Highlights of the Draft ICANN FY25–29 Operating and Financial Plan and FY25 Operating Plan and Budget

December 2023

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1 Overview

The purpose of the Highlights document is to provide an overview of ICANN's FY25–29 Operating and Financial Plan and FY25 Operating Plan and Budget.

It accompanies two other documents:
- ICANN Draft FY25–29 Operating and Financial Plan and FY25 Operating Plan
- ICANN Draft FY25 Budget

In accordance with ICANN's Bylaws and the Empowered Community process, documents are divided into a five-year operating and financial plan, a one-year operating plan, and a one-year budget.

2 Operating Plan Highlights

2.1 Operating Plan Assumptions

Updates to the Strategic Plan: The Five-Year Strategic Plan undergoes periodic reviews and adaptations to address evolving trends. ICANN conducts these updates by monitoring the impact of trends on the Internet ecosystem. In March and April 2023, ICANN hosted 12 sessions to identify strategic outlooks, involving 207 participants from the community, Board, and org. Feedback from those sessions, including assessment of trends, risks, opportunities, and potential impacts on ICANN, was collected and analyzed.

Based on this data, certain ongoing activities will continue to be prioritized and reflected in the FY25 Operating Plan. On 26 October 2023, the Board resolved that the FY21–25 Strategic Plan would remain in force and unchanged, with no restatement needed at this time. The details of this analysis and conclusions are documented in the FY25 Strategic Outlook Trends Report.

Affordability: Affordability is a cornerstone of the FY25–29 Operating and Financial Plan, which adopts forward-looking "base" scenario operation funding projections. However, it maintains financial flexibility beyond FY25, enabling ICANN to adapt activity and expenses to accommodate potential shifts in funding. The plan prioritizes sustaining operating expenses within or below budgeted funding levels, utilizing designated and accessible funding sources. Upholding two fundamental principles of ICANN's long-term financial sustainability is paramount: (i) preventing operating expenses from exceeding operation funding; and (ii) ensuring the continuous maintenance of adequate reserves.

In 2018, the Board approved an eight-year strategy to replenish the Reserve Fund, striving to achieve a balance equal to at least 12 months of operating expenses based on the current year's budget. Presently, the Reserve Fund exceeds this target, underscoring ICANN's commitment to maintaining a balance exceeding one year of budgeted expenses.

Face-to-Face meeting and engagement: ICANN org has chosen to solicit input for its planning and budgeting forecast processes for FY25–29 by engaging with participants at hybrid ICANN Public Meetings. This also encompasses the Board, org, and community travel aligned with the planned meetings schedule. ICANN org remains flexible and prepared to adjust and revise its operational plans in close collaboration with the Board and the community as needed.

Planning for Board Approved Activities: ICANN org supports community-led activities resulting in recommendations from reviews, cross-community working groups, policy development processes, and advisories. These recommendations undergo multiple stages, including initiation, development, finalization, Board assessment, implementation planning, and execution. The planning and design of expected implementation work commences once these recommendations receive Board approval and are prioritized through the community-led Planning Prioritization process.

As part of a commitment to providing a comprehensive overview of projected ICANN operations over the upcoming five years, the FY25–29 Operating and Financial Plan includes areas of work that are still under community discussion or awaiting Board consideration. For detailed information, please see **Appendix B – ICANN Rolling Five-Year Roadmap**.

ICANN org updates the Five-Year Operating and Financial Plan annually to include the latest activities. While this plan offers a high-level roadmap of community-led activities, any implementation activities expected during the coming fiscal year are integrated into the Annual Operating Plan and Budget.

Planning Prioritization: ICANN is dedicated to efficiently prioritizing and allocating resources for the successful execution of Operating Initiatives and Functional Activities in the FY25–29 Operating and Financial Plan and FY25 Operating Plan and Budget.

The Planning Prioritization process represents an enhancement in the annual planning process due to the ICANN Operating Initiative. In May and June 2023, the community-led FY25 Planning Prioritization process took place resulted in a list of prioritized activities suggested by community members for consideration in Operating Plan development (SSR2 Recommendations 5.3 and 7.5). For more details, please see the FY25 Planning Prioritization page on the Planning and Finance community workspace.

This plan also includes multi-year work, including activities prioritized during the FY23 and FY24 community-led Planning Prioritization Process that are planned to continue.

2.2 Operating Initiatives

Operating initiatives describe how ICANN org will achieve the objectives and goals set out in the Five-Year Strategic Plan. The 11 operating initiatives listed below represent major areas of work that support the strategic objectives identified in the ICANN Strategic Plan. Operating initiatives were published for Public Comment and presented to the ICANN Board for feedback. Two operating initiatives (noted below) have been completed and any ongoing activities will be incorporated into the respective functional activity.

The 11 operating initiatives are:
1. Support the evolution and strengthening of root zone management and the Root Server System (RSS)
2. Facilitate the DNS Ecosystem Improvements
3. Evolve and strengthen the multistakeholder model to facilitate diverse and inclusive participation in policymaking
4. Evolve and strengthen the ICANN community's decision-making processes to ensure efficient and effective policymaking
5. Evolve and improve internal and external ethics policies
6. Promote and evolve the DNS through open and transparent processes that enable competition and open entry in internet-related markets while ensuring the stability, security, and resiliency of the DNS
7. Geopolitical monitoring, engagement, and mitigation
8. Improve the Depth of Understanding of the Domain Name Market Drivers That Impact ICANN's funding *(Completed as the key milestones have been achieved. Any additional activities will be incorporated into the GDD Accounts and Service Functional Activity).*
9. Implement New gTLD auction proceeds recommendations as approved by the Board
10. Planning at ICANN
11. ICANN Reserves *(Completed as the key milestones have been achieved. Any additional activities will be incorporated into the Finance and Procurement Functional Activity).*

Each operating initiative is cross-referenced against the strategic goals identified in the Strategic Plan, so readers can gain a comprehensive understanding of the strong interconnectedness of ICANN org's work. Please refer to Appendix B—Operating Initiatives Supporting the Strategic Plan in the Draft FY25 Plans for details.

2.3 New gTLD Program: Next Round

The ICANN Board requested that ICANN organization (org) deliver an implementation plan for the New gTLD Program: Next Round, a community-driven initiative enabling the continued expansion of the Domain Name System (DNS) no later than 1 August 2023. In July 2023, ICANN org published an Implementation Plan for the next gTLD application round, and is currently working to implement the Board-approved recommendations.

This project covers work in anticipation of the launch of new application rounds for new gTLDs. It adheres to Board-approved community-developed policy recommendations for future rounds and leverages insights gained from the implementation of the 2012 round of the New gTLD Program and subsequent reviews that assessed various aspects of the program.

The Implementation plan contains a work plan that includes relevant information for infrastructure development, timelines, and anticipated resource requirements for implementation of the New gTLD Program: Next Round. Execution of the Implementation Plan has and will continue to require significant org resources to develop and construct the essential program infrastructure including IT systems, operational processes, and applicant procedures to ensure the successful launch and operate the New gTLD Program: Next Round. Per community recommendations, the New gTLD Program is run on a cost-recovery basis. ICANN org maintains a separate budget to manage the funds that support the program work.

For more information, please refer to the FY25–29 New gTLD Program: Next Round section in the Draft Plans.

2.4 Functional Activities

Functional activities are those necessary to operate the organization, such as Human Resources or Finance, or implement ICANN's mission, such as Contractual Compliance or the IANA functions. The 34 functional activities have been placed into five service groups which represent the broad categories of work that ICANN org conducts.

The functional activities are:
- **Technical and DNS Security:**
  - Office of the Chief Technology Officer
  - ICANN Managed Root Server
  - Global Support Center
  - Global Communications and Language Services
  - Ombuds

- ○ Internationalized Domain Names and Universal Acceptance
- ○ IANA Functions
- ○ Contractual Compliance
- **Policy Development and Implementation Support:**
  - ○ Policy Development and Advice
  - ○ Policy Research and Stakeholder Programs
  - ○ Contracted Parties Services Operations
  - ○ Technical Services
  - ○ Strategic Initiatives
  - ○ Constituent and Stakeholder Travel
- **Community Engagement and Services:**
  - ○ Global Stakeholder Engagement
    - ■ Regional Offices
  - ○ Engagement Programs
  - ○ Global Meeting Operations (Meetings)
  - ○ Governmental and Intergovernmental Organization Engagement
  - ○ GDD Accounts and Services

- **ICANN Org Governance:**
  - ○ Board Activities
  - ○ Office of the President and CEO
  - ○ Governance Support
  - ○ Nominating Committee Support
  - ○ Complaints Office
  - ○ Reviews Support and Implementation
- **ICANN Shared Services:**
  - ○ Planning
  - ○ Finance and Procurement
  - ○ Risk Management
  - ○ Grant Program
  - ○ Engineering and Information Technology
  - ○ Global Human Resources and Administrative Services
  - ○ Security Operations
  - ○ Board Operations
  - ○ ICANN Offices

Each Functional Activity within the Operating Plan includes background on the purpose, activities, progress measurement, as well as description of considerations or risks that may impact the work. While the anticipated resources needed by each functional activity for the period of FY25–29 is at a high-level, the planned resources for FY25 are more detailed (please click here to review).

3 Financial Plan Highlights

3.1 FY25–29 Funding Approach and Assumptions

The FY25–29 financials provide forward-looking information that represents ICANN's attempt at conservatively estimating its future funding and expenses. The intent is to maximize the chances that such future funding is equal to, if not higher, than these projections would suggest, and thus allow ICANN to plan for a level of activity and expenses that minimize the risk that funding would be lower than expenses in the future.

ICANN org uses external information to develop multiple scenarios that incorporate various assumptions of growth or decline for each of its funding categories. These assumptions are developed for the specific purpose of creating reasonably conservative funding assumptions.

5-Year Projections	FY25	FY26	FY27	FY28	FY29
ICANN Operations Funding (In Millions USD)					
Base	$148.0	$149.3	$149.8	$151.2	$154.8
Low	$134.3	$130.3	$124.6	$119.5	$117.1
High	$155.9	$164.0	$171.2	$178.7	$188.9
Transaction Volume (In Millions)					
Base	216.5	221.9	228.6	237.0	246.0
Low	189.6	183.0	177.0	172.2	168.2
High	234.0	251.7	271.7	292.5	314.7
Contracted Parties					
Base	3,711	3,692	3,675	3,5659	3,644
Low	3,507	3,362	3,264	3,202	3,166
High	3,739	3,787	3,835	3,883	3,932

Because forecasting relies on assumptions that are hypothetical and can become outdated, ICANN org will continue to review its funding forecast regularly and adjust as needed.

3.2 FY25–29 Financial Projections

The table below reflects financial projections for the five-year period FY25–29. The projections define the maximum amount of operational expenses to be incurred on an annual basis.

ICANN OPERATIONS	$ in Millions USD						5-Year Total
5-Year Projections	FY25 Budget	FY26 Projections	FY27 Projections	FY28 Projections	FY29 Projections		5-Year Total
Funding	$148	$149	$150	$151	$155		$753
Expense							
Personnel	$90	$92	$94	$96	$99		$470
Travel and Meetings	$13	$13	$13	$13	$13		$65
Professional Services	$24	$24	$23	$23	$23		$117
Administrative	$19	$19	$19	$19	$19		$95
Capital	$1	$1	$1	$1	$1		$7
Contingency	$5	$5	$5	$5	$5		$25
Cost Saving Initiatives	($5)	($5)	($5)	($5)	($5)		($26)
Total Operating Expenses	$148	$149	$150	$151	$155		$753
Net Operating Excess/(Deficit)	$0	$0	$0	$0	$0		$0
Average Full-Time Equivalent (FTE)	407	407	407	407	407		407

4 Budget Highlights

4.1 Financial Overview

Total ICANN Financials	For the Twelve Months Ending 30 Jun 2025					
In Millions, US dollars	**ICANN Operations**	**New gTLD Program**	**SFICR Projects**	**Grant Program**	**Reserve Fund**	**Total**
Funds Under Management - 30 Jun 2024	**$37**	**$47**	**$24**	**$217**	**$172**	**$497**
Funding	148	-	-	-	-	148
Personnel	(90)	(13)	(1)	(1)	-	(105)
Travel & Meetings	(13)	(1)	(0)	(0)	-	(14)
Professional Services	(29)	(15)	(1)	(1)	-	(46)
Administration	(19)	(1)	(0)	(0)	-	(20)
Capital	(1)	-	-	-	-	(1)
Cost Savings Initiatives	5	-	-	-	-	5
Total Expenses	(148)	(30)	(2)	(2)	-	(182)
Projected Transfers	-	18	(18)	-	-	-
Projected Grants Distributed	-	-	-	(10)	-	(10)
Investment Income/(Decline)	0.4	0.4	0.0	2.1	1.7	5.0
Funds Under Management - 30 Jun 2025	**$37**	**$36**	**$4**	**$208**	**$173**	**$458**
Average FTEs	**407**	**46**	**4**	**4**	**-**	**460**
End of Period FTEs	**408**	**45**	**4**	**4**	**-**	**460**

Please note the following about the table above:
- ICANN Operations includes the day-to-day funding and expenses and is funded by the Operating Fund.
- New gTLD Program includes work on the New gTLD Program: 2012 Round and New gTLD Program: Next Round.
- Supplemental Fund for Implementation of Community Recommendations (SFICR) Projects currently consist of the implementation of prioritized Specific Review recommendations.
- Grant Program is funded by Auction Proceeds.
- All funds assume modest investment gains.
- Full-Time Equivalents (FTEs) are defined in the Glossary of the Budget document.

The table above starts with funds under management and the estimated beginning balance of each segment's fund as of 30 June 2024, which is the end of FY24. The following lines of the table show the expected funding and expenses of each segment as it relates to activities in FY25. Operating Fund transfers to other ICANN Funds resulting from excess in the Operating Fund are not budgeted and will be recommended for Board approval after FY24 concludes. ICANN is now investing most of its funds under management and has forecasted a positive return for each Fund depending on its investment criteria. Following these activities, the projected ending balance of each fund is shown as of 30 June 2025, which is the end of FY25.

Please see below for additional details regarding each segment and its corresponding fund.

ICANN Operations
- Funding is $148 million, which reflects historical data from the past few years as well as negative impacts resulting from recent economic conditions.
- Expenses are $148 million, balanced to ICANN Operations funding.
  - Personnel expense reflects an average headcount of 407 in ICANN Operations.
  - Travel and meeting expense assumes three ICANN Public Meetings.
  - Total expenses include contingency.

New gTLD Program
- Expenses are $30 million.
  - $4 million is related to the New gTLD Program: 2012 Round, including direct expenses and allocations from ICANN Operations.

- $26 million is related to New gTLD Program: Next Round implementation, including direct expenses and allocations from ICANN Operations.
  - Assumes a $18 million transfer from the SFICR; this next tranche requires Board approval as part of the New gTLD Program: Next Round's implementation plan.
  - Remaining $8 million will be covered by the New gTLD Fund.

SFICR Projects
- Beginning balance is $24 million.
- In FY25, prioritized Review implementation expenses are $2 million, including direct expenses and allocations from ICANN Operations.
- Assumes a $18 million transfer to the New gTLD Program: Next Round (requires Board approval).

Grant Program
- Beginning balance is $217 million, following grant program activities expected to take place in FY24 costing $2 million.
- Grant program expenses are $2 million, including direct expenses and allocations from ICANN Operations.
- Assumes $10 million of grants will be distributed in FY25.

Reserve Fund
- Beginning balance is $172 million.
- Ending balance is estimated at $173 million, which is above the 12-month minimum set by the Reserve Fund replenishment strategy approved by the Board in October 2018.

4.2 Average FTEs

The following chart shows the average number of Full-Time Equivalents (FTEs) working under each segment of Total ICANN. FTEs consist of direct staff and staff allocations from ICANN Operations. New gTLD Program FTEs reflect the resources needed for the implementation of the next round of new gTLDs. The Grant Program and prioritized Review Implementation both began in FY23 and efforts will continue in FY24 and FY25. The development of the RDRS system began in FY23 and ended in FY24.
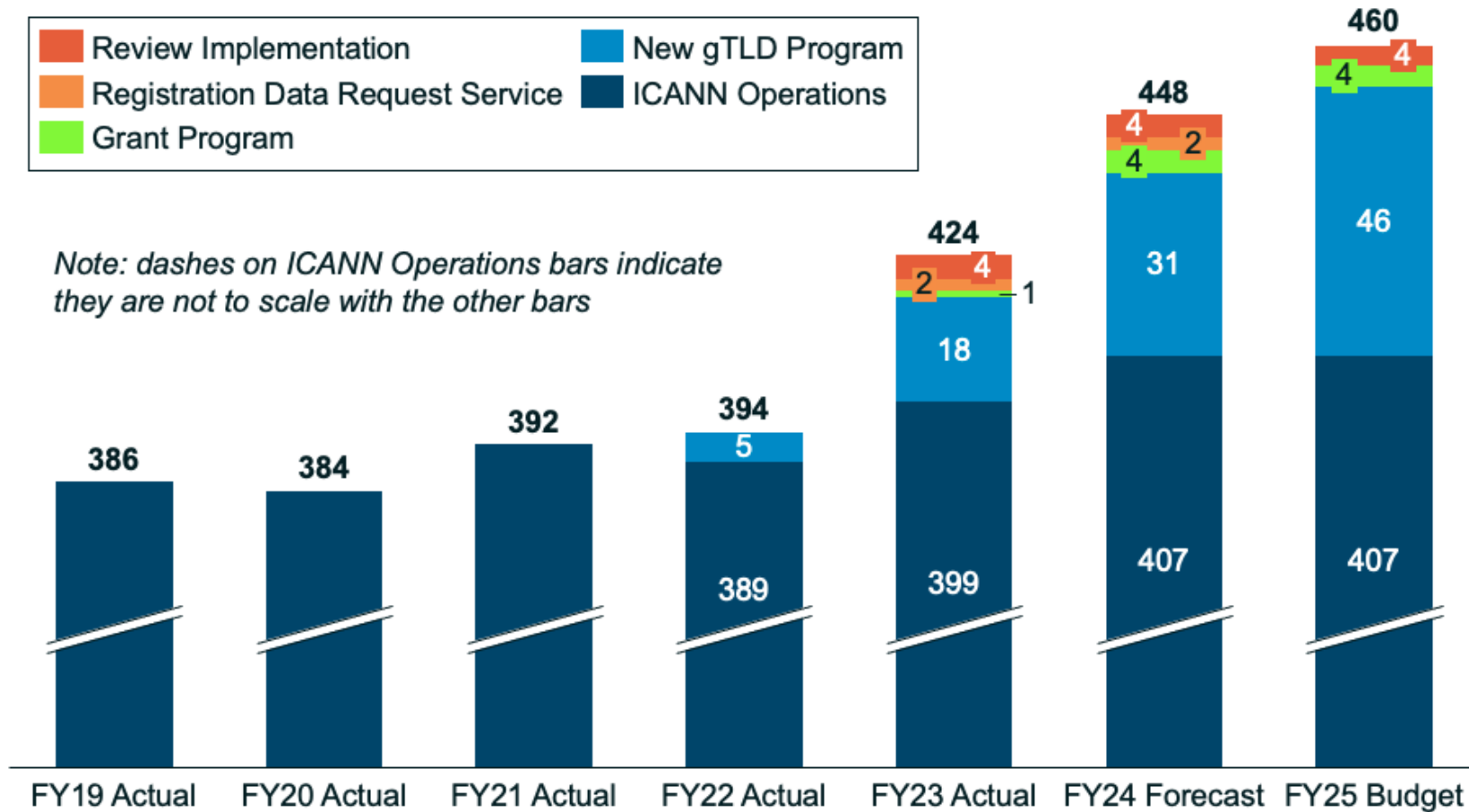
4.3 Funds Under Management

ICANN manages five funds. The chart below shows the expected balance of each fund on 30 June of each fiscal year listed.
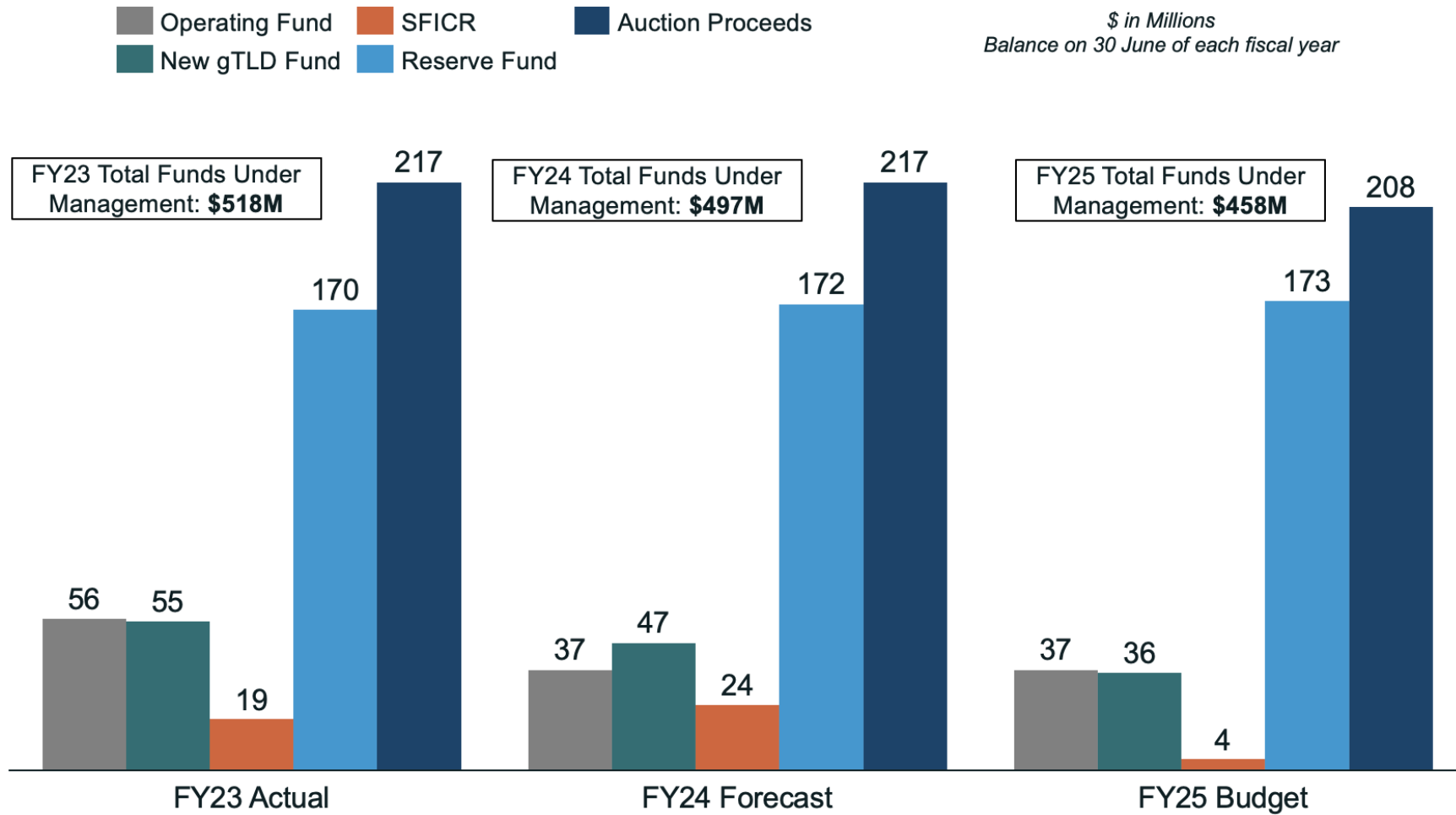
The Operating Fund covers day-to-day operations. The SFICR was created to establish segregated resources to increase the capacity of the organization to address projects that are multi-year and focus on community recommendations (for policies or resulting from reviews and cross-community working groups) that are approved by the Board, but do not fit within an annual Budget. The Reserve Fund is ICANN's funding of last resort to cover large expenses from unavoidable, unpredictable, or unplanned events. All three funds are governed in accordance with the ICANN Investment Policy.

The New gTLD Fund corresponds to the unspent portion of the New gTLD Program: 2012 Round application fees collected from applicants during the application window in 2012. The funds are used to evaluate the applications and to cover hard-to-predict cost (including contingency), and starting in FY22, to cover the New gTLD Program: Next Round. Auction Proceeds come from ICANN auctions held to resolve string contention in the New gTLD Program: 2012 Round. The Auction Proceeds will be used to cover the ICANN Grant Program. Both funds are governed in accordance with the New gTLD and Auction Proceeds Investment Policy.

ICANN org projects to have sufficient cash on hand in the Operating Fund through FY25 despite economic uncertainty.