

Public Comment: Draft Operating Initiatives for the Development of FY2021–FY2025 Operating & Financial Plan

14 JUNE 2019



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Introduction

This document has been prepared as part of the development of the Internet Corporation for Assigned Names and Numbers (ICANN) Five-Year Operating and Financial Plan for the Fiscal Years 2021 to 2025.

The Operating and Financial Plan is designed to enable ICANN org to define and demonstrate how it carries out ICANN's mission in the public interest over the next five years.

The ICANN [Draft Strategic Plan for Fiscal Years 2021–2025](#) sets out five strategic objectives and related strategic goals. **Strategic Objectives** directly correlate to the primary trends identified by the ICANN Community, ICANN Board, and ICANN Org. They represent areas of challenge and opportunity for ICANN to shape its future successfully. **Strategic Goals** identify the intended results of the Strategic Objectives.

The Draft Strategic Plan will be complemented by a five-year Operating and Financial Plan that describes ICANN org's Operating Initiatives and Operating Activities. **Operating Initiatives** are major initiatives ICANN Org will undertake to achieve the objectives and goals set out in the Strategic Plan. **Operating Activities** are the day-to-day activities supporting the organization's mission. For ICANN to achieve on those objectives it must prioritize its work, plan resources appropriately and ensure that its financial plan is developed thoroughly., also considering existing projects, daily operations and anticipated projects not related directly to the Draft Strategic Plan.

The Draft Operating Initiatives for FY2021–2025 are foundational to the development of that five-year Operating and Financial plan.

In this document, ICANN org shares 16 Operating Initiatives that the org plans to focus on during the period of FY21-25. These are major workstreams that support the objectives identified in the Draft Strategic Plan. This document provides background on why each Operating Initiative is important, and a high-level description of what ICANN org aims to achieve. The Operating Initiatives are organized by the Strategic Objectives (from the Draft Strategic Plan) that they support.

It is important to note that these Operating Initiatives are not a comprehensive list of ICANN org efforts that will support the Draft Strategic Plan. ICANN's day-to-day operating activities will be detailed in the next version of this document, which will be posted for public comment in December 2019.

Operating Initiatives

The 16 Operating Initiatives listed on the following pages are categorized by objective and include a description of the initiative and why it is important. In the next version of

this document, after considering community feedback, ICANN org will provide additional details for each initiative, including major milestones, estimated resources and costs, key measurements and dependencies, risks and potential mitigation.

Strategic Objective: Strengthen the security of the Domain Name System and the DNS Root Server System.

Strategic Goals: To achieve this strategic objective, ICANN seeks to:

- 1.1. Improve the shared responsibility for upholding the security and stability of the DNS by strengthening DNS coordination in partnership with relevant stakeholders***
- 1.2. Strengthen DNS root server operations governance in coordination with the DNS root server operators.***
- 1.3. Identify and mitigate security threats to the DNS through greater engagement with relevant hardware, software, and service vendors.***
- 1.4. Increase the robustness of the DNS root zone key signing and distribution services and processes.***

Operating Initiative: Promote Domain Name System Security Extensions and increase its deployment

Domain Name System Security Extensions (DNSSEC) provide a mechanism by which tampering of DNS information can be detected. To improve the security of the Domain Name System (DNS) and the Internet itself, DNSSEC should be widely deployed.

As DNSSEC deployment grows, the DNS can become a foundation for other protocols that require a lightweight way to securely store and retrieve globally accessible data. New protocols that rely on DNSSEC have been developed and thus only work for DNS data that are authenticated; for example, DNS-based Authentication of Named Entities (DANE). During FY21–25, ICANN org plans to support the standardization and development of DANE and similar technologies and facilitate deployment of those technologies in the DNS and elsewhere.

In addition, ICANN org will evaluate its activities related to DNSSEC and consider what other activities could increase DNSSEC deployment. ICANN org will make it a priority to engage with DNS stakeholders with whom it does not currently have significant relationships, such as recursive resolver operators and DNS software developers. ICANN org also will encourage DNS software developers and integrators to take the necessary steps to enable DNSSEC by default.

This Operating Initiative is important because if DNSSEC deployment fails, it is highly likely that attacks that tamper with information stored in the DNS, now relatively uncommon, will increase. Infrastructure attacks that redirect DNS queries to attacker-control DNS servers, which respond with altered data that facilitates man-in-the-middle attacks, are increasingly being seen on the Internet. DNSSEC can prevent these attacks from succeeding. In addition, the lack of DNSSEC would mean alternative authentication technologies would not be able to leverage the DNS as the data returned in DNS responses would not be verifiable.

This Operating Initiative supports Strategic Goals 1.1, 1.3, and 1.4.

Operating Initiative: Coordinate security in the DNS ecosystem

ICANN must better understand, document, and where possible, improve the emergency readiness of itself, and other actors in the DNS ecosystem. During FY21–25, ICANN plans to better define the role of ICANN in the context of DNS ecosystem security and ensure ICANN org’s readiness to fulfill that role. Subtopics may include the processes for integrating ICANN org’s Crisis Management Team into DNS-related security events and exploring mechanisms for secure communications with or between external parties to enable trusted environments for communications during events.

To successfully manage and mitigate any crisis impacting the DNS, it is important for the ICANN community, Board and org, as well as other actors in the DNS ecosystem to have a clear understanding of the role of ICANN org and the expectations for that role. This Operating Initiative will allow ICANN to put in place and test necessary tools and processes required to fulfill security coordination obligations appropriate to its role. Failure to put in place tools, processes, and procedures to regularly test ICANN org’s security coordinative role may also lead to inefficiencies or failures during an actual event, thus increasing risk to the ecosystem.

This Operating Initiative supports Strategic Goals 1.1, 1.2, and 1.3.

Strategic Objective: Improve the effectiveness of ICANN’s multistakeholder model of governance.

Strategic Goals: To achieve this strategic objective, ICANN seeks to:

- 2.1. Strengthen ICANN’s bottom-up multistakeholder decision-making process and ensure that work gets done and policies are developed in an effective and timely manner.***
- 2.2. Support and grow active, informed, and effective stakeholder participation.***
- 2.3. Sustain and improve openness, inclusivity, accountability, and transparency.***

Operating Initiative: Evolve and strengthen the multistakeholder model to facilitate diverse and inclusive participation in policy-making

ICANN’s Bylaws mandate that policy be developed through a bottom-up, consensus-based multistakeholder process. ICANN community policy work takes place through an open, consultative process where policies are developed and refined by the Supporting Organizations with input from its Advisory Committees – all composed of volunteers from across the world. These policy recommendations developed by ICANN’s SOs and policy advice issued by the ACs are sent to the ICANN Board for consideration, following which ICANN org staff implement the policies if approved.

ICANN org supports the ICANN community in its policy development and advisory work through the facilitation of consensus-building, and by providing subject matter and process expertise, as well as communications and administrative support. This helps to ensure that policy is made through a highly participative, transparent and representative process in a timely and efficient way.

The FY21–25 Strategic Plan specifically highlights the need to continue to ensure inclusivity and diversity of representation in active and effective community-based policy making. To that end, the regular cycle of Bylaws-mandated Organizational and Specific Reviews, as well as the periodic review of Stakeholder Group and Constituency Charters to maintain recognition of these groups by the ICANN Board, provide continuing opportunities to review and improve the multistakeholder model at ICANN. Much of this work is already underway, with community members looking at different parts of this issue and issuing recommendations in the Accountability and Transparency Review Team (ATRT3), Policy Development Process 3.0 and in the work on the Governance Plan to improve the effectiveness of ICANN’s multistakeholder model. The implementation of the recommendations out of the Work Stream 2 efforts of the Cross Community Working Group on Enhancing ICANN Accountability may also support this Operating Initiative.

Continued cross-departmental collaboration within ICANN org will be essential to ensure that the outcomes of this community-based policy work reflect an organization-wide understanding of the priority levels, costs and other technical, operational and financial implications of initiating, conducting and completing policy development and advisory projects.

The work required to accomplish this operating initiative is substantial, complex and cannot be viewed as one-off projects with fixed start and end dates or that can be accurately costed only in terms of financial outlay. Much of this work is underway, and will require ongoing support from ICANN org. Enhancing the multistakeholder model will require ICANN org to commit to providing the necessary resources, including staff, to work with the community in developing sustainable ways of improving diversity and representativeness in policy participation across the community.

This Operating Initiative supports Strategic Goals 2.2 and 2.3.

Operating Initiative: Evolve and strengthen the ICANN community’s decision-making processes to ensure efficient and effective policy making

The SO and AC community structures are listed in the ICANN Bylaws. The Bylaws also outline the process by which the Country Code Names Supporting Organization (ccNSO) and the Generic Names Supporting Organization (GNSO) conduct policy development work via their Policy Development Processes (PDP). There also are existing processes in place across the SOs and ACs designed to facilitate community decision making. These include:

- Specific rules describing requirements for each step in the policy development process (including voting thresholds for approving policy recommendations)
- Using community-approved Charters (detailing membership requirements, deliverables and working methods), work plans, policy impact assessments, and timelines for projects
- Procedures articulating expected norms of participation, the respective roles and responsibilities of group chairs and ICANN org staff, and methods to arrive at consensus

Community groups can review and update their internal procedures and requirements to address new challenges, with ICANN org staff support as needed. For example, the GAC and the GNSO are engaged in a review of their operating procedures to, in part, define leadership roles, clarify participation norms and consider consensus-building improvements. Similarly, the five Decisional Participants in the ICANN Empowered Community have been engaged in modifying and developing appropriate procedures for exercising the Empowered Community Powers,

The current levels of community policy and advisory work require a substantial amount of staff and community resources. Concurrently, there is an increasing number of requests for professional assistance with specific subject-matter expertise (e.g. legal advice), surveys and other data collection efforts, and policy impact assessments. These community needs will continue to put pressure on resources during FY21–25. ICANN org will continue to provide the necessary support for policy development and advisory activities undertaken by the SOs and ACs.

The community is already working to address these issues in several areas, including the work of ATRT3 and the work on the Governance Plan to improve the effectiveness of ICANN’s multistakeholder model. For the community to streamline and improve its decision-making processes to better manage its workload, ICANN org will need to engage with the community on the issues of workload, resource allocation and prioritization of community projects. ICANN org also will work to create a standard protocol for handling specific review recommendations, including a standard timeline for the Board’s review and response, building in cost and implementation analysis and dialogue with the relevant review team.

This Operating Initiative supports Strategic Goal 2.1.

Operating Initiative: Develop internal and external ethics policies

While ICANN org has strong suite of employment policies governing employee conduct, such as the Conflicts of Interest policy, it can do more to distinguish itself as a model of ethical business practices. Building upon existing efforts to instill an ethical culture across ICANN org, the next phase is to develop an internal Ethics Policy. This effort will continue to improve the confidence that the ICANN community places in ICANN org’s staff, by providing greater transparency into ICANN org’s expectations of employee conduct.

During FY21–25, ICANN org also will develop an ICANN community Ethics Policy that provides additional transparency and guidance in how members of the ICANN community approach their ICANN work and interact with each other. This too will contribute to the evolution of how stakeholders interact, already guided by documents such as the Expected Standards of Behavior and the Community Anti-Harassment Policy, as well as the practices for declarations of statements of interest and conflicts of interest across various community groups.

This Operating Initiative supports Strategic Goal 2.3.

Operating Initiative: Review and evaluate current meeting strategy

ICANN meetings are central to ICANN's multistakeholder model as a vehicle for progressing policy work, conducting outreach, exchanging best practices, conducting business deals, fostering interaction among members of the ICANN Community, Board and Org, and learning about ICANN. ICANN meetings continue to be increasingly complex events, with external and internal factors impacting the approach.

ICANN org will evaluate the long-term effectiveness, desirability, sustainability and financial feasibility, as well as the carbon footprint of ICANN meetings. ICANN org plans to collaborate with the Board and the community to assess the various types of meetings it manages, and to consider if and how they should evolve. As the ICANN community grows, so does the need to maximize participation from stakeholders around the world. ICANN org will assess and evaluate alternatives that maximize productivity for the ICANN community.

This Operating Initiative supports Strategic Goals 2.2 and 2.3.

Strategic Objective: Evolve the unique identifier systems in coordination and collaboration with relevant parties to continue to serve the needs of the global Internet user base

Strategic Goals: To achieve this strategic objective, ICANN seeks to:

- 3.1. Foster competition, consumer choice, and innovation in the Internet space by increasing awareness of, and encouraging readiness for Universal Acceptance, IDN implementation, and IPv6***
- 3.2. Improve assessment of, and responsiveness to, new technologies which impact the security, stability, and resiliency of the Internet's unique identifier systems by greater engagement with relevant parties.***
- 3.3. Continue to deliver and enhance the IANA functions with operational excellence.***
- 3.4. Support the continued evolution of the Internet's unique identifier systems with a new round of gTLDs that is responsibly funded, managed, risk-evaluated, and consistent with ICANN processes.***

Operating Initiative: Formalize a framework for further cooperation and coordination among the domain name, Internet numbers, and protocol parameter communities on risks associated with the evolution of the Internet's system of unique identifiers.

As the Internet grows in importance for day-to-day life, the unique identifier systems that underlie the network will continue to evolve and adapt to the needs of new innovations and requirements. An implication of this evolution and adaptation is the increase in interactions and dependencies between and among the different identifiers that make up the Internet's unique identifier system.

Currently, policy definition for the various identifiers used in the Internet is largely done independently and without a focus on the interactions among those identifiers. Increasingly, attacks are leveraging aspects of multiple identifier systems, e.g., using the routing system to compromise the DNS in order to gain access to valuable resources. This Operating Initiative is intended to establish a framework with the various

identifier communities, work jointly and collaboratively with those communities on matters that impact the overall security, stability, and resilience of the identifier system as a whole and the DNS in particular.

This Operating Initiative supports Strategic Goals 3.1 and 3.2.

Operating Initiative: Root Zone Management Evolution

In performing the IANA Functions, ICANN is responsible for the management of the Domain Name System root zone. This role includes assigning the operators of top-level domains (TLDs), such as .com, and maintaining their associated technical and administrative details.

Evolving the management of the root zone supports the continued advancement of the technology platform used to provide the root zone management services. This system manages the workflow of change requests from customers, automates many aspects of the processing, and ensures quality, accuracy and timeliness of the business processes. The original design decision of the technology was based on a small number of TLDs that was relatively static, with roughly one-to-one mapping between parties and the TLDs they manage. The current environment of entities with significant portfolios of TLDs that need to be managed in unison was not a factor when the system was originally designed.

Fiscal year 2021 will mark the end of a significant multi-year effort to make changes to the platform to implement security and usability improvements that have been long desired by the TLD operators community. Beyond the release of these changes, in FY21–25 ICANN will continue to evolve its technology platform with a significant set of features and enhancements identified to improve accuracy and operations, as well as the natural evolution of requirements based on technological development in the sector. These include:

- The first major revisions to the root zone change technical assessment criteria since 2007 are anticipated to support these changes.
- Expansion of the platform to properly model additional actors into the business processes, such as root server operators, and improve the quality of some manual components of the business process.
- Any necessary development to support new processes and procedures, such as subsequent applicant rounds for generic Top-Level Domains, the operational introduction of variant top-level domains in the root zone, and the outcome of the ongoing policy development process on the retirement of country-code top-level domains.

This Operating Initiative supports Strategic Goals 3.2, 3.3, and 3.4.

Operating Initiative: Promote and sustain a competitive environment in the Domain Name System.

[ICANN's Bylaws](#) state that ICANN's work should “introduce and promote competition in the registration of domain names where practicable and beneficial to the public interest.”

In 2008, the ICANN Board adopted GNSO policy recommendations for the introduction of new gTLDs requiring the introduction of new gTLDs to occur in rounds. The first round of new gTLDs launched in 2012, enabling hundreds of new TLDs in different scripts including Latin and Internationalized Domain Names (IDN). In a [February 2012 resolution](#), the ICANN Board reaffirmed its commitment to opening a second application window for the New gTLD Program as expeditiously as possible.

Introducing a subsequent round of new gTLDs and providing a predictable and dependable application process are critical to ICANN's mission. The ICANN Community, Board and org have been working toward this and it will continue to be a significant activity for ICANN org in FY21–25.

This Operating Initiative supports Strategic Goal 3.4.

Strategic Objective: Address geopolitical issues impacting ICANN's mission to ensure a single, globally interoperable Internet.

Strategic Goals: To achieve this strategic objective, ICANN seeks to:

- 4.1. Identify and address global challenges and opportunities within its remit by further developing early warning systems, such as ICANN's Legislative and Regulatory Development Reports.***
- 4.2. Continue to build alliances in the Internet ecosystem and beyond to raise awareness of and engage with global stakeholders about ICANN's mission and policy making.***

Operating Initiative: Evaluate, align and facilitate improved engagement in the Internet ecosystem

Increasingly, governments and intergovernmental (IGO) forums develop policies, legislation, and regulations that impact the Internet. In some cases, this may also impact ICANN's ability to develop policies, run its operations, and fulfill its mission. To address this and to ensure a single, globally interoperable Internet, ICANN plans to assess where these discussions and initiatives are taking place and determine where ICANN has or should engage to address these initiatives. This work follows the issues identified through the trends assessment work conducted by ICANN as part of the strategic planning process.

ICANN org plans to review trends, existing agreements and relationships, conduct an analysis of the relationship between ICANN and these organizations, and develop an approach to align engagement. ICANN org will identify bodies within the Internet ecosystem that are relevant to its remit and analyze others to assess whether ICANN org should be more involved with them or in other arenas. ICANN org also will consider other opportunities that may be more effective in influencing global Internet issues.

This Operating Initiative supports Strategic Goal 4.2.

Operating Initiative: Improve engagement and participation with Government, Intergovernmental Organizations

Governments and IGOs participate in the ICANN policy development process through the Governmental Advisory Committee (GAC). GAC members provide advice directly to the ICANN Board to ensure consistency with their priorities, laws and regulations, and public interest.

This constituency has steadily grown in membership and participation, while also having frequent turnover. As a result, some GAC representatives are less familiar with ICANN's processes and issues, making it difficult for them to effectively engage with ICANN. It is important, where possible, that governments participate in ICANN rather than addressing potential issues through external legislative or regulatory activity.

During FY21–25, ICANN org will assess the expectations of participants in the GAC, and create targeted material, capacity-building resources and online training courses to better equip government stakeholders around the world to become active participants in the GAC's advisory role to the ICANN Board on public policy issues.

This Operating Initiative supports Strategic Goals 4.1 and 4.2.

Operating Initiative: Monitor legislation, regulation, norms, principles and initiatives in collaboration with others that may impact the ICANN mission

In 2018, ICANN org began to identify and report on legislative and regulatory developments around the world that could have an impact on ICANN's ability to work in service of its mission, to provide educational information to governments on those issues in order to help ensure that lawmakers have the full benefit of ICANN's technical expertise.

In FY21–25, ICANN org will continue to refine this initiative by examining existing processes and further developing the mechanisms to capture community feedback and input. The org will also review its experience in FY20 to inform the process of determining the criteria for escalation from monitoring to activity of a use case, which will act as resource in the outreach and engagement effort.

This Operating Initiative supports the Strategic Goal 4.1.

Strategic Objective: Ensure ICANN's long-term financial sustainability.

Strategic Goals: To achieve this strategic objective, ICANN seeks to:

- 5.1. Implement a five-year Financial Plan that supports the five-year Operating Plan.**
- 5.2. Develop reliable and predictable funding projections.**
- 5.3. Manage operations and their costs to optimize the effectiveness and efficiency of ICANN's activities.**
- 5.4. Ensure that the level of ICANN reserves is continuously set, reached, and maintained consistent with the complexity and risks of the ICANN environment.**

Operating Initiative: Formalize the ICANN org funding model and improve understanding of the long-term drivers of the domain name marketplace

The domain name marketplace has matured over the past five years with the first round of the New gTLD Program. ICANN must contextualize its funding model by reviewing key enablers and challenges to domain name industry growth over the same period to provide a solid foundation to project the future. ICANN will use additional supplementary data input, including zone files, registry and registrar data escrow reports, contracted party family affiliation, and more, to validate and improve forecasting accuracy. As ICANN org formalizes its funding model, the org plans to evaluate the migration of the forecast model to a platform that will offer robust performance.

In addition, this effort will be coupled with an enhanced financial planning model to ensure ICANN org's activities adequately allow for and balance between economic changes, stakeholder needs and available funds.

This Operating Initiative supports Strategic Goal 5.1 and 5.2.

Operating Initiative: Implement New gTLD Auction Proceeds recommendations

ICANN holds proceeds from auctions as a mechanism of last resort to resolve string contention in the first round of the New gTLD Program. These proceeds are segregated and reserved until a decision is made regarding how those proceeds should be used and/or distributed. ICANN org will be prepared to support the next phase of this work by providing staff support to deliver feasibility assessments and costing as inputs to the ICANN Board for consideration of the Cross-Community Working Group on New gTLD Auction Proceeds (CCWG-AP), and will implement the adopted recommendations as directed in order to facilitate the implementation of the recommendations developed by the community and approved by the Board.

This Operating Initiative supports Strategic Goals 5.1, 5.2 and 5.3.

Operating Initiative: Planning at ICANN

To safeguard ICANN's long-term financial sustainability, and to be accountable to the public in our stewardship of ICANN's mission, we must ensure that the activities we carry out appropriately serve our mission, consistently with ICANN's strategic plan, adhere to ICANN's principles of accountability and transparency, and are carried out in the most effective and efficient manner. For this evaluation to enable a decision or an action, the evaluation must be done in advance of the actions being taken; therefore, we need to plan. Planning for efficiency is to design activities so that they are carried out most efficiently. Planning for decision-making is to identify the necessity for and nature of decisions that need to be made on the performance of ICANN's activities.

In ICANN's multistakeholder model, planning must be a collaborative, open and transparent exercise, to ensure that all parties of the ICANN ecosystem can be accountable to ICANN's mission in the global public interest, to the extent of their respective roles. As an organization that supports the policy development work carried out by the volunteers, planning must allow for a comprehensive understanding of the activities that need to be carried out to achieve the strategic plan in furtherance of ICANN's mission. Considering its global public interest remit and the requirement to

sustainably carry out its mission, careful management of ICANN's resources with a long-term objective of sustainability is necessary and critical.

Based on the above, ICANN will evaluate and aim to improve the quantification of resources, evaluation of needs, prioritization, flexibility, transparency related to the planning process over the five-year period of the strategic plan, and the Operating and Financial plan.

This Operating Initiative supports Strategic Goals 5.3 and 5.4.

Operating Initiative: ICANN reserves

To safeguard ICANN's long-term financial sustainability, and to be accountable to the public in our stewardship of ICANN's mission, we must ensure that the level of ICANN reserves is continuously set, reached, and maintained consistent with the complexity and risks of the ICANN environment.

The ICANN Reserve Fund target level is set at 12 months of operating expenses. The Board approved a Reserve Fund Replenishment Strategy to progressively reach the intended target level. The operational surpluses and investment returns are included in this strategy as funds to be allocated to the Reserve Fund. The use of any Reserve Fund is restricted by actions of the Board of Directors. The Reserve Fund contains any ICANN Operations amounts not contained in the Operating Fund. Surplus funds are used to build up the Reserve Fund to a level that will sufficiently cover emergency requirements. The 5-Year Financial Projections include planned annual contributions to the Reserve Fund. Based on these planned contributions, the Reserve Fund is projected to rise to a level that covers a minimum of 12 months of expected expenditures; once this level is reached it is expected to be maintained.

The Operating Fund has the funds for day-to-day operations of ICANN, including all items in the Board-approved annual budget. Any excess funds are considered available to transfer to the Reserve Fund.

New gTLD Program Funds are used to evaluate the applications and to cover "hard-to-predict" costs, including risks related to the New gTLD program.

This Operating Initiative supports Strategic Goals 5.3 and 5.4.