 billion annual reduction in domain registration fees.** The market competition for generic domain name (gTLD) registrations established by ICANN has lowered domain name costs by 80%, with savings for both consumers and businesses.
- **Internationalised Domain Names (IDN).** Working in coordination with the appropriate technical communities and stakeholders, ICANN's adopted guidelines have opened the way for domain registration in hundreds of the world's languages.
- **The Uniform Domain Name Dispute Resolution Policy (UDRP).** The Policy has been resolved more than 5000 disputes over the rights to domain names, and proven to be efficient and cost effective.
- **Streamlined inter-registrar domain name transfers.** After significant study and discussion, and working with the accredited gTLD registrars, ICANN developed a domain name transfer policy which allows domain name holders to transfer management of their domain name from one registrar to another, bringing further choice to domain name holders.

At the same time, ICANN's stakeholders have been concerned at times that ICANN's resources have been stretched in delivering that performance. While the past year has seen continual improvement in the delivery of its mission, including the performance of its IANA functions, those roles are becoming ever more demanding. A larger and more dynamic market for domain registrations is evolving to meet the needs and wishes of the Internet community, bringing with it greater registration traffic and more frequent and detailed communication between IANA and its stakeholders. Compliance and oversight, policy development and rapid response on IANA issues are three of the areas where ICANN's performance is monitored by the Internet community.

ICANN's Future Objectives

Over the last twelve months, ICANN staff and Board members have consulted with a wide range of people representing a variety of interests and needs relating to ICANN's mission. Formal discussions have included governments and law enforcement officials, academic and everyday users of the Internet, ccTLD managers, gTLD registry and registrar operators, business leaders, Internet service providers, technical Internet operators, and many more. There has been considerable commonality in the issues raised by stakeholders. The issues that have settled out as being key are shown in Table –Identified Objectives for ICANN.

The objectives identified by the community and those outlined in the MoU coincide in many respects. The first issue raised by nearly all stakeholders is for ICANN to fulfil the existing MoU and so become independent of the U.S. Government. Other stakeholder identified issues also appear as obligations under the existing MoU: see Appendix for a full list of the current MoU requirements.

Figure 4 Identified Objectives from ICANN Stakeholders

	Governments	Internet address communities	ccTLD Managers	Members of technical community	At-large user communities	Law enforcement officials	Academics and researchers	Wider business community	gTLD registrars	gTLD registry operators	Intellectual property holders	Internet, connectivity service providers
1. Complete the MoU process with the US DOC	●	●	●	●	●	●	●	●	●			●
2. Proactively ensure the future stability and security of root server system	●	●	●	●	●	●	●		●	●		●
3. Substantially augment core IANA services and ensure they function effectively	●	●	●	●	●	●	●	●	●	●	●	●
4. Efficiently introduce new gTLDs to increase competition in the domain name space	●				●			●	●	●		●
5. Significantly expand available resources to assist developing nation Internet communities with education and technical coordination	●	●	●	●	●	●	●					●
6. Meaningfully increase preparation of ICANN materials in multi-lingual formats	●	●	●	●	●		●	●	●			●
7. Actively promote consumer interests through information and service	●		●	●	●	●	●		●	●	●	●
8. Effectively educate consumers on how to obtain resources for dispute resolution, consumer protection and law enforcement	●		●	●	●	●	●	●	●	●	●	●
9. Considerably strengthen services to gTLD Registries to address their growing needs as new gTLDs are introduced				●	●			●	●	●	●	●
10. Significantly strengthen services to gTLD Registrars to ensure a healthy, competitive marketplace	●		●	●				●	●	●	●	
11. Materially aid gTLD Registrars with managing consumer complaints	●		●	●	●			●	●	●	●	

A Strategic Plan for ICANN's Future

ICANN has determined its immediate objectives in a twelve month consultation with all of its constituencies, a process that appropriately reflects ICANN's consensus-driven policy development process. These objectives are consistent with its obligations to complete the MoU – continue the secure and stable operation of the Internet's unique identifier systems and of its root name servers, consider and adopt policies that keep up with technical innovation, introduce new TLDs, foster education and information sharing (particularly in developing nations), and increase the multi-lingual nature of its operations.

This Strategic Plan outlines the course for completing the MoU and becoming fully independent of the US Government, while simultaneously answering the demands of the ICANN community for increased resources in operations and policy development support.

ICANN recognises that to meet these demands it must continue to adhere to the four Principles that have guided ICANN's existence – stability and security, competition and choice, bottom-up coordination, and global stakeholder representation. Accordingly, the Strategic Plan has been structured and prepared around these four Principles. The initiatives that ICANN and its stakeholders believe are necessary to fulfil its objectives are laid out in the next section of this Plan. These initiatives will require dedicated resources within an expanded operational structure, both of which are discussed in the final section of this Plan. In preparing a multi-year Strategic Plan, ICANN is applying good business practices which allow ICANN to build on its successes and incorporate improvements over time. While the plan will guide ICANN planning for the next three years, it will be updated annually by the Executive and Board to respond to the dynamic policy resolutions and interests of ICANN's diverse constituencies.

If implemented over the next three years, this Plan will enable ICANN and its structures to serve a global Internet community in fulfilling ICANN's Mission, and to complete the initiating MOU process, by establishing an effective, international, inclusive, stand-alone ICANN.



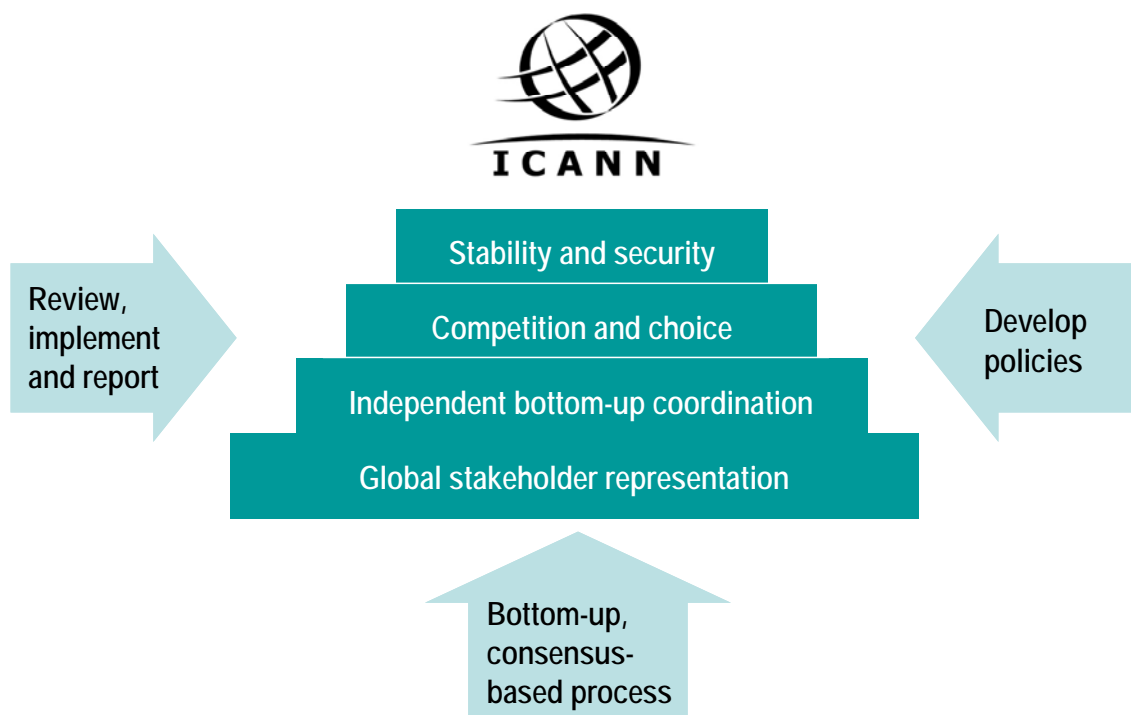
Strategic Priorities

This part of the Strategic Plan sets out how ICANN will be delivering on its four strategic priorities over the plan period of July 2003 to June 2006. It reviews the functions and initiatives that ICANN is currently pursuing towards each of these priorities. It also proposes new initiatives to further each of the priorities, setting out the rationale for those investments and the resources required.

The four strategic priorities are those set down at ICANN's foundation and embedded in its By-Laws, and have been the basis for all discussions since on ICANN's functions and purpose:

1. Stability and security of the unique identifier systems
2. Competition and choice in the unique identifier systems
3. Independent, bottom-up policy consensus, and
4. Global representation in that policy process.

Figure 5 ICANN Strategic Process



For ICANN to fulfil its mission, each of these priorities must be reviewed and pursued. The policies that create stable, competitive unique identifier system must be developed through a bottom-up, consensus-based process that has global representation.

Through ICANN's strategy development process, we have found that those initiatives and processes that best foster and ensure an independent, bottom-up policy consensus, also foster global representation in that process and consensus. Conversely, the initiatives that foster global representation do support the achievement of a bottom-up policy consensus. We therefore present the initiatives for these two priorities in one discussion. The first two priorities (stability and security, and competition and choice) overlap to a lesser extent and so their initiatives are presented independently.



Strategic Priority One: Stability and Security

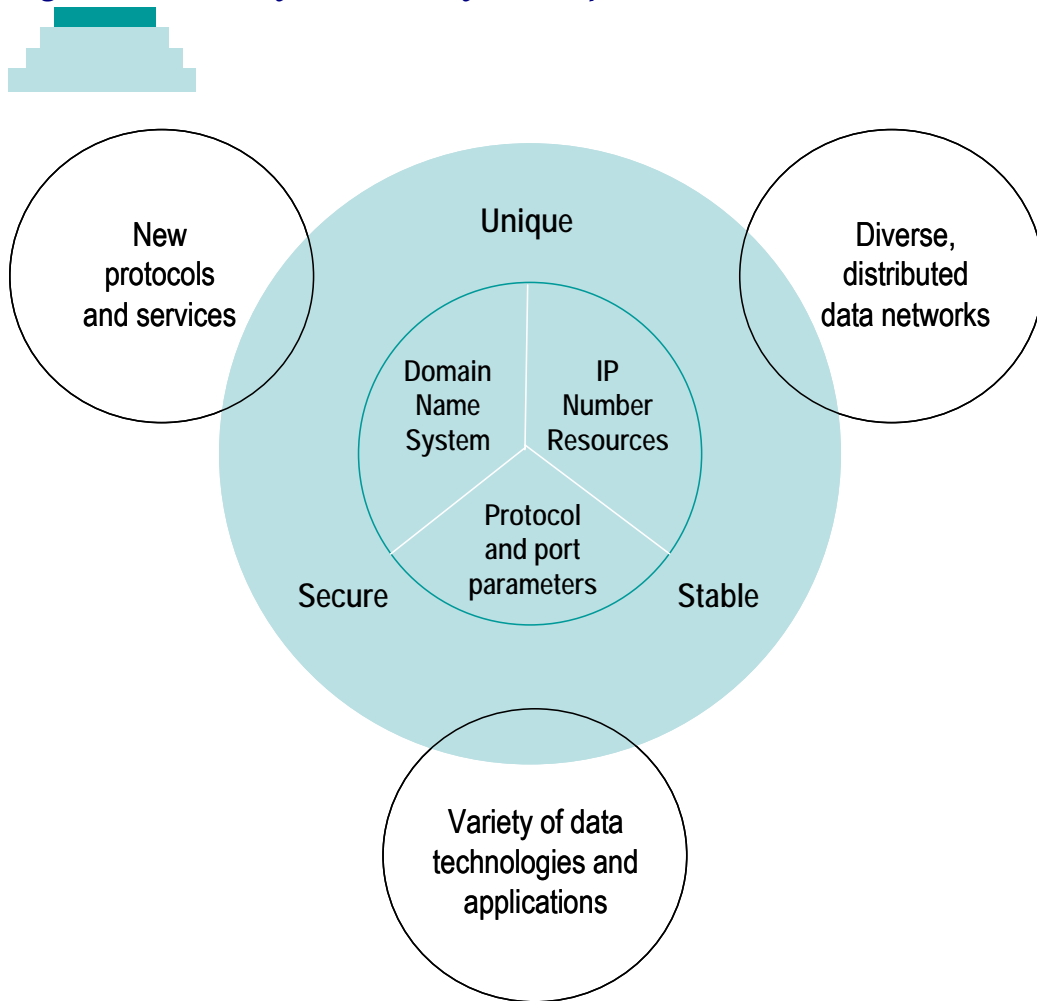
Provide and improve the resources needed to fulfil ICANN's mission of maintaining stability and security of the unique Internet identifier management systems.

Preserving the stability and security of the Internet systems of unique identifiers, including the DNS, is a key mission of ICANN.

ICANN's Security and Stability Advisory Committee (SSAC) provided the ICANN Board and community a report on Redirection in the Com and Net Domains in July 2004 that described the complex relationship between protocols and real world implementations that make stability and security such critical issues for the global Internet.

The Internet has been engineered with an open architecture, designed to allow new protocols and services to be readily integrated. It is an aggregate of data networks that can operate over and support varied data technologies and applications. The global Internet community's commitment to supporting the open architecture ideal and real-world diversity of network structure has been enabled by a commitment to maintaining a set of core protocols that are kept very stable. This core includes the Internet Protocol (IP), the routing system, and the domain name system. Through its management of the systems of unique Internet identifiers, ICANN has responsibility for maintaining the integrity of these core protocols.

Figure 6 *Stability and Security with Open Architecture*



Another fundamental aspect of the global Internet architecture is the division of this architecture into a layered hierarchy. Structuring the complexities of Internet development in this way allows for each layer to provide services (information or data) to the layers above or use the services of the layers below them without needing to know details of other layers. Protocols define the communications between the layers.

From the SSAC report:

The stability at the core supports innovation both above and below this set of core protocols. Below it is where new transmission technologies and new signalling protocols have been introduced, including the Ethernet...and the use of both wired and wireless transmission media. Above it are the new protocols, new applications and new services, such as the World Wide Web and many other innovations large and small, such as search engines, ecommerce, voice over IP (VoIP) and so on.... [M]aking changes to the centre is necessarily done slowly, carefully and relatively infrequently.

[To make those changes]...., there has arisen a careful process of review, discussion, testing and refinement. This is part of the popular notion of the Internet's "open" character: That these discussions take place publicly and with broad input from concerned communities within the framework of the IETF and the resulting protocol reflects consensus among those concerned. The process serves the highly practical purpose of enabling change to occur in a heterogeneous technological environment in a way that preserves both heterogeneity and stability. The results of these consensus deliberations are protocols that set forth the agreed upon conditions that an implementation must meet to work.

ICANN's role is to work with others to maintain the cooperative practices and processes that enable the core services of the Internet – the DNS and other unique identifiers – to operate reliably and predictably, to preserve the equitable distribution of IP numbering resources, and to manage the protocol port number and parameter designations. These include the IANA functions – administration and management of the Root zone file – and ICANN's role in authorising new gTLDs.

ICANN has two objectives in maintaining a stable, secure DNS and appropriate management of the other sets of unique identifiers:

- 1a Provide robust core services (the IANA functions) to support the coordination of the global Internet's systems of unique identifiers, and their stable and secure operation, and
- 1b Continue a strong and appropriate role in supporting the security of the Internet .

1a Provide robust core services to support the coordination of the global Internet systems of unique identifiers, and their stable and secure operation

The heart of ICANN's technical mission is the IANA functions that were contracted to ICANN upon ICANN's inception. These services include root zone management services, including updating ccTLD delegation information; IP address allocations to the Regional Internet Registries and reserved networks; and protocol parameter and port number assignments as defined by the IETF.

In consultations, ICANN's community confirmed the centrality of the IANA functions and expects them to be performed professionally and efficiently. Many of the improvements suggested to ICANN have been incorporated in this Plan, and will benefit the entire Internet community. These improvements will also help ICANN meet the requirements of the MoU.

In light of these consultations, ICANN has developed several proposals to strengthen these core IANA services and its support services for the communities that use them. The proposals affect most the areas of:

- i) request tracking and response systems
- ii) operating capacity (including redundancy)
- iii) ICANN's reporting to the community
- iv) root zone management services, and
- v) DNS root server operations.

1a.i) Utilise efficient request tracking and response systems to enhance ICANN's effectiveness

The developers and users of the Internet's unique identifier systems and their broader communities perform crucial innovation, development, deployment and allocation functions that allow local networks to interconnect and operate effectively on a global scale. This interoperability in turn enables the growing use and development of the Internet.

To innovate and develop, these stakeholders depend on reliable access to a single and authoritative source of services and information on the unique identifiers. ICANN is that source. ICANN must provide timely, reliable, and accurate responses to their operational requests, and be ever responsive to their evolving needs. Request tracking and response systems improve ICANN's ability to perform this essential function effectively.

ICANN has commenced a work program that will better systematise many of its processes and activities. This will enable faster, more efficient and more accurate performance of its IANA functions. The immediate priorities are to:

- Streamline existing procedures and resource allocation through the IANA
- In parallel, commence the implementation of a professional request tracking and response management system to improve turnaround times across the operation

Significant investment in technical resources and expertise will be needed to meet these priorities. Additional personnel, consulting and review services will be needed to develop, support, and improve the management system. ICANN staff will continually refine that system, capitalising on feedback from stakeholders, to maintain ICANN's effectiveness as the single and authoritative source.

1a.ii Ensure reliable operating capacity (including redundancy) to support all operational transactions and processes

Several relatively small capital projects are planned for the next three years to dramatically improve ICANN's IT Systems, DNS support and the "L" root name server. These projects target system redundancy and carrying capacity to provide more reliable services to ICANN's clients and stakeholders. In many cases, redundancy systems will be sited at different locations to protect against natural or man-made disaster.

The performance period for these projects has commenced, and the last of them will be completed in 2006/7. The projects are in response to ICANN's review of demands on the technical infrastructure, conducted in consultation with its stakeholders.

- To determine the effects that proposed service changes may have upon the DNS, ICANN will cooperate with the technical community to build a DNS test-bed. The test-bed will enable the global technical community to corroborate data and conclusions of technical studies performed by other entities.
- To better protect the ICANN/IANA network and ensure continuity of operation, ICANN will move the network from its current secure facility to another secure location with improved redundancy facilities and infrastructure. ICANN will also use the new installation as an opportunity to improve its backup network system. The new primary location will also place ICANN's core systems closer to peering points so that ICANN can interconnect with other networks (such as ISPs) more efficiently.
- To improve monitoring and understanding of operational activity on the ICANN network, ICANN will deploy improved network management tools for its internal systems, including the "L" root server system. The information provided will also allow ICANN to further improve systems reliability. In addition, ICANN will install more adept denial-of-service mitigation tools and traffic analysis equipment. These dedicated systems will reside within the ICANN network to help mitigate attacks.
- To minimise support costs in smaller regional offices, ICANN will contract with technical service providers for information technology support.

1a.iii) Enhance ICANN's reporting to the community on operational activities

As ICANN's systems reporting continues to improve, it will be able generate data on the quality and level of service of various operational activities, and data related to functions performed by ICANN and its structures.

Access to this data is essential for ICANN's stakeholders to assess the security and stability of the Internet. They rightfully expect sophisticated, multilingual on-demand reporting mechanisms to be available on the web, as well as and regular reports initiated by ICANN. These are in addition to the quick and effective responses to individual stakeholder requests contemplated in section 1a.i above.

These reports will also offer greater insight into ICANN's work and responsibilities, and a better understanding of where ICANN's resources are directed. To these ends, ICANN will:

- Provide secure access to statistics related to fulfilment of individual stakeholder requests through a professional request tracking and response system
- Provide access to UDRP, statistical, and other data through a web portal
- Present statistical data and other information at ICANN general meetings
- As appropriate, attend and report to interested communities and forums
- Publish a report that includes statistical and narrative information on community experiences with the InterNIC Whois Data Problem Reports system
- Publish a report that includes statistical and narrative information on the implementation and efficacy of the ICANN Whois Data Reminder Policy

1a.iv) Professional Root Zone Management services

ICANN maintains the root zone and related Whois information on behalf of the Top Level Domain (TLD) managers and the larger Internet community. New TLDs are added to the root zone, and data for existing TLDs modified. For a modification, for example, ICANN must first verify the requestor's authority and the technical accuracy of the request. On fulfilling the request, it must publish the revised authoritative data in the root zone file, Whois, and other appropriate locations.

ICANN provides the trusted, unique, and authoritative source of root zone information that is needed to maintain the integrity of the hierarchical Domain Name System. It is a source that is capable of adapting to the implementation requirements of emerging technologies such as IPv6, IDNs, and the DNSSEC protocol. ICANN works closely with the technical community to ensure that the community's innovations are integrated into the DNS while maintaining stability and security. A recent example is the inclusion of the first IPv6 name server records in the root-zone for the .jp and .kr ccTLDs.

To continue to meet that need, ICANN will:

- With input from relevant stakeholders, develop and implement tools and systems to automate performance of the root zone editing function where appropriate
- Implement an increasingly secure, robust, and redundant infrastructure for distribution of the root zone to the root server operators
- Publish appropriate registration information in the Whois database

1a.v) Robust DNS Root Server options (including the "L" root name server)

The root servers provide the crucial first step in resolving unique names and addresses, allowing end users to successfully navigate the Internet. The community has entrusted ICANN with the responsibility of operating the "L" root name server.

As with all the root name servers, it is critical that "L" is operated in accordance with the highest standards of technical and operational excellence, and located in a secure facility.

To meet these standards, ICANN will continue to:

- Provide bandwidth, hardware, expertise, personnel, and other necessary resources
- Continually improve and modernise the “L” root system to meet the requirements and challenges of a dynamic Internet/DNS environment
- Deploy advanced monitoring and denial of service mitigation technologies in the proximity of the “L” root system
- Maintain a secure facility for “L” root operations
- Work closely through the RSSAC and the DNS community to ensure that issues relating to the DNS, including interactions with new developments and technologies, are understood and reacted to in a timely manner
- Provide meeting coordination, secretarial, and other support services to the RSSAC, and
- Participate in the root server operators community

1b Continue a strong and appropriate role in supporting the security of the Internet

As the Internet has evolved from an experimental academic network to become a backbone for the modern global economic system, the need for a secure and stable operating environment has become increasingly clear. The growth and popularity of the Internet has led to an increase in the quantity, sophistication, and potency of the security threats aimed at Internet users, systems and core infrastructure. Natural disasters, as well as the business or technical failure of key Internet infrastructure operators, could also cause major disruptions to essential Internet communications. The global Internet is very robust, resisting the spread of local network outages through good engineering and planning. Yet its interconnectedness means that seemingly local problems may have serious global repercussions. For that reason, Internet security requires globally accessible solutions. With its international, accessible and public-private structure, ICANN is uniquely placed to coordinate the efforts of the Internet community in this arena.

All members of the Internet community – research, business, individual consumers, and others – benefit from security efforts that improve the global network as a whole. That community expects ICANN, with its international, inclusive and public-private structure, to play an essential part in keeping the Internet’s unique identifier systems secure. The means by which ICANN should fulfil this part of its MoU mandate remains an open and active discussion within the ICANN community.

1b.i) Coordinate ICANN’s ongoing security and stability initiatives

ICANN has a mandate through the MoU to work with the Internet’s technical community to develop and implement improvements to the secure and stable operation of the domain name and numbering systems.

New protocols such as IPv6 (dramatically increasing the available pool of Internet Protocol address numbers) and DNS Security (DNSSEC, promising to bring greater security to the domain name system) are vital innovations in Internet resource technology.

ICANN shares a responsibility with the wider technical community to assess whether, despite their promise, these innovations pose an unreasonable threat to Internet stability or security. To this effect, ICANN has created the Security and Stability Advisory Committee (SSAC), for which ICANN coordinates meetings and provides secretarial and other support services. The SSAC will continue to:

- Provide timely reports and analysis on security and stability issues to both the ICANN and wider Internet communities
- Hold open public meetings to allow for a broad airing of facts and opinions
- Engage in ongoing threat assessment and risk analysis
- Participate in discussions with other interested community members on the development of a security framework for Internet naming and address allocation services

Each of these continuing initiatives will require dedicated resources and attention from ICANN's staff and executive.

1b.ii) Establish special restricted fund for security

There is productive debate within ICANN's community regarding the role ICANN should play in fulfilling its security obligations. As outlined above, ICANN has a specific mandate to maintain the stability of the Internet's systems of unique identifiers, specifically as their stability supports the core services underlying the global Internet's operations. Determining ICANN's appropriate role in promoting and facilitating security of the global Internet, specifically in regard to maintaining a stable and reliable DNS must be a global Internet community effort. As described above, the Stability and Security Advisory Committee provides ICANN with advice and analysis for specific technical situations. ICANN believes that there are additional, pro-active security responsibilities entailed in its mission. This Strategic Plan proposes establishing ICANN as a significant and active facilitator of network security research that directly enhances the stability of the DNS.

Numerous security initiatives already exist within the global Internet community, bringing together leading experts in business, industry, and governments. ICANN has no intent to supplant these initiatives, or to presume to match their experience and expertise. Through its fundamental connection to the ccTLD and root-server manager communities, ICANN is particularly well-situated to enable those from developing nation Internet communities to fully participate in these security initiatives. Participation by these relative newcomers to the global Internet is essential to ensuring that security solutions address all Internet users, especially those from locations where bandwidth is limited and relatively expensive. ICANN envisions providing resources for the development or support of existing security initiatives aimed at increasing the security and stability of the global Internet's systems of unique identifiers, including the DNS. To this end, ICANN will:

- Consult with the ICANN community regarding the appropriate purpose, scope, and uses of a Special Restricted Fund for Internet Security.
- Obtain formal outside counsel legal opinion on the appropriate acquisition, maintenance, oversight and use of the moneys in the Special Restricted Fund.
- Establish the specific purpose Special Restricted Fund for Internet Security. This Fund will be dedicated to further assessment and helping stimulate improvements in the core network technologies and other related security issues. The moneys of the Fund will not be used for ordinary ICANN operational expenses. The Fund's modus operandi will include supporting work done by technical organisations (for instance the IETF) or collaborative teams (such as the Internet Security Alliance). The Special Restricted Fund will be a global fund and will sponsor global initiatives.

1b.iii) Establish stable relationships with all necessary and relevant participants in the management of the systems of Internet identifiers (registries, registrars, gTLD and ccTLDs registrars, RIRs, and Root server operators).

Formal agreements, executed among key participants of the Internet community, will maintain and promote the Internet's stability and interoperability. Accordingly, ICANN, the gTLDs and the

gTLD registrars executed formal agreements some years ago. They lend legitimacy to processes and operations co-managed by ICANN and the client organisation, and also define processes and responsibilities to better manage the expectations of all parties. In every case, formal agreements provide a consensus model for that portion of Internet governance.

Over the next 3 years, ICANN will continue to formalise its agreements with all participants. ICANN executed an agreement with RIR's and their Number Resource Organisation in 2004 and continues to seek appropriate agreements with ccTLD managers. Progress with these participants is discussed below. ICANN is also fully staffing the Global Partnerships organisation and engaging the additional services of a contracts administrator.

Agreements with RIRs

The Regional Internet Registries (RIRs) each have a share in a global responsibility, delegated to them by IANA, to manage Internet address space.. The IANA policies for allocation of IPv4 address blocks and other number resources to the RIRs are applied fairly and transparently, based purely on the documented need for address space. Addresses and other number resources are distributed in a coordinated fashion from a single global pool, with no pre-allocation to different countries or regions. Apart from ensuring fairness, the distribution system ensures that isolated "shortages" will not occur.

The stability and fairness of this allocation system and the management of the unallocated address pool would be further secured by formal agreements between ICANN and the RIRs, and through the policy processes of the ASO. Formal bottom-up agreements polices and/or agreements are being prepared to define the strategies for distributing IPv6 blocks and other IANA-related functions.

Formalised relationships with ccTLD managers

Oversight of ccTLDs is delegated to recognised managers, who operate according to the interests of the local Internet community, including governments. These interests reflect local policies that are adapted to best meet the economic, cultural, linguistic, and legal circumstances of the country or territory involved.

Both ICANN and ccTLD managers have an interest in ensuring the stable, secure, and proper functioning of the domain name system, and each have a distinctive role to play in that goal. At the global level, ccTLDs managers participate through the ccNSO in ICANN's policy development process to contribute to global policy regarding ccTLD management.

A formalised relationship is desired between ICANN and ccTLD managers, acting as the trustee for the ccTLD on behalf of the local Internet community, to help to maintain stability for the single root, and to confirm accountability for the ccTLD operations. An agreement would identify where authoritative decision rights lie concerning ccTLDs, and the history of that authority, to help maintain accountability for operations. Under an agreement, ICANN would work to make appropriate resources available to ccTLD managers, from a variety of sources, to promote the use of best global practices in the management of their ccTLDs.

Significant progress has been made in the past year with ccTLD managers on the process and theory of redelegations and the establishment of frameworks for accountability for ccTLD operations. These frameworks of accountability follow the recommendations contained in the February 2000 Governmental Advisory Committee principles for the administration and delegation of ccTLDs.

Standardised relationships with Root server operators

ICANN is working towards developing standardised relationships with the Root server operators through direct discussions with the root server operators and by regular participation in Root server operator meetings. While each Root server operator manages their server(s) in a unique manner, ICANN's goal is to formalise and standardise their participation in key root zone issues, including development of minimal root server provisioning and reporting standards.



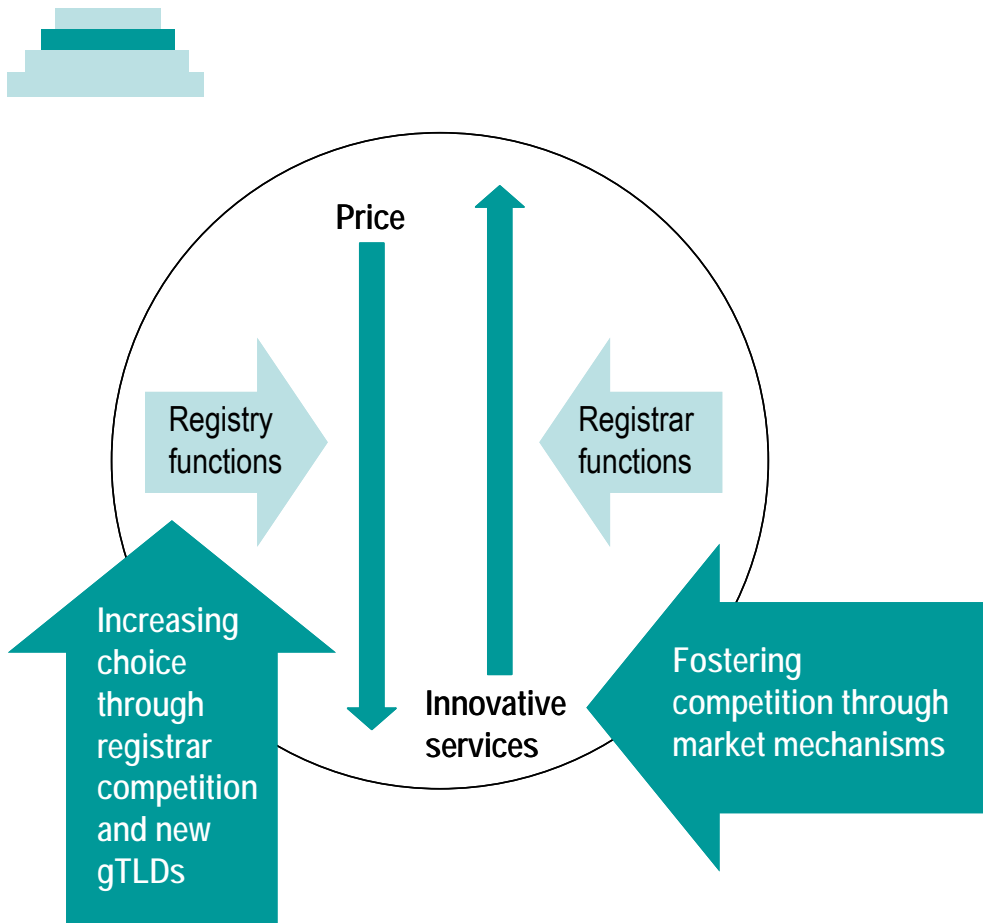
Strategic Priority Two: Competition and Choice

Develop and manage initiatives that foster competition and consumer choice, while supporting compliance with existing policies and contracts.

Among ICANN's most noted successes to date have been establishing and fostering competition within the domain name registration arena. The OECD has reported that "ICANN's reform of the market structure for the registration of generic Top Level Domain names has been very successful. The division between registry and registrar functions has created a competitive market that has lowered prices and encouraged innovation. The initial experience with competition at the registry level, in association with a successful process to introduce new gTLDs, has also shown positive results."¹ The ICANN community and Board decisions have led to greater choice for consumers, with an expansion of the domain name space to include 7 new Top Level Domains. Over 360 accredited registrars are now able to assist registrants with 10 gTLDs. As a result, annual registration fees have fallen from US\$50 in 1998, when there was only 1 registrar, down to an average of US\$8.95 by mid-2004. ICANN has also seen new technologies and protocols introduced for the registries and registrars to enable them to better service the growing number of registrants, who are better protected through transfer options and redemption grace periods.

¹ OECD, Working Party on Telecommunication and Information Services Policies, *Generic Top Level Domain Names: Market Development and Allocation Issues*, July 2004, p. 4.

Figure 7 *Establishing and fostering competition and choice*



To continue fostering the benefits of competition within the global DNS, without risking its stability and security, ICANN will pursue two key objectives through the term of this Strategic Plan:

- Fostering innovation, competition, agreement compliance, and growth in the registration of Internet resources to benefit providers and users of registration services.
- Defining and implementing a predictable strategy for selecting new gTLDs, and providing support for their successful launch so that the stability of the Internet is maintained

These objectives also meet specific requirements of the MoU.

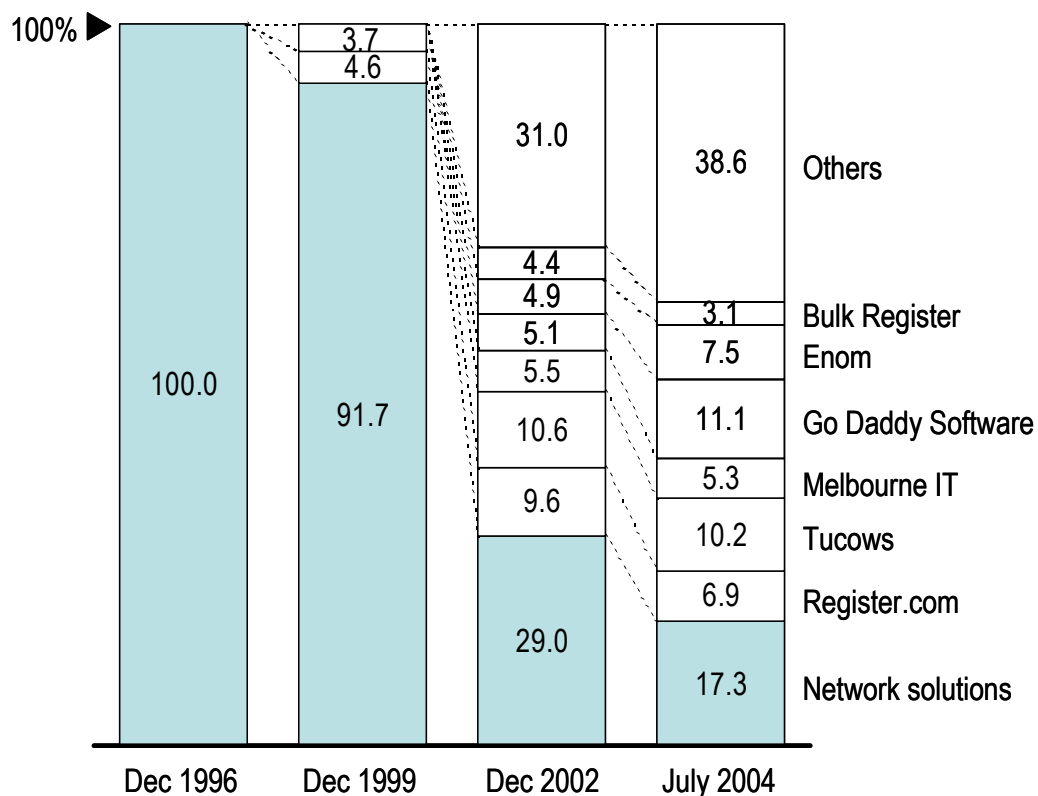
Meeting the many diverse needs of registration providers and consumers is already a significant element of ICANN's budget, but there are many activities that are under-funded and under-staffed in light of the demand for services. To appropriately fulfil ICANN's service goals will require substantial investments in systems, infrastructure, regional presence and personnel. The following specific goals and objectives will need to be resourced.

2a Fostering innovation, competition, agreement compliance and growth in the registration of Internet resources to benefit providers and users of registration services

2a.i) Responsive support to domain name and IP number registration providers and consumers

Registration providers offer an invaluable service to the global Internet community by registering domain names and IP number assignments and publishing the information that ensures stable mapping of names to Internet resources. This service has opened up considerably: "Traditionally, the registration of domain names was a one dimensional service. The opening of the gTLD registrar market has, however, brought tremendous innovation in terms of new services and seamlessly linking value added services to domain name registration."²

Figure 8 Market share of registrars for .com / .net . org, 1996-2004 (Percent)



To maintain that innovation, as well as their core services, registration providers rely on unique access to the global Internet domain name system and associated technical coordination. ICANN and its structures fulfill that need by providing the following services to registration providers:

- Ongoing development and implementation of the framework of technical rules, standards and agreed procedures (which the Internet community refers to as "policies") that together facilitate the effective management of the domain space and IP address allocations
- Facilitating the introduction of new technologies (e.g. IPv6, IDNs, etc.)
- Preparing for and assisting the introduction of new gTLDs
- Responding to inquiries and complaints from individual users and other registration providers
- Providing data escrow coordination, and services where appropriate
- Issuing accreditations
- Coordinating dispute resolution policies and services

² OECD, *op cit*, p 27.

2a.ii) **Develop and implement an appropriate plan for responding to the needs of registrants**

Registrants benefit from their association with ICANN on many levels:

- the increased competition in the domain name space through the formation of multiple registrars and TLDs, and the resulting lower registration prices and greater choice in services and TLDs
- the protections of the UDRP,
- protection afforded through a corporate compliance program,
- the protections of Domain Name Transfer policy and the Redemption Grace Period Service, and
- fair and appropriate management of the IP number resources through their allocation from IANA to the RIRs

However, to date, registrants do not have an independent, authoritative reference point for information on DNS or IP number resource registration, usually having to rely on their registration provider. While supporting that primary relationship and working with the appropriate stakeholders, ICANN will develop and implement a plan to respond more effectively to registrant needs that relate to ICANN's mission.

ICANN handles 10,000-20,000 emails per day, along with a commensurate number of phone calls. These contacts arise from registrants and everyday users of the Internet who have little understanding of ICANN's role or function, but who need straightforward answers to their questions and direction towards resolving their problems. The current volume of contacts is a burden on ICANN's staff and resources, and must be handled more efficiently and effectively.

ICANN will address these communication needs through a variety of mechanisms, including client-specific email boxes, web-based comment solicitation and statistical analysis of comments. ICANN will work to further improve its effectiveness in responding to user needs by:

- Encouraging resolution of disputes between and among registrants and registrars
- Promoting consumer interests through information and service tools
- Educating consumers on how to obtain resources for dispute resolution, consumer protection and law enforcement
- Improving Whois accuracy through ICANN's Whois Data Problem Reports system
- Providing mechanisms for facilitating the channelling and resolution of customer service issues
- Improving consumer protection through liaison with appropriate national consumer protection agencies.

2a.iii) **Review and augment, as appropriate, the corporate compliance program, including the system for auditing registry and registrar contracts for compliance by all parties to such agreements**

While competition brings with it innovation and cost benefits, it also requires effective compliance programs to protect the integrity and stability of the systems of unique Internet identifiers. These programs ensure that services are provided to users by the registrar/registry communities in accordance the terms of the various contracts binding registrars, registries, registrants and ICANN. Because many of the contractual terms span the entire community, compliance programs also monitor consistency across the communities in order to provide users and other community members with a predictable experience.

While the existing, constructive relationships between ICANN and the registrar and name and number registry communities have provided an effective informal basis for compliance, ICANN plans to institute a formal compliance program for greater clarity, consistency and effectiveness as further parties join its communities. The initial elements of program will consist of:

- Establishing technical and non-technical audit functions to review, on a regular basis, registry/registrar operations to ensure compliance with contracts and appropriate standards
- Enhancing the statistical tracking and analysis of registrant and user complaints/comments regarding specific registries/registrars
- Coupling that statistical tracking and analysis with the audit function to make economical use of resources
- Working constructively with registries/registrars to implement and complete corrective action plans
- Implementing a planned escalation of actions, including legal and specific performance remedies, to correct ongoing harm and to provide greater flexibility and legitimacy for the compliance function.

2b Defining and implementing a predictable strategy for selecting new gTLDs and providing support for their successful launch so that the stability of the Internet is maintained

2b.i) Develop and implement a detailed plan for a long-term process to introduce new gTLDs into the domain name system using predictable, transparent and objective procedures

The development of an appropriate process and policy for the creation of new generic top-level domains (gTLDs) is central to fostering choice and competition in the provision of domain registration services. New gTLDs have been a topic of discussion within ICANN and the broader Internet community since the creation of ICANN in 1998. A Year 2000 round of proof-of-concept gTLDs led to the introduction of seven new gTLDs. Using the experiences learned from that process, ICANN has embarked on the implementation of a strategy which will lead to a predictable, transparent, and straightforward allocation process for new gTLDs.

Adding new gTLDs to the root system falls within ICANN's core mission of coordinating the global Internet's systems of unique identifiers. It is also in keeping with ICANN's core values, including the use of market mechanisms and the promotion of competition in the registration of domain names. The questions to be addressed in the implementation of a new gTLD strategy are complex and draw on technical, economic, operational, legal, public policy and other elements. ICANN's goal as a non-profit public benefit organisation is to maximise public benefit derived from the Internet's system of unique identifiers. A properly executed strategy for opening the root-level domain-name registry will in turn provide increased public benefit to the global Internet community through increased competition and user choice.

ICANN is committed to developing and implementing a comprehensive strategy for selecting new gTLDs using predictable, straightforward, transparent, and objective procedures that preserve the stability and security of the Internet. This process has already begun with a round of sponsored TLD applications which commenced in 2004. The results of this round are expected to be announced shortly.



Strategic Priorities Three & Four: Bottom-up Consensus and Stakeholder Representation

Priority Three: Support and encourage a policy development process that fully engages the principle of private-public governance and bottom-up coordination of multiple stakeholder interests.

Priority Four: Facilitate participation from the global community of Internet stakeholders to ensure that policy development incorporates all relevant perspectives and stakeholder values for the security and stability of the global Internet.

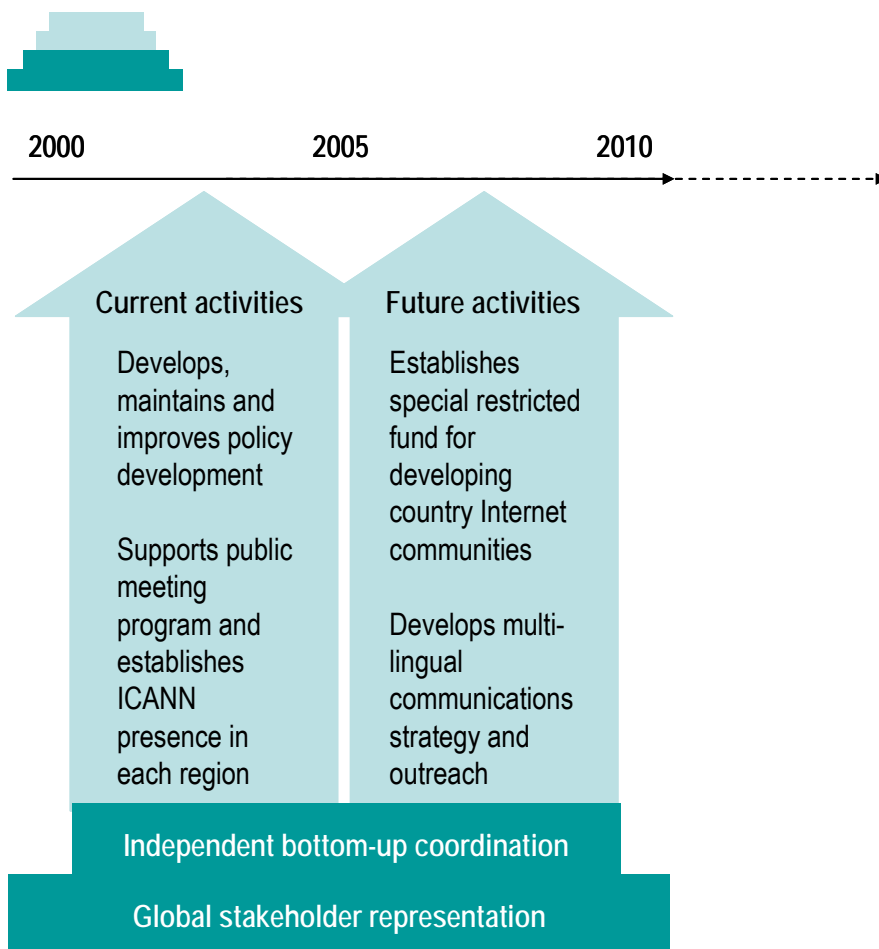
Cooperative and open development of shared standards and practices have been the hallmark of Internet development, right from the earliest days of research-based networks and commercial uses of that research. This has allowed the Internet to rapidly incorporate improvements in technology, software, and business practices that improve service and broaden the reach of the physical infrastructure, while also ensuring global interoperability so all portions of the network function similarly and can communicate effectively. Without such cooperative efforts, it's likely that we wouldn't enjoy such a universally accessible and reliable Internet.

ICANN believes strongly in this principle of self-governance in Internet policy development, and has embedded it in the structure of its organisation and ICANN's policy development processes. Complementary to it is ICANN's principle to seek and support broad, informed participation that reflects the functional, geographic, and cultural diversity of the Internet at all levels of policy development and decision-making. With the Internet reaching and relied upon by all corners of the globe, finding means to include participants from throughout the Internet community has become ever more important. The initiatives that support a broad-based self-governing policy development process overlap heavily with those that ensure that process is open to truly global participation. For that reason, they are dealt with in the one section of this Strategic Plan.

The ICANN forum has brought together stakeholders from across the spectrum of Internet users, including businesses, governments, non-commercial, technical, and individual users. It provides structured and effective mechanisms for the bottom-up coordination of policy development related to ICANN's specific role in the management of the Domain Name System and unique Internet identifiers. While the Internet user communities initiate and guide the policy development process, ICANN sustains their efforts by providing the staff support and resources needed to coordinate their activities, which in turn maintains the valued participation of informed individuals and groups.

Reforms to ICANN from 2002 to 2004 have strengthened the policy processes to be more transparent, participatory, and cleanly drawn, allowing everyone in the community to clearly determine where in the process they may participate, and what stage a given policy has reached. Significantly, ICANN's processes allow timely and relatively swift policy adoption. The development and implementation of the Redemption Grace Period Service, allowing domain name holders to retain their domain names after inadvertent failures to renew them, is just one example of ICANN's inclusive and effective fostering of a new service that directly benefits domain name holders and the wider Internet community. Other examples include the collaborative development with WIPO of the Domain Name Uniform Dispute Resolution Protocol (UDRP); the consensus-based Domain Name Transfer Policy, which allows users to change their registrar as desired; and ongoing work in balancing privacy concerns and data accuracy in the Whois records. The ASO community is currently building global consensus policy governing the allocation of IP number resources from IANA to the Regional Internet number Registries (RIRs).

Figure 9 *Bottom-up consensus and stakeholder representation*



To fulfil ICANN's role in facilitating bottom-up coordination of fundamental policy regarding the systems of unique Internet identifiers, and ensure that it benefits from truly global participation, this Strategic Plan proposes that ICANN:

- 3a Continue to develop, maintain and improve the policy development processes which foster global broad-based participation.
- 3b Continue to support a public meeting program that unites public, private, and civil society interests in facilitating a stable, interoperable and dynamic Internet.
- 3c Establish an ICANN presence in each ICANN region to better support the needs of regional stakeholders, enhance staff diversity, and enable ICANN staff to attend and support more regional forums.
- 3d Establish a Special Restricted Fund for Developing Country Internet Communities to enable further participation in the ICANN mission by developing country stakeholders.
- 3e Develop a comprehensive and multilingual communications strategy, including a collaborative outreach program and strong media relationships, to ensure that ICANN and its stakeholders are constructively aware of each others' activity, roles, resources and interests.

3-4a Bottom-up policy development processes

Develop, maintain and improve the policy development processes which foster global broad-based participation

ICANN's organisational structure offers each of its multiple stakeholders a - voice in the policy development process. Its Supporting Organisations and Advisory Committees each manage that process on behalf of their constituencies and with ICANN's administrative, information and structural support.

Each of these bodies acts in its own self-determined way, while striving for global representation and participation. ICANN is learning the strengths and weaknesses of each approach, and ensures that possibilities for improvement are shared between the bodies. In the term of this Strategic Plan, ICANN will work with each body and on its own liaison and administrative capabilities to continue to build the effectiveness and inclusiveness of these policy development processes.

3-4a.i) Support the constituted geographically diverse Supporting Organisations and Advisory Committees

ICANN provides staff, liaison, technical and administrative support for each of the Supporting Organisations and Advisory Committees. As the number of policies under consideration and the number of global participants increase, so will the resources needed for ICANN to adequately support the different Supporting Organisation policy development processes. While this will be a general need, specific circumstances include:

- Staff support for the GNSO's policy development process, which will have a growing number of policies under consideration.
- Appropriate administrative support to the ccNSO, if requested, as well as staff support for its policy development process. Staff support functions will be determined in conjunction with the ccNSO Council. The ASO has its own secretariat. ICANN staff allocated to the ASO will be responsible for providing any requested assistance to the ASO's Global Policy

Development Process, and will provide support to the ICANN staff and Board regarding ASO policy development.

- While the GAC maintains its own secretariat function, regular and detailed ICANN communication with the secretariat is needed for the GAC to pursue its role in the policy process. This responsibility falls under the Vice President, Policy Development Support. Staff support is anticipated to increase as respective Supporting Organisations and Advisory Committees increase their relationship and coordination with the GAC, and the GAC with them.
- Over the past year, the Security and Stability Advisory Committee has been called upon to address many issues as security becomes of increasing concern to the global community. SSAC held two specially called meetings in response to the concerns surrounding the wildcard service, and recently released their report and recommendations. Increased demands on the Committee, both within the ICANN structure and from the ICANN community, will be met by increasing ICANN staff support and resources.

3-4a.ii) Increase the representation of ICANN's network of At-Large Structure and Regional At Large Organisations (RALOs) through the At-Large Advisory Committee (ALAC)

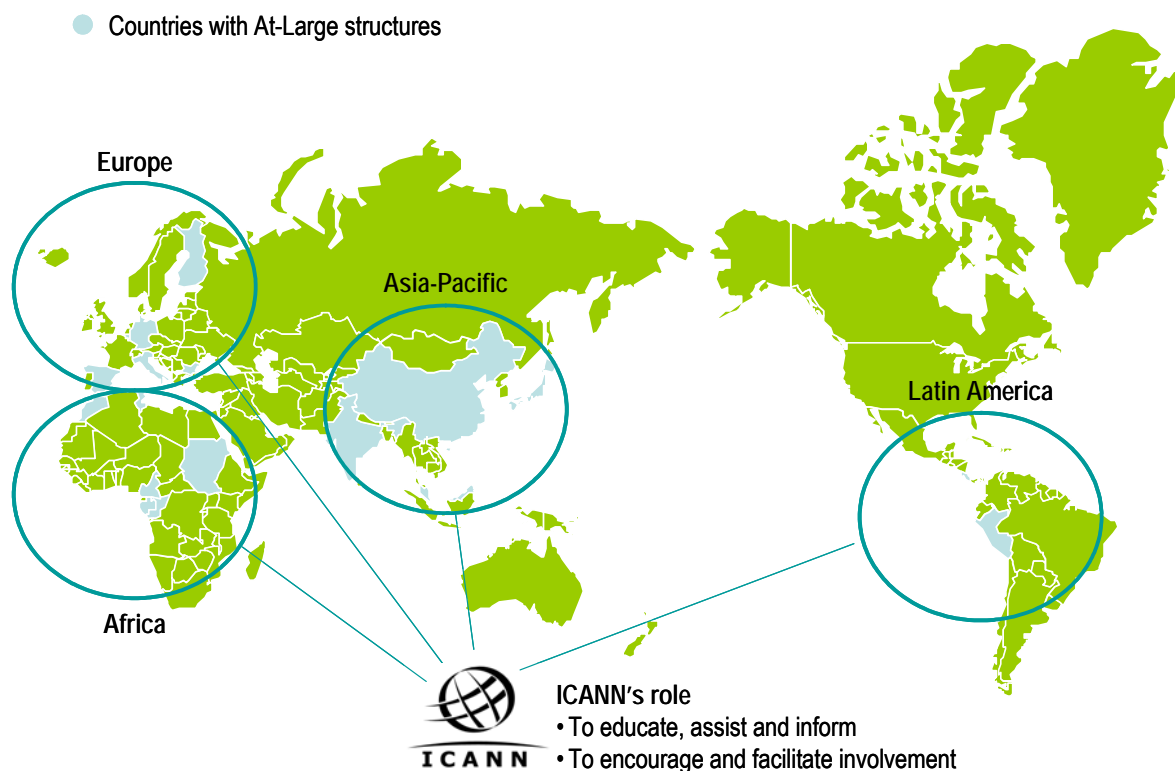
The At-Large Advisory Committee (ALAC) is responsible for considering and providing advice to ICANN on how ICANN's activities may affect the interests of individual Internet users (the "At-Large" community) and for promoting the informed, structured participation of the At-Large community in ICANN. ICANN's technical management responsibilities for the Internet's domain name and address system relies on the ALAC and its supporting infrastructure to involve, and represent in ICANN, a broad set of individual user interests.

Underpinning the ALAC is expected to be a global network of self-organising, self-supporting user groups certified as "At-Large Structures" that involve individual Internet users at the local or issue level. These At-Large Structures (either existing organisations or newly formed for this purpose) are expected to organise into five Regional At-Large Organisations (RALOs – one in each ICANN region of Africa, Asia-Pacific, Europe, Latin America/Caribbean, and North America).

ICANN's role is to educate and inform the At-Large community and encourage and facilitate their involvement in ICANN. The establishment and effective functioning of the ALAC and its five supporting RALOs is expected to provide the structured, informed participation that is needed. Each RALO will be formalised through an MOU with ICANN. The RALOs will elect a majority of ALAC members, manage outreach and public involvement, and will be the main forum and coordination point in each region for public input to ICANN.

In December 2003, the initial six organisations received "At-Large Structure" certification. By September 2004, a total of 18 organisations in four geographic regions have been certified. Certification recognises a group meets ICANN's criteria for involving individual Internet users at the local or issue level in ICANN activities and for promoting individuals' understanding of, and participation in, ICANN. Certified groups are wholly independent of ICANN. The certified organisations to date are:

Figure 10 Certified At-Large structures, September 2004



Africa

- Anais.AC
- Internet Society Congo
- Moroccan Internet Society
- Sudan Internet Society

Europe

- Catalan Chapter of the Internet Society
- Förderverein Informationstechnik und Gesellschaft e.V (FITUG)
- Internet Society Bulgaria
- Internet Society (ISOC) Luxembourg A.S.B.L.
- Internet Society - Finland
- Societa' Internet

Asia-Pacific

- Arab Knowledge Management Society (AKMS)
- At Large@China
- Internet Society Vasudhay Kutumbhkum
- ISOC Taiwan Chapter
- Internet Users Network
- National Information Infrastructure Enterprise Promotion Association

Latin America/Caribbean

- Alfa-Redi
- Asociacion Costarricense de Derecho Informatico

The At-Large Advisory Committee has one full time staff support person, and needs significant assistance in supporting the ALAC's outreach and advocacy efforts, keeping the At-Large community in each region informed about relevant ICANN developments, promoting At-Large involvement in ICANN policy-making activities, and developing and maintaining for the regional At-Large communities on-going mechanisms for discussion, collaboration, and education.

3-4a.iii) Conduct reviews of all policy development processes for effectiveness and efficiency and provide feedback for improvement and evolution of such processes

The policy development processes (PDPs) created through the ICANN 2.0 reform process are currently being put to the test. PDPs are being used within the ICANN structure to develop significant policies across ICANN's diverse constituency base (e.g. Whois issues, new registry services or changes, and IPv4 IANA allocation policy). To keep the PDP framework effective and efficient, ICANN staff will review and analyse processes within three months of the end of each PDP, reporting to the Board and to the supporting organisations involved. Where serious issues or concerns are raised, ICANN staff will work with the Board and the supporting organisations on recommended improvements for future PDPs.

The current ICANN Bylaws also provide for evaluations of the Supporting Organisation and Advisory Committee processes on a regular basis when the ICANN Board deems it appropriate.

3-4a.iv) Actively promote transparent, accountable, cross-constituency policy processes

The reformed ICANN structure has put in place liaisons between different supporting organisations and committees. These liaisons serve to actively promote transparent, accountable policy processes. Additionally, the new policy development processes have established a greater accountability framework for all policy decisions through their review and reconsideration processes. These policies will be reviewed at least annually to ensure that safeguards for transparency and accountability remain in place, or are adjusted to reflect any changes in conditions.

Additional staff are needed to ensure adequate liaison and communication among the Supporting Organisations and Committees, the ICANN Board, and all other relevant parties. The timing for fulfilling appropriate staff support levels is discussed below in the section on Organisational Foundations.

3-4b Public meeting program

Continue to support a public meeting program that unites public and private interests in facilitating a stable, interoperable and dynamic Internet.

Informed participation by Internet stakeholders is essential to a stable, interoperable and dynamic global Internet. All relevant public and private, and civil society interests must be involved in policy discussion, development and implementation. ICANN provides an effective forum for diverse stakeholders to come together for these purposes. ICANN will continue to invest in the institutions that allow bottom-up consensus to be reached on relevant policies that will expand the use, reach and security of the global Internet. These institutions include ICANN's array of stakeholder representative bodies described above, its public meeting program, and its multi-lingual communications initiatives.

ICANN has a strong history of holding public meetings in geographically diverse locations to encourage cross-constituency communications. The meetings rotate through ICANN's five global regions on a regular basis. Since 1999, ICANN has held several meetings a year, attended by as many as 1000 registered participants. Attendance has been a fair representation of ICANN's stakeholder groups, with its latest meeting in July 2004 attracting the largest contingent of Governmental participants to date. Meetings have included themed workshops on Security, Whois, IDNs and other broad-reaching concerns that allow the entire community to share perspectives and solutions.

To enhance the contribution of these meetings towards informed participation in the policy process, ICANN will:

- Continue to hold public meetings in geographically diverse locations;
- Continue to transcribe and webcast public meetings for the benefit of remote participants;
- Promote attendance of stakeholders within the region where the meeting is held;
- Encourage regional participation whenever feasible, working with governments, funding agencies, and others to enable the grant of visas, financial assistance and other resources; and
- Expand the public meeting program to include sub-regional meetings, especially for the benefit of developing nation Internet communities.

Sub-regional meetings will allow local Internet communities to participate directly in the policy discussions and processes, and encourage the awareness of innovations implicit in new and existing technologies, with special consideration given to the needs and interests of developing regions. This emphasis on the local impact of global policy helps to safeguard security, stability and interoperability whenever technical or policy changes are introduced.

Figure 11 ICANN public meetings



3-4c Regional presence

Establish an ICANN presence in ICANN's regions to better support countries and local stakeholders in problem solving on Internet related issues under ICANN's mandate, ensure participation by all stakeholders in all regions, and ensure ICANN is truly responsive to the needs of its constituents as it completes the MoU and becomes a truly global organization.

With increasing participation from all regions of the world, there has been an ongoing demand from all time-zones of the globe on ICANN staff for issues relating to ICANN's responsibilities. These interests in ICANN are a positive reflection of ICANN's progress in emerging into a global organization and reflective of the Internet's global economy. It demonstrates a need no different from that experienced by any other international company or organization. ICANN's commitment to regional presence is similar to that made by other business operations with global responsibilities.

ICANN staff, Board members, and members of the community, have found that regional attention is essential to fulfilling ICANN's responsibilities in a global manner. This means not only addressing language or cultural differences, but also improving how ICANN relates to regional needs and interests that fall within ICANN's mission and areas of responsibility. ICANN's participatory multi-stakeholder model encompasses the representation and involvement of all regions of the world, and it is important that each region is involved in the core structures and technical policy making for the Internet's systems of unique identifiers.

The experience of opening an ICANN presence in Brussels office in January 2004 has demonstrated the value of local presence. Accessibility is a critical key to good communications – the ability to meet locally, without time zone constraints, and the comfort of shared language can make a vast difference to a stakeholder's willingness to contact ICANN staff directly and work on resolving concerns. This includes issues ranging from ccTLD redelegations, to governmental interest to partake in the GAC, to interests on a registry or registrar matter. Often issues are then referred to appropriate ICANN staff, and/or to an expert of a specific issue, but the fact that ICANN is accessible and responsive denotes a seriousness of purpose and commitment to a regional presence, which might be more difficult to demonstrate in other ways.

Addressing these concerns means establishing an appropriate ICANN presence (small, efficient and effective) in respective regions, with a balance of hub offices and outreach offices. It is envisaged that North America, Europe, and Asia/Pacific regions would share staff responsibilities across all operational and policy areas, and provide access to critical services across all time zones. With approximately 50% of accredited registrars in North America, 30% in Europe, and 20% in Asia/Pacific, these hub offices will be able to respond to urgent issues in a timely and appropriate manner. Outreach or regional liaison presence would complement the hub offices, keeping in mind that all ICANN locations must be able to assist countries and stakeholders in identifying appropriate support for their Internet related issues falling under ICANN's mandate. This includes issues arising in regional offices, but also matters relating to ccTLDs, At-Large support, government and regional organization interest in ICANN, and increased communications and participation resources.

ICANN is in the process of identifying how best to address regional needs, in addition to the already established offices in Marina Del Rey and Brussels. ICANN intends to establish an

appropriate presence in each region over the next two years. These offices will vary in staffing and resources based on regional needs, feedback and input from stakeholders, and possible local offers.

While ensuring well thought through management of regional locations to ensure seamless and efficient work flow and communications, staff positions will ultimately be able to be filled anywhere ICANN maintains an office. Staffing the regional offices will offer ICANN a better opportunity to fulfil budgeted staff positions from a broader, more regionally diverse candidate base that reflects the multi-cultural, multi-regional, and multi-stakeholder dynamics of the Internet. It will be able to do so more often without incurring the substantial costs of relocation to the US or Europe. Sharing skill sets across regional cultures and jurisdictions should allow ICANN to be more responsive and adaptive to local Internet community concerns.

ICANN's regional presence will:

- Enable responsiveness to local needs of Internet related issues that fall under ICANN's areas of responsibility;
- Support and engage local community members, such as At-Large organisations, members of the technical community and Country Code Top Level Domains, governments and organizations, on specific issues of concern to the region;
- Enhance staff work in coordinating and supporting the regional activities and needs of its Advisory Committees and Supporting Organisations that form an essential component of ICANN's bottom-up, consensus-based policy development process, as they relate to ICANN's mission and scope;

In addition to establishing ICANN as a global organization, regional presences contribute towards ensuring a strong understanding on a regional level of what ICANN is and is not responsible for, support demands on a regional level for ICANN expertise in its areas of responsibility, and are a commitment by the organization to preserving the operational stability and security of the Internet, promoting choice and competition for registrants, and achieving broad representation of the global Internet community.

3-4d Special Restricted Fund for Developing Country Internet Communities

Establish a Special Restricted Fund for Developing Country Internet Communities to enable further participation in the ICANN mission by developing country stakeholders

Since the earliest days of the Internet's formation, efforts have been made by many to make the Internet an experience and opportunity for everyone. ICANN shares this commitment, and since its inception, participation from the developing world has increased, as have the needs and interests as they relate to ICANN's mission.

Consequently, it is incumbent on ICANN to pursue all available means to address the needs of the developing countries Internet communities. ICANN will take steps to help build a regional presence, fund outreach activities and otherwise ensure that developing countries will continue to increase their participation in the Internet community, through the ICANN community. Promoting awareness and understanding of ICANN's role and mission by governments, media, and community groups will strengthen their informed participation in ICANN's processes.

The current training and educational workshops run by the Regional Internet Registries, local ISOC Chapters, and others are exemplary for their depth of coverage in their specific areas.

There is a demonstrated need for training and workshops to accommodate more engineers and technical people running ccTLDs and other key network infrastructure, and for information on appropriate related technical topics. ICANN occasionally conducts workshops in conjunction with the RIRs, ISOC, and other regional technical groups in developing nations, and has been requested to offer them on a regular basis. Two or three days of travel for a one-day workshop isn't cost or time effective for the network operators with limited resources. Being able to offer several days' worth of collective workshops across many areas of technical expertise will allow more individuals to commit the necessary resources of time, money, and participation.

Additionally, ICANN recognises a need to assist in the promotion of regional forums for technical people from ccTLDs to exchange their experiences and to receive training on some special issues like DNS security. In providing support for these services, ICANN will cooperate with other public and private efforts to bring greater technical resources to the Internet communities of developing nations. ICANN does not seek to duplicate or replace the efforts of others in the Internet community. Rather, its goal is to enhance and expand the availability of technical support and services where they are most needed, and to provide the unique resources and expertise ICANN can offer.

To help fund all of these endeavours, ICANN proposes establishing a Special Restricted Fund for Developing Country Internet Communities. The Special Restricted Fund would be a global fund and would sponsor global initiatives, and would not be used for ordinary ICANN operational expenses. To establish the Fund, ICANN will:

- Consult with the ICANN community regarding the appropriate purpose, scope, and use of a Special Restricted Fund for Developing Country Internet Communities
- Obtain formal outside counsel legal opinion on the appropriate acquisition, maintenance, oversight and use of the moneys in the Special Restricted Fund, and
- Subject to community support and implementation, take administrative actions to establish and implement the Restricted Fund.

3-4e Comprehensive communications strategy

Develop a comprehensive and multilingual communications strategy, including a collaborative outreach program and stronger media relationships, to ensure that ICANN and its stakeholders are constructively aware of each others' activity, roles, resources and interests.

ICANN's Strategic Plan and operational objectives aim to build on and improve all aspects of ICANN's operations and service to the global ICANN community. These span both the policy development process and information to the internet community on the policy outcomes of that process.

With myriad interests to be considered and accommodated, the policy development process that ICANN provides is necessarily both complex and thorough. For it to work inclusively and effectively, it is vital that ICANN understands the needs and interests of its stakeholders, and that its stakeholders understand ICANN's role, resources, and organisational foundations.

In addition to being an information resource to others, ICANN needs to have a process for information gathering and analysis, and, through improved processes, develop more effective

prioritization of engagement with stakeholder groups. There is also a need for ICANN to play a greater role in education about the Internet and ICANN's role in promoting security and stability.

3-4e.i) Collaborative outreach program

To facilitate a clear understanding of ICANN's role in promoting stability, security, and interoperability, ICANN will establish collaborative outreach with intergovernmental and local Internet communities.

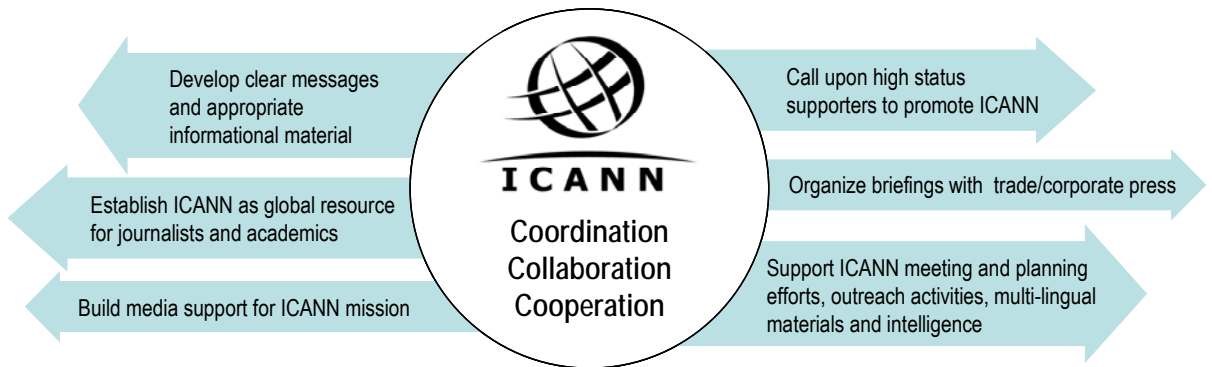
Development of these collaborative programs with private and intergovernmental parties will be coordinated through the appropriate entities within ICANN's structure, including the Governmental Advisory Committee (GAC) and the Supporting Organisations, and in particular the ALAC and Regional At-Large Organisations (RALOs): see section 1(b) above.

These programs will include structured systems for the gathering of international information relating to ICANN's role, and working with the RALOs to promote public participation in their respective regions.

3-4e.ii) Communications and media capabilities

To support its role in facilitating Internet policies relating to the systems of unique Internet identifiers, information about ICANN should be conveyed in an accurate and timely manner to the Internet community, and to the public at large. The broad reach of selected media may be more effectively used for this purpose. Through the media and other communications channels, ICANN will build recognition of the particular role ICANN plays in the Internet governance framework, and of ICANN's authoritative knowledge of the relevant policies and their implementation. In particular, communications will emphasise the international, multi-stakeholder, bottom-up and fully participatory model for technical coordination that ICANN embodies.

Figure 12 ICANN building avenues of communication



3-4e.iii) Develop and implement an appropriate and effective strategy for multilingual communications, including a multilingual feedback capacity

As a global organisation, ICANN needs to provide multilingual communications and materials, a process that has already begun with the publication of an introductory ICANN brochure that has been translated into nine languages, and is available as a PDF on the ICANN web site. ICANN must develop an appropriate and effective strategy to ensure accessibility for Internet communities to relevant expertise, assistance and information.

Additionally, mechanisms for receiving and responding to feedback from ICANN's stakeholders need to be augmented. Online mechanisms to facilitate feedback, respond to inquiries, or provide information related to ICANN's mission and scope, are important to ensure that ICANN as an organisation understands the issues and concerns of the various stakeholders and the broader Internet community.

ICANN's proposed regional presence will also extend the multicultural and multilingual scope of its operations, with direct benefits and opportunities for ICANN and the regional Internet communities alike.

As part of developing and implementing an appropriate and effective multilingual communications strategy, ICANN will, in consultation with the community:

- Identify appropriate languages and materials for translation
- Use new office openings to communicate ICANN's perspective and local, regional and global plans;
- Develop and execute a program aimed at supporting developing country Internet activities and elevating ICANN's profile and role in fostering greater participation in the ICANN process
 - develop information workshops and seminars in developing regions,
 - "sponsor" events related to ICANN At-Large activities and gatherings;
 - create an internship program through the hub and outreach offices;
- Use existing resources and opportunities to implement this strategy as efficiently and as effectively as possible.
- While multilingual staff can assist with translations, they cannot dedicate all their time to the translation of materials and communications. Costs for translations are accounted for in the Strategic Plan, as well as costs for online mechanisms.

3-4e.iv Develop and launch an enhanced ICANN website and collateral materials to engage public participation

It is in ICANN's interest, both to encourage informed public participation and to fulfil commitments made through the MoU, to develop a more accessible and engaging website. The current ICANN website is not serving these needs as well as possible: its layout is often confusing or intimidating to newcomers, and it can be difficult to find information or comment areas on current topics.

ICANN will launch an additional website geared to address the public participation mandates it serves. With a design specifically aimed at making information and public comment forums for current issues accessible, this website will offer ICANN news and perspectives on issues relevant to the ICANN community. Using many of the rich technologies developed for weblogs, this website will be a source of information for newcomers and long-term participants in ICANN.

Additionally, ICANN has already developed an occasional newsletter, in electronic and physical forms, for distribution during events and meetings where ICANN plays a significant role. The newsletter will publicise current ICANN endeavours and activities, including those of the greater Internet community. By placing ICANN's work in the appropriate context of global Internet activities, ICANN hopes to keep the community informed, and promote greater participation.



Operational Strategies

The final part of this strategic plan outlines ICANN's organisational and financial evolution over 2003–2006.

To fulfill the obligations and initiatives outlined in this Strategic Plan and detailed in the MoU, ICANN must have a strong operational structure and a reliable financial basis. Several of its responsibilities are fundamental to fulfilling ICANN's mission and core values, and require the personnel and financial resources to ensure that they are not merely occasional activities. These include implementing efficient work tracking systems, improving contractual oversight and compliance, providing appropriate support to facilitate an expanding gTLD community, creating a vibrant, multi-lingual web presence, and extending global outreach of technical expertise to Internet communities in developing nations.

In this section of the Strategic Plan, we propose a structural and financial foundation that will enable ICANN to develop and maintain these initiatives, and to bring the MoU to fulfilment and closure. Performing these initiatives on this foundation will see ICANN evolving to a stand-alone entity, able to pursue the roles asked of it by the Internet community, with a funding model that will provide for that continuing service.



Priority Five: Organisational Foundations

Building an appropriate selection of effective business practices into ICANN's organisational framework will underpin ICANN's execution of the strategic priorities outlined in this Plan. These practices span governance issues, organisational structures, and operational controls.

The first set of initiatives is to consolidate ICANN's organisational structure to provide a solid footing to maintain and strengthen ICANN's operational quality. A new globally-responsive management structure is proposed (see 5a.1), together with the policies and incentives to attract the culturally diverse quality staff needed to perform ICANN's mission (see 5a.ii). While confirming that global presence, ICANN proposes to remain incorporated as a non-profit public benefit corporation in the legal jurisdiction of California, a position that it reviews annually (see 5a.iii).

ICANN's governance policies ensure that its Board fairly represents both the global and technical breadth of its stakeholder communities, a representation that is extended by the attendance of non-voting liaisons who attend Board meetings, receive Board materials and participate in Board deliberations. The transparency of the Board's actions is maintained by a range of governance policies, including those on conflicts of interest (see 5b.i). Any operational or Board decision of ICANN may be revisited through a three-tiered system of formal review (see 5b.ii). These measures among others ensure that ICANN continues to operate in the public interest, and remains uncompromised by any particular interest group (see 5b.iii).

In fulfilling its prescribed mission for the international Internet community, ICANN provides a means for converging views on technical Internet issues to be addressed in "Internet time". With more issues being resolved through the ICANN process, and more stakeholders being part of that resolution, there is a need for the transactions and projects of ICANN's policy development process and its core services to remain as streamlined and efficient as possible. To this end, ICANN proposes to invest in these processes, in two ways. High-speed transaction systems that automate operational processes where appropriate will improve client transactions, human resource requirements and information management, both internally and for ICANN's stakeholders (see 5c.i). A competent project management system will also facilitate the planning, management and reporting on the over 60 initiatives for which ICANN currently has responsibility (see 5c.ii).

5a Organisational Structure and Personnel

Consolidate ICANN's organisational structure to maintain and strengthen ICANN's operational qualities and global responsiveness.

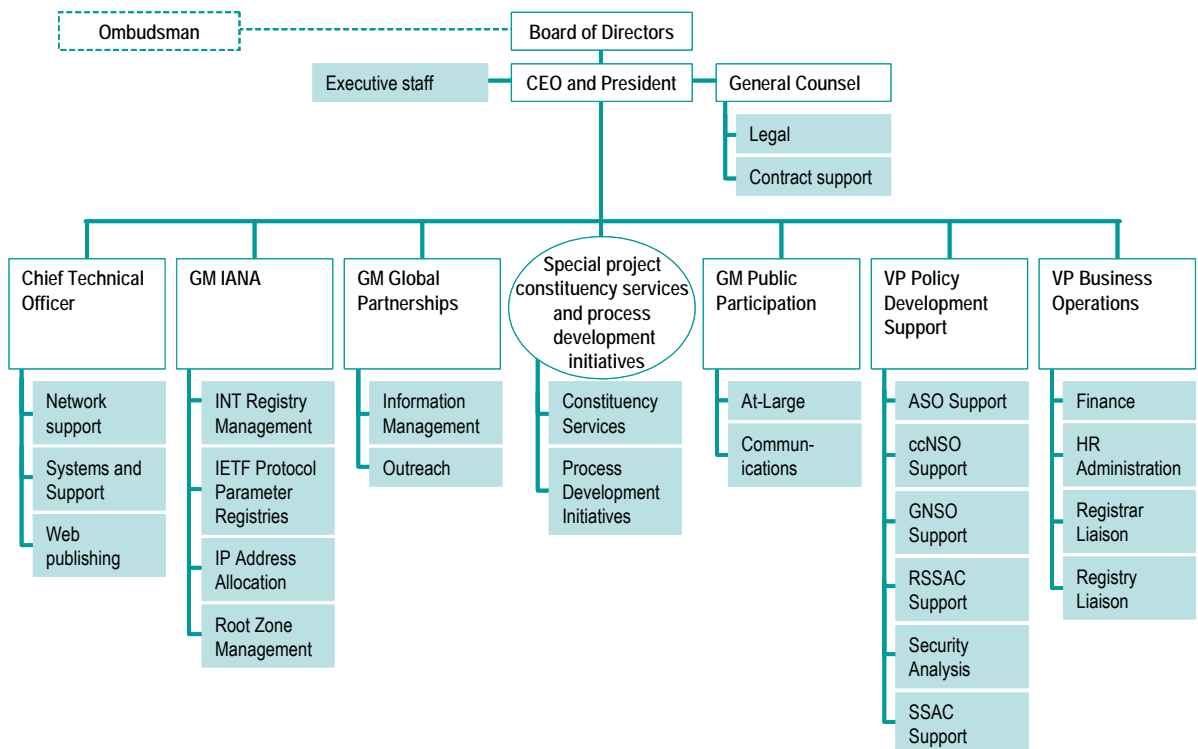
5a.i) Review the operational structure and personnel requirement, including executive compensation and management succession plan

ICANN serves many constituencies of the global Internet community. It is important that its staffing and operational structure reflect and serve their diverse needs, in so far as they relate to ICANN's mission.

The organisational structure developed through 2003-2004 has been designed to serve that purpose into the future. It enables ICANN to be more operationally efficient, to provide better support for new issues and policies being discussed by the ICANN community, and to partner with local Internet communities and related bodies in promoting effective local administration of key technical aspects of the Internet.

These benefits are being achieved in the new organisational structure by establishing a new globally-based management team with seven direct functional and business area reports to the president. At the top level, this clearly delineates ICANN's internal and external operations, establishes clear lines of accountability for key operational and strategic functions and, through the VP Policy Development Support and the GMs Global Partnerships and Public Participation, better recognises the important relationships between ICANN, the ICANN Stakeholders and the broader Internet community.

Figure 13 ICANN organisational structure, 2004



The two Vice Presidents in the new structure are the Vice President, Policy Development Support and the Vice President, Business Operations.

- The creation of the Vice President, Policy Development Support recognises the importance of the technical community and other supporting groups to ICANN. The Vice President provides high-level oversight of the liaison and staff support between the various ICANN Supporting Organisations (and their constituencies), the Advisory Committees and the technical community. The role ensures that appropriate support is provided for these organisations and committees.
- The Vice President, Business Operations is accountable for all ICANN support functions other than legal, Board Secretariat functions and information technology. This position has responsibility for controlling and reporting on ICANN finances, designs and provides metrics to monitor and assess the productivity of ICANN operations, and so has a key role in improving ICANN's planning capability and delivery standards. Another part of the role is oversight of the gTLD Registry and Registrar operations, as well as other operational areas of the organisation such as meeting management, office management, and human resource management.

Also reporting directly to the CEO are four General Manager roles:

- A new dedicated GM IANA recognises the importance of the IANA function to the Internet community. The GM IANA manages the relationships and communication between IANA and the relevant communities, as well as taking accountability for the operational efficiency and effectiveness of the IANA function.
- The GM of Public Participation & Communications is accountable for the relationship with another key stakeholder group, the wider Internet user community. Working closely with the At Large Advisory Committee, this executive assists public stakeholder communication, including the coordination of public forums and outreach for end users.
- The GM Global Partnerships maintains the important relationships that ICANN has with country level local Internet communities and related bodies. The GM ensures that ICANN facilitates an outreach to local Internet communities, especially in the developing world, to promote effective local administration of key technical aspects of the Internet.
- The Chief Technical Officer is accountable for all ICANN technology functions. Externally, this will involve engagement with the Internet technical community from a technical and networking perspective. Within ICANN, the CTO manages the IT infrastructure and day-to-day support, including the IT systems that underpin the IANA functions, as well as managing IT infrastructure and day-to-day support.

The General Counsel & Secretary will continue to support the CEO and the Board in understanding, advancing and protecting the organisation in matters of law and risk management, while providing staff support for the Board.

ICANN is also initiating a special project to address two vital areas: constituency services, identifying the ways in which ICANN's "customers" – those who deal with ICANN on both a regular or occasional basis – interact with ICANN and improving those interactions; and Process Development Initiatives, for developing initiatives to ensure that the constituency services and the various institutional processes of ICANN, such as bylaw requirements are being fulfilled and functioning properly.

ICANN has developed an internal structure along functional lines of operational responsibility and global processes. The transition to this new structure has fragmented some of the traditional areas of responsibility within ICANN while rebuilding them along the new organisational lines. Using innovative customer service strategies, the GM of Customer Services will have the responsibility for bringing the new organisational responsibilities into alignment with the expectations of those who form ICANN's customer base – the organisations and individuals who transact directly with ICANN.

As an example, the Regional Internet number Registries and their communities interact with ICANN in a number of ways: through requests to IANA for number resource allocations; through the ASO for policy communications; through cooperative training sessions at various conferences; and through negotiations over budget and service agreements. These relationships developed prior to ICANN's newly formed organisational lines, particularly the functional distinction between operational and policy responsibility. Before, the RIRs dealt with one or two ICANN staff for all these purposes and they now interact with several. This GM's goal will be to determine the best means of ensuring that ICANN provides a consistent and predictable relationship with the RIRs, respecting the multiple institutional connections that exist.

In addition to the changing face of ICANN's working relationships, ICANN now has an increasingly complex body of policy development and institutional requirements to maintain. The GM for Process Development Initiatives responsibilities will extend to developing initiatives that ensure ICANN meets all of these requirements, that the various processes are functioning properly and effectively, and that there is appropriate support for the constituency service initiatives.

In total, execution of the strategic plan and budget require ICANN staff to grow from 30 employees at the end of FY 2003-04 to 59 employees at the end of the next fiscal year. Specific areas of growth are indicated in the documents mentioned.

A management succession plan was prepared by internal staff members. The plan is phased, providing for temporary succession in the short-term while ICANN is short-staffed and describing a more permanent succession hierarchy as projected staffing levels are achieved and quality hires are made.

5a.ii) Recruit and retain the high-quality, multi-culturally diverse staff required to ensure this operation is globally efficient and effective

The ICANN Board and staff reflect the international nature of the organisation. The staff hails from nine different countries (Australia, Denmark, France, Mongolia, the Netherlands, Niger, Taiwan, the United Kingdom, and the United States). They exhibit fluency in more than 14 languages. Similarly, the Board of Directors represents fourteen nationalities and is fluent in many languages.

To successfully serve its important tasks as a technical coordination body for the Internet, ICANN must continue to recruit and retain a diverse, high-quality and skilled staff. Additionally, by early 2005, ICANN will establish a presence in all global regions to fulfil this Strategic Plan. This will require the recruitment of appropriate staff, and the ability to coordinate the content and partnerships to deliver the necessary targeted programs.

By the end of 2004, ICANN will have 40 Full Time Equivalent (FTEs) staff members. This will increase significantly by 2005-06. All senior positions have been recruited through executive recruitment services and are publicly and internationally advertised. In filling several roles to date, ICANN has attracted experienced executives from the technical, communications, and government sectors.

5a.iii) Review ICANN's corporate structure and jurisdiction

ICANN is currently incorporated under Californian law and has tax-exempt status as a non-profit, public benefit corporation under U.S. Internal Revenue Code s 501(c)(3). Under that provision, the tax-exempt status must be reviewed annually, which also provides the opportunity to re-examine both ICANN's corporate structure and the jurisdiction under which it resides.

The June 2004 review concluded that there was no advantage to changing ICANN's corporate status at this time. The review, in conjunction with the review of ICANN's revenue sources in preparation for this strategic plan has allowed for consideration of many alternatives to best prepare a solid future for ICANN as a global organisation.

5b Corporate Governance

Strengthen and maintain ICANN's Board representation, operations and review with a focus on contingency planning and maintaining public confidence.

5b.i) Review the internal mechanisms that promote and ensure Board, executive management, and staff corporate responsibility

The starting point in good corporate governance is prevention (focused on deterring and avoiding opportunity for wrongdoing, versus punishment after the fact). To this end, ICANN has detailed procedures and policies in place and enforced affecting senior management and Board members, each requiring the attention of appropriately trained staff. The policies include:

- **Rigorous recruitment practices.** ICANN is aware that although appropriate procedures and practices are a condition of good governance, it is crucial to recruit and retain directors and management who are of high ethical standards, and who have the experience, acumen, judgment and other attributes of good governance and management. To that end, ICANN's recruitment policies are being further tightened. Board members selected through the Nominating Committee process undergo rigorous due diligence. Staff recruitment includes appropriate background checking at the highest levels of industry standards.
- **Conflict of Interest Committee and Policy.** The Committee oversees disclosures by each director and officer of their business and affiliations relating to business and activities of ICANN. The Policy requires abstention from votes by interested directors and refusal from any related discussion for interested officers. A violation of the Policy may constitute "cause" for removal or termination of a director or officer's appointment.
- **Governance Committee and Policies.** The Board Governance Committee (BGC) is responsible for reviewing board performance; recommending governance guidelines in keeping with ICANN's mission as a global, private sector corporation serving in the public interest; and recommending key board positions and committee membership and chairmanship. In accordance with these duties, the BGC recently issued a statement on procedures for Board nominations. The BGC's role is that of watchdog of the Board, responsible for monitoring compliance with good, ethical governance practices by the Board as a whole.

- **Financial and accounting matters oversight.** ICANN's accountants perform a monthly review and analysis of ICANN's financial books and records, reconciling management's accounting; a yearly audit is performed by an internationally-recognised global accounting firm (historically KPMG). Among ICANN's audit committee's responsibilities are the review of compliance of the organisation's accounting and financial management systems and reports with generally accepted accounting principles for non-profit organisations; and periodically reviewing ICANN's system of internal controls, including its risk management policy. The finance committee of the ICANN Board is responsible for consulting with ICANN's President on ICANN's annual budget process and applying appropriate scrutiny to the budget.
- **ICANN policy of openness and transparency** ICANN adheres to a policy of openness and transparency in Board decision-making, allowing ICANN's Stakeholders to review the Board of Directors' performance themselves. All Board decisions are published on the ICANN website.

5b.ii Implement Bylaw procedures for reviewing Board, management, and staff actions

Continue to develop, to test, and to implement accountability mechanisms to address claims by members of the Internet community that they have been adversely affected by decisions in conflict with ICANN's by-laws, contractual obligations, or otherwise treated unfairly in the context of ICANN processes.

ICANN's Bylaws provide for the following checks on Board and management power and authority; and review of decision making:

- **Reconsideration Policy:** Any person or entity materially affected by an action of ICANN may request review or reconsideration of that action by the Board, to the extent that he, she, or it have been adversely affected by (a) a staff action or inaction contradicting established ICANN policy or policies; or (b) one or more actions or inactions of the ICANN Board taken or refused to be taken without consideration of material information. All reconsideration requests are publicly posted on ICANN's website, and must be responded to in some fashion by the Board's reconsideration committee within thirty days of receipt. Since 2000, ICANN has received, evaluated, and acted on 20 such reconsideration requests.
- **Ombudsman Program:** The Bylaws provide for the Office of Ombudsman to act as a neutral dispute resolution practitioner for matters not coming under the provisions of the reconsideration policy (described above) or the IRP (described below). The Ombudsman will serve as an objective advocate for fairness, tasked with evaluating, clarifying of issues, and, where possible, resolving complaints about unfair or inappropriate treatment by ICANN staff, the ICANN Board, or ICANN constituent bodies, using appropriate conflict resolution tools.
- **Independent Review Panel:** ICANN's Bylaws mandate that ICANN have in place a process for independent third-party review of Board actions alleged to be inconsistent with the Articles of Incorporation or Bylaws of the organisation. Requests for review are to be referred to an independent review panel operated by an international arbitration provider. Three arbitration providers have emerged as suitable candidates to operate the review panel, and the qualifications and attributes of each are being reviewed currently with the intent for the organisation to make a selection in the next few months.

5b.iii) Implement internal and external oversight to ensure that ICANN continues to operate in the public interest, and remains uncompromised by any particular interest group.

In working to fulfill its mission, ICANN is guided in its decisions and actions by certain core values. One of these core values is ensuring the active participation and effective representation of all sectors of the Internet community. To this end, ICANN has in place both structural protections (provisions in ICANN's Articles of Incorporation and Bylaws) and adopted policies to ensure balanced input and participation at all levels of policy development and decision-making.

Any interested member of the Internet community can have a voice to be heard within the ICANN processes. ICANN's Board and Board committees, Supporting Organisations, Advisory Committees, and other ICANN bodies all operate under principles of representation that reflect the functional, geographic, and cultural diversity of the Internet. Further, government involvement within ICANN is appropriately balanced to ensure that ICANN remains a true public/private partnership.

The broad representation within the ICANN structure ensures that each geographic, economic, functional and cultural interest group has a voice at every level, so that no particular interest group can hold sway over ICANN's decisions and outcomes. This balancing of stakeholder interests and involvement has allowed ICANN to avoid having any single stakeholder group overwhelm any decision-making process.

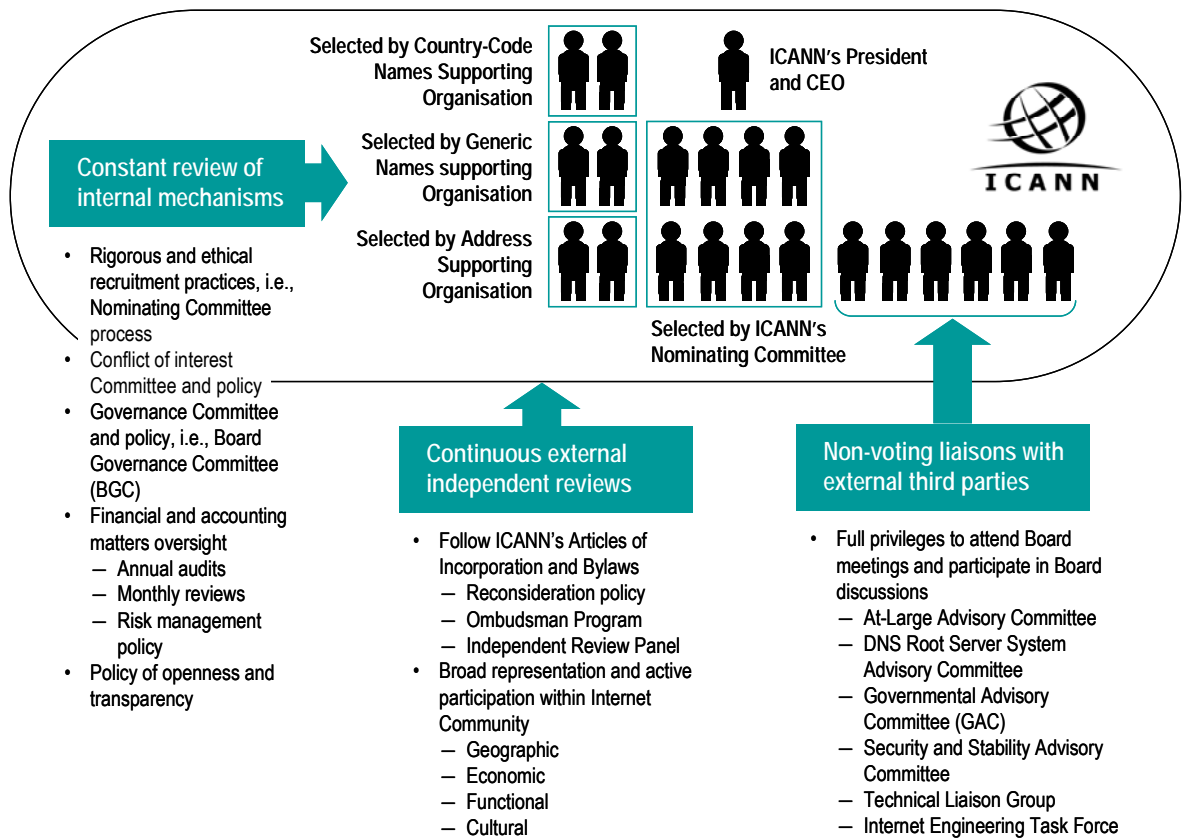
Board representation

ICANN's Nominating Committee also plays an important role in protecting ICANN's representational diversity. The Nominating Committee is comprised of individuals selected from a broad range of the Internet community. They are drawn from across the globe and represent a wide range of individual areas of expertise and knowledge. Their function is to ensure broad representation on the ICANN Board, to ensure that no individual stakeholder or interest group can capture ICANN, its policy development processes, or final decision making.

Bylaws governing representation on ICANN's Board, as well as appointment of non-voting liaisons, are structured to provide for a balance of representation, as well as a voice for each constituent group:

- Eight Board members are selected by ICANN's Nominating Committee. Nominees are evaluated based upon diversity and breadth of experience, skills, background and geographic representation.
- Two board members are selected by each of the following constituent groups, each with its own unique focus and view:
 - the Address Supporting Organisation, advising the Board on policy issues relating to the operation, assignment, and management of Internet addresses identifying the Internet's networked computers
 - the Country-Code Names Supporting Organisation, developing and recommending to the Board global policies relating to country-code top-level domains, nurturing consensus across the ccNSO's community, and coordinating with other ICANN supporting organisations, committees and constituencies
 - the Generic Names Supporting Organisation, developing and recommending to the ICANN Board substantive policies relating to generic top-level domains. GNSO inclusive constituencies include commercial and business users; gTLD Registries; Internet service and connectivity providers; non-commercial users; registrars; and intellectual property interests
- ICANN's President also serves on the Board

Figure 14 ICANN's board and corporate governance



Board liaison representation

In addition to full, voting Board members, ICANN has non-voting liaisons to the Board with full privileges in attending Board meetings, receiving Board materials and participating in Board discussions. The role of Board liaisons is to provide an avenue for communication of the liaison's committee or supporting organisation to the Board, and also to communicate Board views back to their representative group and help foster the sharing and dissemination of information. A non-voting liaison to the Board is designated by each of the following ICANN Advisory Committees:

- the At Large Advisory Committee, which advises the Board on how ICANN's activities relate to the interests of individual Internet users
- the DNS Root Server System Advisory Committee, which advises the Board about the operation of the root name servers of the domain name system
- the Governmental Advisory Committee (GAC) consisting of representatives of governments; distinct economies (as recognised in international fora); and multinational governmental organisations and treaty organisations (upon invitation); which as a committee provides advice to ICANN on issues of public policy and matters within ICANN's mission of importance to national governments, distinct economies, and multinational and international treaty organisations
- the Security and Stability Advisory Committee, which advises the ICANN community and Board on matters relating to the security and integrity of the Internet's naming and address allocation systems
- the Technical Liaison Group, incorporating representatives from the ITU-T, the ETSI, the W3C and the IAB, and providing a source of technical advice to the ICANN Board on matters pertinent to ICANN's activities

- the Internet Engineering Task Force, which advises the ICANN Board on technical matters relating to Internet engineering and the IETF development process.

Each ICANN committee, supporting organisation, and other representative bodies adopt rules and procedures to ensure a balance of views within the entity. For individual Internet users, the At-Large Advisory Committee provides an opportunity for representation for individual Internet users in all geographic regions, through participation in online forums and regional outreach events and, in the future, local At-Large Structures and Regional At-Large Organisations.

5b.iv) Contingency plans to ensure continuity of operations

Develop a contingency plan, reflecting the international nature of the DNS, to ensure continuity of operations in the event the corporation incurs a severe disruption of operations, or the threat thereof, by reason of its bankruptcy, corporate dissolution, a natural disaster, or other financial, physical or operational event.

ICANN has a wide range of stakeholders who rely on ICANN operations in their own strategic operating models. ICANN's contingency plans must encompass several elements to ensure continued operations of all areas of its responsibilities. Their objective is to maintain the operational stability of the global Internet.

A contingency plan has been developed that meets the requirements of the MoU. In the event of financial difficulties, or any other intervening business circumstances, an Executive Stability Committee will be formed, which will establish a multi-national, multi-stakeholder Emergency Names and Addressing Committee. Through these groups, ICANN's necessary business and technical relationships will be managed through whatever transition is required.

In the event of a natural disaster, or other catastrophic event, the contingency plan ensures ongoing operations of all of ICANN's technical functions. The details of this planning are necessarily confidential, but have been reviewed with appropriate technical and emergency management specialists.

5c Operational Controls

Develop operational processes to ensure that ICANN remains the preferred means for converging views on technical Internet issues to be addressed in "Internet time".

5c.i) Develop and sustain high-speed and efficient transactions systems, automating operational processes where appropriate.

ICANN reviewed its operating responsibilities and day-to-day procedures in December 2003 to determine areas where significant improvement could be made. Both internal and external clients were considered. After an initial period dedicated to process mapping of ICANN's activities, the evaluation team determined that three areas could immediately benefit from significant revision to operating procedures and the introduction of work processing tools:

- client transactions (such as tasks managed by the IANA function),
- the human resources function, and
- information management.

Client transactions. A significant process development effort has been undertaken to improve IANA workflow functioning in order to better serve the needs of its clients. It includes automated recognition and processing of client requests including certified identification of the requestor. The new workflow tools and procedures will be initially implemented by December 2004. These tools

and processes, more fully described in Priority 1 in this document, will also be applied to other ICANN transactional processes.

Human resources. ICANN is investing to have its human resource policies, manuals, documents and processes available internally in a web-based format. The web-based format will have two benefits. First, it provides for easy and rapid dissemination of news or changes to every employee desktop, allowing information to be more readily available to staff than a hard-copy manual that may not be read, if it could be found. Second, it makes changing and updating information more efficient. This will be especially valuable in as ICANN opens new offices and presences: Each location will have varying employment law and regulations, and it is important that both management and staff have a clear understanding of employee rights, duties and company processes regardless of their physical location. Considerable work has been done to date regarding the implementation and the tool will be deployed by June 2005.

Information management. The ICANN, technical and business communities generate significant amounts of information every week, through press releases, public and private meetings, policy development processes and technological developments. ICANN is working to collect and sort the information more efficiently so that is more easily available to those many constituents who rely on it. One initiative is towards more streamlined procedures, using electronic tools, to communicate across organisational lines. Another is to use search engines and to employ people and agencies to collect and sift information that might be of value to various constituencies. This project will be managed as an area of continual improvements with periodic review to measure progress and alter tactics.

5c.ii) **Establish a project management system to facilitate the planning, management and reporting of strategic and tactical initiatives.**

ICANN is presently managing over 60 initiatives. Many are described in this document and at least 37 are sufficiently complex that detailed project schedules and plans are required to manage them to a timely and successful completion. Nearly all were created for and directly benefit Internet community stakeholders.

They include:

- the GNSO policy development processes for Whois and consideration of new registry changes;
- oversight of the Transfer policy, Redemption Grace Period service and others; and
- executing agreements with the ccTLDs and with the RIRs.

These projects are presently managed through spreadsheet and other semi-automated tools. ICANN will staff a project management function and provide appropriate and necessary tools such as project scheduling software in order to efficiently manage the project processes. Progress against certain critical projects will be reported to the Board and the community at meaningful frequencies.



Funding Strategy

Developing and implementing a financial strategy to secure a predictable, adequate and sustainable revenue base to fund ICANN's strategic priorities.

This Plan outlines ICANN's strategy and initiatives for answering the demands of the Internet community for increased resources in operations and policy development support. Pursuing these initiatives will require an appropriate increase in staff and expenditure, especially in the first two years of the Plan (see section 6a).

In financing these budgeted needs, ICANN proposes to move its funding base to a more stable and sustainable model. In particular, a future funding model should include multiple revenue streams, multi-year rolling budgets, funding that is ear-marked for priorities such as Internet security and the needs of developing countries, and some means to secure a modest operating surplus to establish a reserve for contingencies. To meet these criteria, the proposed revenue structure comprises a balanced mix of contributions from gTLDs, ccTLDs and RIRs, intended to be recoverable from registrants in a transparent way, as well as alternate sources of revenue (see section 6b).

6a Budgeted Expenditure

Each of the four Principles guiding ICANN's fulfilment of these goals – stability, competition, bottom-up coordination and global representation – will require dedicated resources within an expanded operational structure. In particular, the additional resources are needed to:

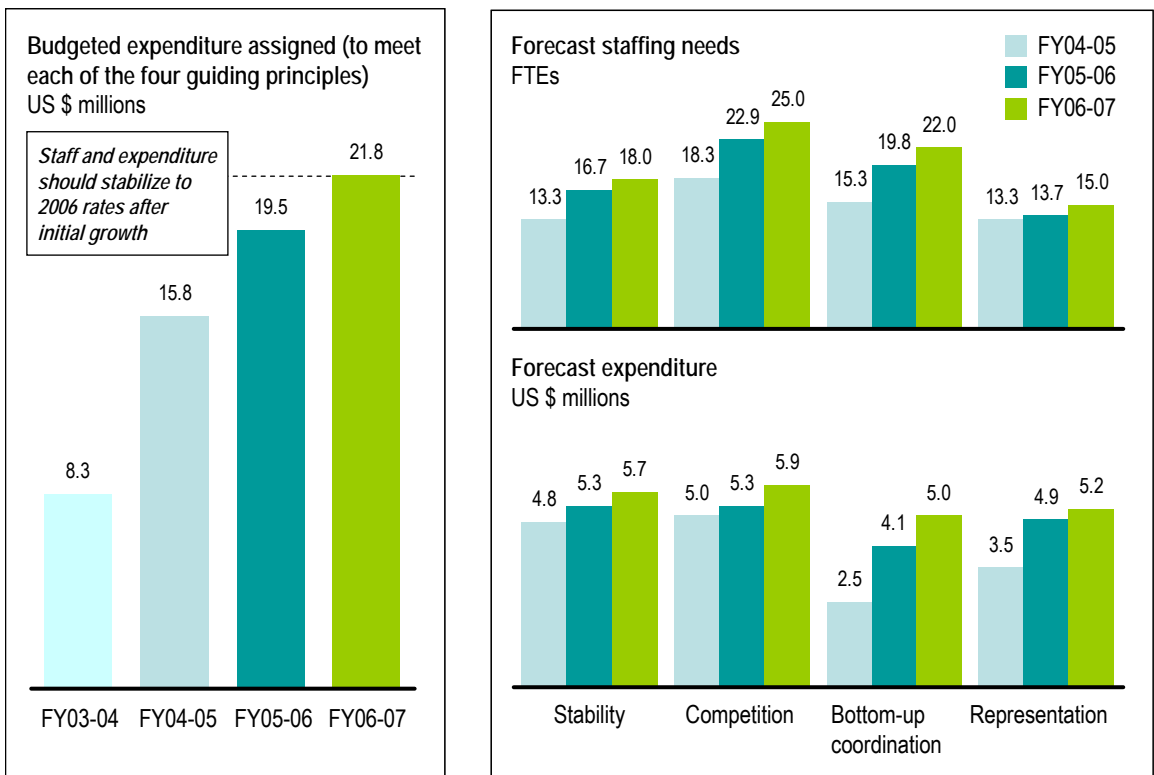
- Improve and further automate ICANN's information systems and infrastructure to support secure and stable operations;
- Improve ICANN's management systems to ensure operational workplans are appropriately resourced and follow-up mechanisms are in place;
- regionalise ICANN's resources to better serve its global community; and
- secure more staff of a quality that can accomplish the ambitious goals set out for ICANN in a complex, consensus-driven environment.

Significant additional funding is required for these and other initiatives described in this plan. Table X.1 shows the budgeted expenditure over the next three years, assigned to meeting each of the four guiding Principles. The budgeted expenditure rises from \$8.3 million in the 2003-04 fiscal year, to \$15.8 million in fiscal year 2004-05 and approximately \$22 million by fiscal year 2006-07.

Staff levels would rise in line with these increases, particularly as we add additional gTLDs and develop the appropriate support structures to meet the needs of an expanding domain name system. Table X.2 lays out the staffing needs over the next three years. Even with the increase, the proposed staffing levels are in line with comparable Internet resource providers: RIPE NCC (95 staff), APNIC (42), Nominet – .UK (“around 140”), CNR – .IT (at least 40) and the American National Standards Institute (80).

Note that ICANN’s staff and expenditure levels rise most quickly in the first two years of the plan. This is needed to establish and expand programs and infrastructure for all future work. After this investment is made, growth should stabilise at or near the rate achieved in fiscal year 2006-2007.

Figure 15 ICANN budgeted expenditure and staffing



6b Funding Sources

ICANN needs to move to a secure, predictable revenue base. This requires moving from to a more sustainable and stable model. The ICANN community has supported this move with the approval of the 2004-5 budget and the adoption of transaction-based fees in the gTLD registration sector.

Previous to this year, ICANN's revenue was generated through a process where the organisation first generated an annual, cost-based budget. The resource requirements were then allocated to some of the ICANN community's stakeholders. A majority of this funding comes from registries (gTLDs and sTLDs) and registrars (that provide gTLD and sTLD domain names). The amounts were determined through an annual negotiation. Historically, approximately 75% of ICANN's funding has been, as a practical matter, the product of this per-name registration charge that is built into the retail charges for domain name registrations. The gTLD registry and registrar payments are contractually required but the registrar contribution, as mentioned earlier, had been subject to negotiation.

The remainder of the funding has largely been voluntary contributions by DNS participants such as ccTLD registries (based on a similar, per domain name calculation) and address registries or RIRs (based on a mutually agreed upon amount). The ccTLDs typically do not have contractual relationships with ICANN, but have nonetheless participated in the annual budget exercise. There are contractual frameworks with a limited number of ccTLDs where they reliably supply some small portion of ICANN budget requirements each year.

ICANN has no capital account, some self-insurance reserves and effectively no other-purpose reserves. While there are many issues to be resolved, a future ICANN revenue structure will include the following characteristics:

- multiple revenue streams,
- multi-year, rolling budgets,
- ear-marked funding to support efforts such as network security and work in developing countries,
- revenues in excess of expenses in order to establish a reserve to address contingencies.

The budgetary guidelines developed for the Fiscal Year 2004-2005 budget offer a good discussion of the actual and potential revenue sources, and the extent to which they would fund ICANN's budget. These are calculated on the assumption that overall domain name registration will continue to grow at the 2002-03 rate of 15%. They demonstrate that the ICANN mission and objectives, including its important security initiatives, can be funded without burdening the community. Further, the funding burden will be spread increasingly and equitably across constituencies and, as alternate sources of funding are established and stabilise, there will be less reliance on per-name registration fees.

6b.i) Transaction or Billable Event Based Fees: gTLDs

The 2004-5 fiscal year's budget plans that the fees charged to registrants through registrars should be made on billable event (i.e., a per transaction) basis rather than by the current quarterly calculation. The prior method divided the portion of the ICANN budget allocated to the registrant fees by the number of total number of domain names to develop a "per name" fee. Using the earlier method, the fee could vary from quarter to quarter as the number of registrations fluctuated. In cases where the registrar sells a multi-year registration, the registrar would be out-of-pocket if the per-name fee rose over the years.

Billable event or transaction based fees (fees paid by the registrant, through the registrar, to ICANN) effectively address these issues. Billable events are all new subscriptions (adds), renewals or transfers that result in an invoice to the registrant. Since the registrar forwards fees to ICANN only upon the commitment from the registrant, the fees paid will always be directly proportional to revenues. Variability in the total number of names would not affect the fee rates. While needing to ensure a smooth transition phase, ICANN will absorb in the longer term, within reason, the variability of the process. Since the fee is charged on an event-by-event basis, the charge can more readily be passed through directly to the registrant, either as a price increase or as a separate line item charge on the registrar's invoice to the registrant.

Initially, the billable event fee will be set at a rate slightly higher than that required by the ICANN expense budget to address variability in the revenue stream due to seasonality, timing effects and multi-year subscriptions. Excess receipts (if any) will be held in ICANN's reserve account. Over a period of several years, ICANN will build a reserve fund. When reserve goals are met, a portion of the billable event fee will be eliminated.

Given the spending plan described below, ICANN, in conjunction with the registrars, has set the billable event fee to be \$0.25 per billable event. ICANN is committed to ensuring long-term certainty for the registrars in terms of that fee.

The billable event fee can be held constant for essentially two reasons. First, the 2004-5 year's expenses are part of a three-year plan where the significant increase in budget will occur during the first calendar year with smaller increases in the following two years. Therefore, any increase in budget during the next two years will be funded through other fees proportional to growth in the DNS, but will not require a change to the fee structure. Second, ICANN is working to increase revenues from other sources.

6b.ii) Registrar Support Fee: gTLDs

There are two types of expenses that ICANN incurs in meeting its obligations to registrars in providing a secure and stable DNS. The first relates to the number of domain names managed by the registrar and the transactions they generate. These are funded by the domain name transaction fees described above. The second is those expenses – such as compliance, accounting, and database maintenance – that are required to service the registrar's accreditation and vary little for each registrar, regardless of size. An equitable charging model would therefore provide for a relatively fixed registrar support fee in addition to the transaction based charges, so long as this was not burdensome for the smallest registrars.

Fee calculation

A review of the services provided by ICANN to registrars reveals that approximately 2/3 of the ICANN effort is proportional to registrar size, with the remainder spread equally for each registrar regardless of size. Applying that ratio to the registrar funding currently received by ICANN determines that \$3.8m is related to fixed registrar support services.

During the 2004-5 fiscal year, ICANN will raise \$3.8MM in funding to cover the sorts of efforts associated with each registrar regardless of size. This figure was calculated by listing the various services provided by ICANN and determining whether that service applied equally to registrars regardless of size or if the amount of service provided was proportional to the names under registration for each registrar. It was determined that approximately 2/3 of the ICANN effort is proportional to registrar size while approximately 1/3 of the services are performed equally for each registrar regardless of size. The \$3.8MM represents approximately 1/3 of the funding coming to ICANN through the registrars.

The fee will be calculated by dividing \$3.8MM by the number of registrars at the time of invoicing. For example, if that invoicing were to occur today (when there are 224 accredited registrars), the Variable Registrar Support fee would be \$16,964 per registrar. (This fee will be charged in addition to the annual accreditation fee.) However, *it is anticipated that the actual fee will be less than \$10,000* annually because:

- the number of registrars is increasing,
- the fee will be partially forgiven for certain registrars, and
- revenues received in excess of those anticipated will applied to reduce the per registrar fee.

The 2004-5 fiscal year budget contains details on the options for relief from this fee available to small registry operators and sponsors.

6b.iii) ccTLD Contributions

Contributions from ccTLD registries are currently voluntary, and based on an annual per-domain-name calculation. The 1999 Task Force on Funding recommended that the ccTLDs contribute a 35% share of ICANN's continuing revenue requirements, and past preliminary ICANN budgets have proposed an amount determined by this percentage. As that amount has never been realised, the budgeted revenue has been "written down" to the contribution actually anticipated – for example the \$5.6m target for 2003–04 was written down to \$600,000. However, several ICANN stakeholders in consultations have urged that the 35% goal should not be abandoned at this stage.

Through consultations with several ccTLD representatives, ICANN also recognises that certain values are held across much of the ccTLD community and are represented in the ccNSO. One such value is a strong interest in the self-regulation of the DNS, and through that self-regulation, the coordination and enforcement of certain, specific functions. Another is a strong sense of solidarity across and within the constituency, solidarity in support of ICANN as a single community. Large TLDs are partnering with smaller TLDs in ways that provide adequate means of support for ICANN. (This is already demonstrated in the present nomenclature where Tier I and Tier II ccTLD registries contribute different fee levels.

ICANN understands that the ccTLD community will collaborate through the ccNSO to devise a similar methodology for its ICANN contributions, agreeing that the ICANN mission and the promotion and support of the values described above require and justify an increase in that contribution. Therefore, ICANN projects an increase in contribution of \$200,000 to \$800,000 for the upcoming fiscal year and looks to the ccNSO to provide a projection of funding and fee structure for the following years.

However, in the interest of budgeting simplicity, ICANN, in the 2004-5 fiscal year, instead of listing the amount based on the Task Force on Funding calculation (\$5,611,200) and writing it down, has budgeted the collection goal (\$1,022,000). Future budget planning in cooperation with the ccTLD managers should address regularising the ccTLD contributions to ICANN's revenues.

6b.iv) Regional Internet Registries (RIR) Contributions

Voluntary contributions from RIRs are mutually agreed amounts that are negotiated annually. For fiscal year 2004-05, after discussions with RIR representatives, ICANN has budgeted RIR contributions at \$823,000, a 54% increase over the previous year's contribution and equal to 10% of ICANN's 2003–04 budgeted expenses. ICANN gratefully acknowledges as well that RIRs fund ASO meetings, some staff support for the ASO and for the ASO chair's travel and attendance at the ICANN meetings.

While negotiations have continued, the RIRs have estimated their contributions and deposited funds into escrow. Future contributions will be governed by agreements between ICANN and the RIRs and, in anticipation of those agreements, the RIRs have released some funds out of escrow following the signing of the new ASO MoU in October 2004.

6b.v) Alternate Sources of Revenue

Sound business planning dictates that ICANN should develop alternate sources of funding in order to provide a more robust revenue base. Specifically, these sources include the ccTLDs, the RIRs, the formation of new gTLDs, and other interested parties.

While ICANN expects some revenue from these sources in 2004–05, it will take a full year or more to realise significant benefits. Therefore, anticipated revenues from these sources are not applied to reduce the transaction fee for 2004–05, but ICANN will help obviate the need for increases in the future.

- With the formation of the ccNSO, ICANN is in a better position to engage ccTLD managers on the importance and appropriate structure of accountability framework agreements with ICANN. One aspect of these discussions is how to secure a more consistent base of funding from these stakeholders. ICANN is staffing a ccNSO liaison and contract support function to facilitate the formation and execution of such agreements.
- ICANN is presently engaged in a process of establishing new sponsored TLDs and has undertaken a study to determine how best to allocate new gTLDs. Where new TLDs are established, ICANN will undertake separate technical and commercial negotiations with each one. Depending upon the business model of each, ICANN will realise some reasonable revenue stream from each TLD. Those revenue models may differ significantly from the ones presently locked in with existing registries. This model also applies to the negotiations to take place for the .net registry in 2005 and other existing gTLDs in the following years.

New registry services

ICANN could derive fees from the revenue stream flowing to registries as a result of new registry services. Determining the fees associated with these new services will require significant discussion with the registry operators and sponsors and identification of compliance and administrative costs that ICANN could bear with the adoption of new registry services.

Contributions from other organisations

Several stakeholders believe that a strong, vibrant ICANN is necessary for the stability of the Internet and therefore for the stability of substantial business segments these stakeholders manage. In consultations, these stakeholders have indicated that there is a substantial opportunity for commercial organisations which benefit directly from successful operation of ICANN's functions to contribute to some of the associated costs. With that in mind, ICANN proposes to engage on funding issues with these stakeholders, with commercial entities who profit from the stability and interoperability of the Internet, and with those who underwrite those interests.

Other organisations have proposed to facilitate ICANN's outreach and development by providing or funding staffing or facilities. ICANN would earmark moneys contributed to foster global Internet outreach, Internet education, and supply needed services around the world via the Internet, consistent with its Mission.



Appendix

Completing the MoU

ICANN has a commitment to fulfilling the terms of the MoU and concluding this relationship with the US Government. The MoU requirements are:

ICANN agrees to perform the following activities and provide the following resources in support of the DNS Project, in conformity with the ICANN Board-approved mission and core values and in furtherance of its ongoing reform efforts:

1. Continue to provide expertise and advice on private sector functions related to technical management of the DNS.
2. Work collaboratively on a global and local level to pursue formal legal agreements with the RIRs, and to achieve stable relationships that allow them to continue their technical work, while incorporating their policy-making activities into the ICANN process.
3. Continue to develop, to test, and to implement processes and procedures to improve transparency, efficiency, and timeliness in the consideration and adoption of policies related to technical management of the DNS. In conjunction with its efforts in this regard, ICANN shall take into account the need to accommodate innovation in the provision of DNS services.
4. Continue to develop, to test, and to implement accountability mechanisms to address claims by members of the Internet community that they have been adversely affected by decisions in conflict with ICANN's by-laws, contractual obligations, or otherwise treated unfairly in the context of ICANN processes.
5. Collaborate with the Department on operational procedures for the root name server system, including formalisation of relationships under which root name servers throughout the world are operated and continuing to promote best practices used by the root system operators.
6. Continue to consult with the managers of root name servers and other appropriate experts with respect to operational and security matters relating to the secure and stable operation of the domain name and numbering system in order to develop and implement recommendations for improvements in those matters, including ICANN's operation of the authoritative root, under appropriate terms and conditions.
7. Continue its efforts to achieve stable agreements with ccTLD operators that address, among other things, issues affecting the stable and secure operation of the DNS, including: delegation and redelegation of ccTLDs; allocation of global and local policy-formulation responsibility; and the relationship between a ccTLD operator and its relevant government or public authority. Such efforts shall include activities to encourage greater dialogue between ccTLD operators and their respective governmental authority.

8. Continue the process of implementing new top level domains (TLDs), which process shall include consideration and evaluation of:
 - a) The potential impact of new TLDs on the Internet root server system and Internet stability;
 - b) The creation and implementation of selection criteria for new and existing TLD registries, including public explanation of the process, selection criteria, and the rationale for selection decisions;
 - c) Potential consumer benefits/costs associated with establishing a competitive environment for TLD registries; and,
 - d) Recommendations from expert advisory panels, bodies, agencies, or organisations regarding economic, competition, trademark, and intellectual property issues.

Define and implement a predictable strategy for selecting new TLDs using straightforward, transparent, and objective procedures that preserve the stability of the Internet (strategy development to be completed by September 30, 2004 and implementation to commence by December 31, 2004).
9. Continue to develop, to test, and to implement appropriate mechanisms that foster informed participation in ICANN by the global Internet community, such as providing educational services and fostering information sharing for constituents and promoting best practices among industry segments.
10. Continue to assess the operation of WHOIS databases and to implement measures to secure improved accuracy of WHOIS data. In this regard,
 - a) ICANN shall publish a report no later than March 31, 2004, and annually thereafter, providing statistical and narrative information on community experiences with the InterNIC WHOIS Data Problem Reports system. The report shall include statistics on the number of WHOIS data inaccuracies reported to date, the number of unique domain names with reported inaccuracies, and registrar handling of the submitted reports. The narrative information shall include an evaluation of the impact of the WHOIS Data Problem Reports system on improved accuracy of WHOIS data.
 - b) ICANN shall publish a report no later than November 30, 2004, and annually thereafter, providing statistical and narrative information on the implementation of the ICANN WHOIS Data Reminder Policy. The report shall include statistics on registrar compliance with the policy and information obtained regarding results of the implementation of the WHOIS Data Reminder Policy. The narrative information shall include implementation status, information on problems encountered, and an evaluation of the impact of the WHOIS Data Reminder Policy on improved accuracy of WHOIS data.
11. By June 30, 2004, ICANN shall develop a contingency plan to ensure continuity of operations in the event the corporation incurs a severe disruption of operations, or the threat thereof, by reason of its bankruptcy, corporate dissolution, a natural disaster, or other financial, physical or operational event. In conjunction with its efforts in this regard, ICANN shall work collaboratively with the Department to ensure that such plan reflects the international nature of the DNS.
12. Collaborate on other activities as appropriate to fulfill the purpose of this Agreement, as agreed by the Parties.
13. Building on ICANN's recent efforts to re-examine its mission, structure, and processes for their efficacy and appropriateness in light of the needs of the evolving DNS, collaborate with the Department to ensure that ICANN's corporate organisational documents optimally support the policy goal of privatisation of the technical management of the DNS (collaboration to be completed by March 31, 2004).
14. By December 31, 2003, develop a strategic plan that sets forth ICANN's goals for securing long-term sustainability of its critical domain name and numbering system management responsibilities, including the necessary corporate structure and financial and personnel resources to meet such responsibilities. Such plan should address, among other areas, the following items, and should include measurable objectives and milestones for achievement of such objectives:

- a) Conduct a review of corporate administrative structure and personnel requirements, including executive compensation and management succession plan (implementation of any recommendations resulting from review to be completed by March 31, 2004);
 - b) Conduct a review of internal mechanisms that promote and ensure Board of Directors, executive management, and staff corporate responsibility (implementation of any recommendations resulting from review to be completed by March 31, 2004);
 - c) Develop and implement a financial strategy that explores options for securing more predictable and sustainable sources of revenue (strategy development to be completed by June 30, 2004 and implementation to commence by December 31, 2004);
 - d) Review and augment its corporate compliance program, including its system for auditing material contracts for compliance by all parties to such agreements (implementation of any recommendations resulting from review to be completed by June 30, 2004);
 - e) Develop a collaborative program with private and intergovernmental parties to conduct outreach to governments and local Internet communities in targeted regions, including key constituencies (commence program operation by December 31, 2004);
 - f) Develop and implement an appropriate and effective strategy for multi-lingual communications (commence strategy implementation by December 31, 2004); and
 - g) Conduct review of system-wide efforts to automate operational processes (implementation of any recommendations resulting from review to be completed by June 30, 2005).
15. Provide a status report to the Department on its progress towards the completion of its tasks under this Agreement, including implementation of ICANN's strategic plan, on or before five (5) business days following the end of each six-month period that this Agreement is in effect.