

Highlights of the Draft ICANN FY24–28 Operating and Financial Plan and FY24 Operating Plan and Budget

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1 Overview

The purpose of the Highlights document is to provide an overview of ICANN's FY24–28 Operating and Financial Plan and FY24 Operating Plan and Budget.

It accompanies two other documents:

- ICANN Draft FY24–28 Operating and Financial Plan and FY24 Operating Plan
- ICANN Draft FY24 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: Throughout its life cycle, the Five-Year Strategic Plan is periodically reviewed and adapted as needed to account for significant shifts in existing or new trends. ICANN tracks and monitors trends that impact the Internet ecosystem to update and inform its plans as needed. Between January and April 2022, ICANN convened 13 strategic outlook identification sessions with 261 participants from the community, Board, and org. Feedback received during those sessions was collected and analyzed, including assessment of the trends, risks, opportunities, and potential impacts on ICANN.

On the basis of the analysis of the data collected from the trend identification sessions, some ongoing activities will continue to be emphasized and reflected in the Operating Plan. On 16 November 2022, the Board resolved that the FY21–25 Strategic Plan shall remain in force and unchanged, with no restatement needed at this time. The details of this analysis and conclusions have been documented in the FY24 Strategic Outlook Trends Report which can be found [here](#).

Affordability and Balance Budget: The FY24-28 Operating and Financial Plan is forward-looking and uses “base” scenario Operation funding projections. However, the financials used beyond FY24 are intended to be flexible to allow ICANN org to adjust the level of activity and expenses should future funding levels change. ICANN org plans for operating expenses to remain at or

lower than budgeted funding, drawing from designated and available funding sources. Ensuring that Operating expenses do not exceed Operation funding and that sufficient reserves are reached and maintained at all times are the two key principles of ICANN's long-term financial sustainability. At the end of the fiscal year 2022, the Reserve Fund is still trending ahead of the [2018 Board approved replenishment strategy](#), which included a goal of reaching a fund balance equal to at least one year of expenses budget. The current Reserve Fund balance is close to one-year of expense budget and further allocation to the Reserve Fund may be considered on an annual basis.

Face-to-Face meeting and engagement: The COVID-19 pandemic has changed how the ICANN community has worked and interacted since late FY20. Resulting safety protocols shifted nearly all face-to-face work and engagement activities online in FY21. While the future is unknown, ICANN org has elected to conduct its planning and budgeting forecasts processes for FY24–28 based on best-in-class hybrid ICANN Public meetings, as well as Board, org, and community travel according to the planned meetings schedule. ICANN org will adapt, and update its operational plans as required in close collaboration with the Board and community.

Functional Activities Strategic Changes: The draft FY24–28 Operating and Financial Plan updates the FY23–27 Operating and Financial Plan and continues to demonstrate how ICANN org implements its current Strategic Plan. Many of ICANN org's functional activities are to implement its Mission or operate the organization that continues each year. Any new activities or strategic changes to existing ones are marked with a delta (Δ).

Planning for Board Approved Activities: ICANN org supports the community-led activities that result in review recommendations, cross-community working group recommendations, policy recommendations from policy development processes, and advisory recommendations. Policies and other recommendations progress through various stages such as initiation, development, finalization, Board consideration, implementation planning, and implementation. ICANN begins designing the expected implementation work only as such recommendations are Board approved and prioritized by the planning prioritization process.

In an effort to present a comprehensive view of projected ICANN org operations over the five-year period, the draft FY24–28 Operating and Financial Plan includes areas of work still under discussion within the community or under Board consideration. Please see **Appendix A—ICANN Rolling Five-Year Roadmap** for more details.

ICANN org updates its Five-Year Operating and Financial Plan annually to include the latest activities that the org is responsible to implement. While the Five-Year Operating and Financial Plan reflects a high-level roadmap of community-led activities, any implementation activities expected during the coming fiscal year are incorporated into the Annual Operating Plan and Budget.

Planning Prioritization: ICANN’s focus remains firmly on the prioritization and allocation of resources needed to successfully implement the operating initiatives and functional activities in the draft FY24–28 Operating and Financial Plan and FY24 Operating Plan and Budget.

Planning Prioritization is an enhanced step in the annual planning process. This is an improvement of the annual planning process as a result of the “Planning at ICANN” operating initiative. The FY24 planning prioritization process took place in September and October 2022, a [list of activities were prioritized](#) by community members for ICANN org to consider during the development of the Operating Plan. For more details, please see the [FY24 Planning Prioritization page](#) on the Planning and Finance Community Wiki.

This plan also includes works that were prioritized in the FY22 and FY23 plans. In FY22, ICANN org prioritized the implementation of recommendations from the Cross-Community Working Group on ICANN Accountability Work Stream 2 (CCWG-WS2), as well as the implementation of the Enhancing the Effectiveness of ICANN’s Multistakeholder Model work plan. In FY23, ICANN org, in collaboration with the community, prioritized 45 recommendations from the Specific Reviews. These works will continue in FY24.

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 operating initiatives represent major areas of work that support the Strategic Objectives identified in the FY21-25 Strategic Plan. In the past 2 years, ICANN org successfully completed some of the Operating Initiatives deliverables. ICANN org reviewed all the Operating Initiatives during FY24 planning process and suggested some operating initiatives be cohesively merged together.

The 11 operating initiatives are:

1. Support the Evolution and Strengthening of the Root Server System and Root Zone Management
2. Facilitate the Domain Name System (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 which Impact ICANN's Funding
9. Implement New gTLD Auction Proceeds Recommendations as Approved by the Board
10. Planning at ICANN
11. ICANN Reserves

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 plan for details.

2.3 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 33 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
 - Internationalized Domain Names and Universal Acceptance
 - IANA Functions
 - Contractual Compliance
- **Policy Development and Implementation Support:**
 - Policy Development and Advice
 - Policy Research and Stakeholder Programs
- Global Meetings Operations
- Ombudsman
- **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:**

- Contracted Parties Services Operations
- Technical Services
- Strategic Initiatives
- Constituent and Stakeholder Travel
- **Community Engagement and Services:**
 - Global Stakeholder Engagement
 - Regional Offices
 - Public Responsibility Support
 - Governmental and Intergovernmental Organization Engagement
 - GDD Accounts and Services
 - Global Support Center
 - Global Communications and Language Services
- Planning
- Finance and Procurement
- Risk Management
- 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 FY24–28 is at a high-level, the planned resources for FY24 are more detailed (please [click here](#) to review).

3 Financial Plan Highlights

3.1 FY24–28 Funding Approach and Assumptions

The FY24–28 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	FY24	FY25	FY26	FY27	FY28
ICANN Operations Funding (In Millions USD)					
Base	\$145.3	\$146.0	\$147.6	\$149.1	\$152.7
Low	\$134.6	\$130.0	\$124.4	\$119.4	\$116.9
High	\$156.2	\$164.4	\$171.5	\$179.1	\$189.5
Transaction Volume (In Millions)					
Base	210.0	213.5	222.2	230.9	239.5
Low	189.5	182.2	176.5	171.6	167.6
High	232.8	250.7	270.4	291.3	313.7
Contracted Parties					
Base	3,575	3,561	3,548	3,536	3,525
Low	3,399	3,254	3,161	3,100	3,067
High	3,642	3,690	3,743	3,795	3,847

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 FY24–28 Financial Projections

The table below reflects financial projections for the five-year period FY24–28. The projections define the maximum amount of operational expenses to be incurred on an annual basis.

ICANN OPERATIONS						
<i>(in Millions USD)</i>						
5-Year Projections	FY24	FY25	FY26	FY27	FY28	5-Year Total
Funding	\$145	\$146	\$148	\$149	\$153	\$741
Expense						
Personnel	\$85	\$87	\$90	\$92	\$95	\$449
Travel and Meetings	\$12	\$12	\$12	\$12	\$12	\$59
Professional Services	\$24	\$22	\$22	\$21	\$21	\$109
Administrative	\$18	\$18	\$17	\$16	\$16	\$85
Capital	\$1	\$1	\$1	\$1	\$1	\$6
Contingency	\$5	\$6	\$6	\$7	\$7	\$31
Total Operating Expenses	\$145	\$146	\$148	\$149	\$153	\$741
Net Operating Excess/(Deficit)	\$0	\$0	\$0	\$0	\$0	\$0
Average Full-Time Equivalent (FTE)	413	413	413	413	413	413

4 Budget Highlights

4.1 Financial Overview

Total ICANN Financials		For the Twelve Months Ending 30 Jun 2024				
In Millions, US dollars	Operating Fund	New gTLD Fund	SFICR	Auction Proceeds	Reserve Fund	Total
Funds Under Management - 30 Jun 2023	\$44	\$57	\$18	\$210	\$164	\$493
Funding	145	-	-	-	-	145
Personnel	(85)	(9)	(2)	(2)	-	(98)
Travel & Meetings	(12)	(1)	(0)	(0)	-	(13)
Professional Services	(29)	(6)	(2)	(2)	-	(38)
Administration	(18)	(1)	(0)	(0)	-	(20)
Capital	(1)	-	-	-	-	(1)
Total Expenses	(145)	(17)	(4)	(4)	-	(171)
Operating Fund Excess Transfers	-	-	-	-	-	-
Grants Distributed	-	-	-	(10)	-	(10)
Investment Income/(Decline)	0	0	0	2	2	5
Funds Under Management - 30 Jun 2024	\$45	\$40	\$14	\$198	\$165	\$462
Total Average FTEs	413	28	5	5	-	451

Please note the following about the table above:

- The Operating Fund includes the day-to-day funding and expenses of ICANN Operations

- New gTLD Fund includes work on the New gTLD Program 2012 Round and New gTLD Program Subsequent Procedures (SubPro)
- Supplemental Fund for Implementation of Community Recommendations (SFICR) activity consists of prioritized Review Implementations
- Auction Proceeds are utilized for the Grant Program
- The Reserve Fund beginning balance includes a \$19 million transfer from the Operating Fund in FY23
- All funds assume modest investment gains which may appear as 0 due to rounding
- FTEs reflect the average in the fiscal year

The table above starts with funds under management and the estimated beginning balance of each fund as of 30 June 2023, which is the end of FY23. The following lines of the table show the expected funding and expense activities of each fund as it relates to operations in FY24. Operating Fund transfers resulting from excess in that fund are not budgeted and will be recommended for Board approval after FY23 concludes. ICANN org 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 ending balance of each fund is shown as of 30 June 2024, which is the end of FY24.

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

Operating Fund

- Funding is \$145 million, which reflects historical data from the past few years as well as negative impacts resulting from inflation and a potential recession.
- Expenses are \$145 million, balanced to ICANN Operations funding and assume that normal working conditions continue.
 - Personnel expense reflects an average headcount of 413.
 - Travel and meeting expense assumes three face-to-face ICANN Public Meetings and otherwise unrestricted travel.
 - Total expenses include contingency.

New gTLD Fund

- Expenses are \$17 million.
 - \$4 million is related to the 2012 Round, including direct expenses and allocations from ICANN Operations.
 - \$13 million is related to SubPro implementation, including direct expenses and allocations from ICANN Operations.

SFICR

- Beginning balance is \$18 million, following review implementation activities expected to take place in FY23 costing \$2 million.
- Review implementation expenses are \$4 million, including direct expenses and allocations from ICANN Operations.

Auction Proceeds

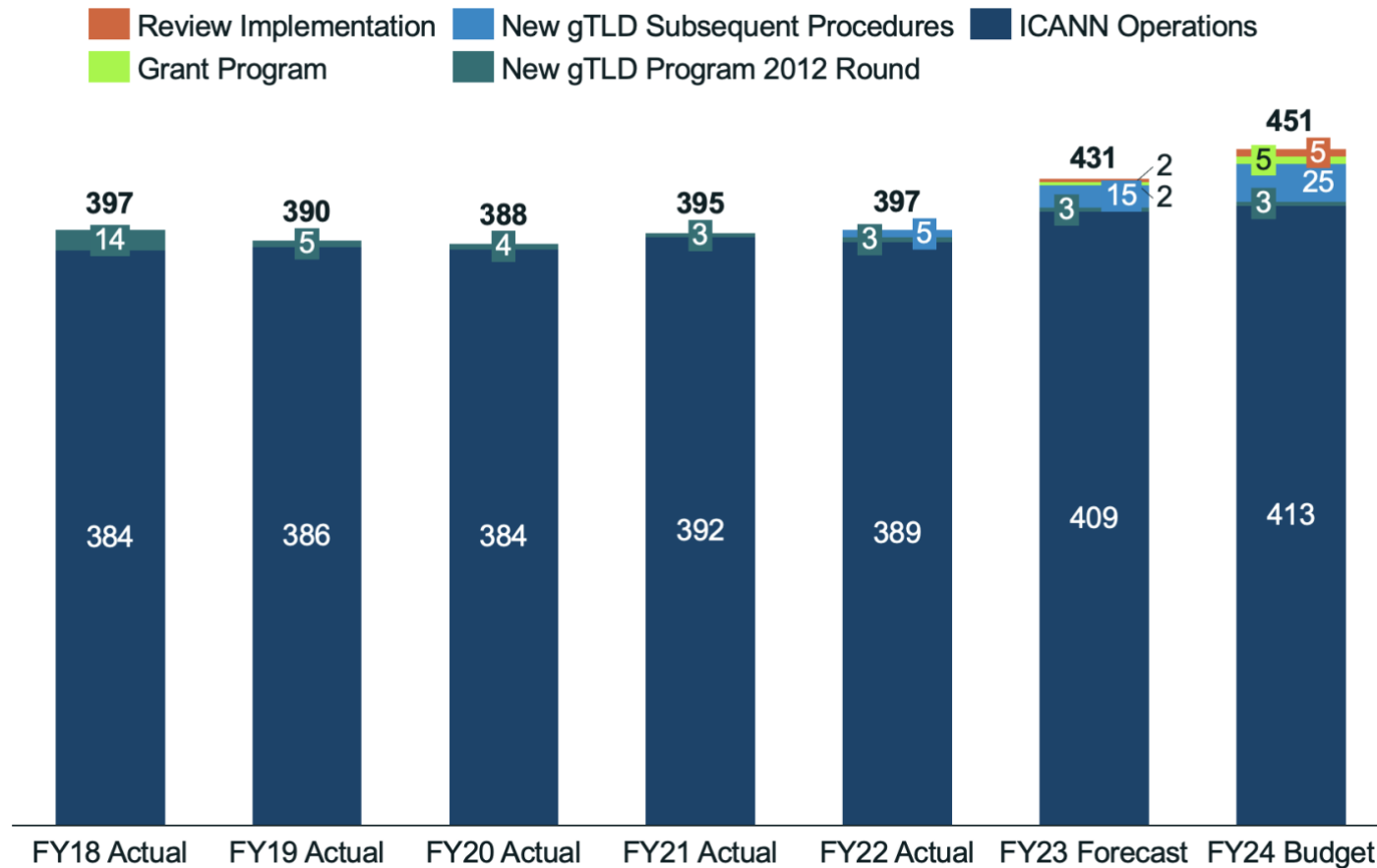
- Beginning balance is \$210 million, following grant program activities expected to take place in FY23 costing \$2 million.
- Grant program expenses are \$4 million, including direct expenses and allocations from ICANN Operations.
- ICANN org assumes \$10 million of grants will be distributed in FY24.

Reserve Fund

- Beginning balance is \$164 million, following a \$19 million transfer in FY23.
- Ending balance is estimated at \$165 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

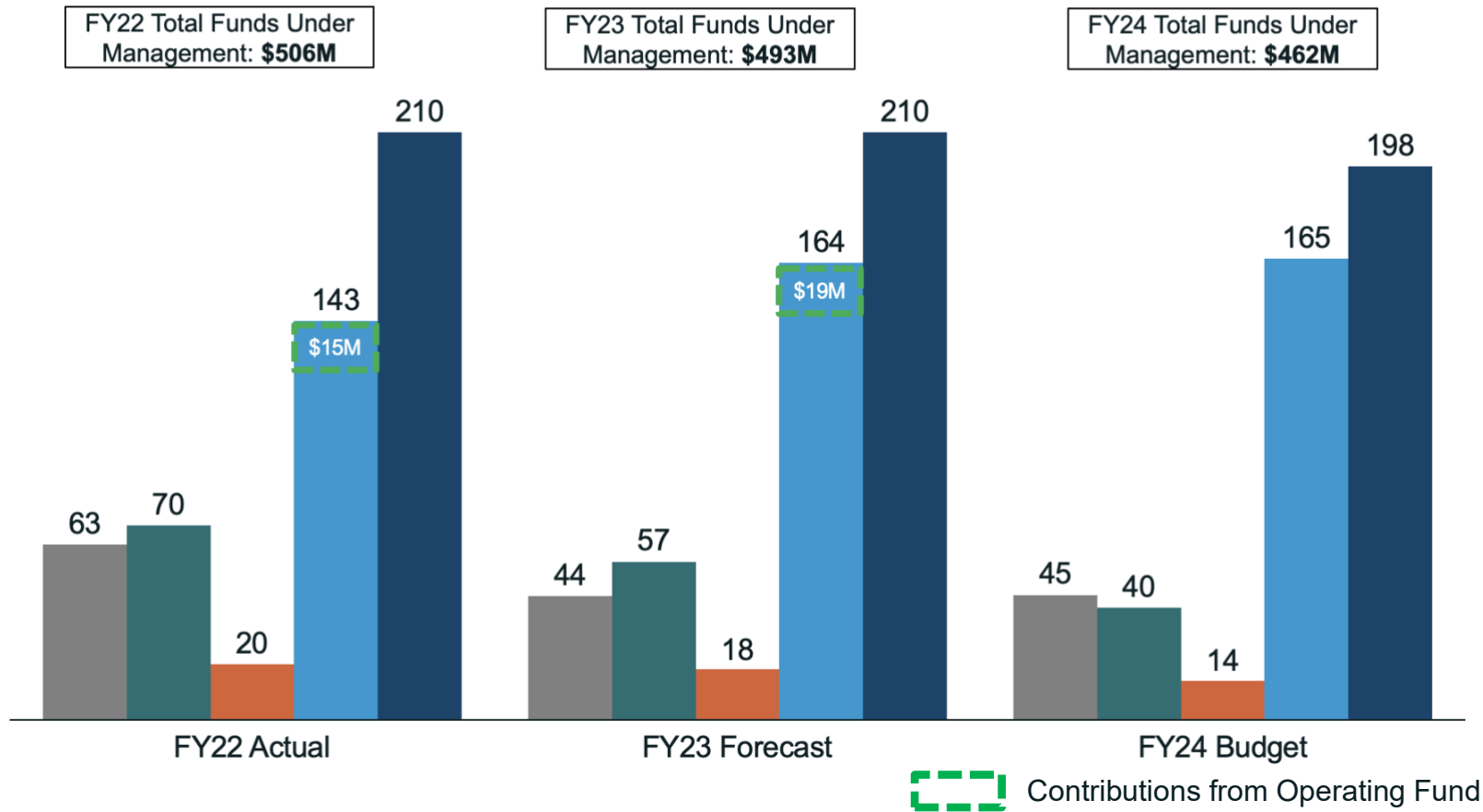
The following chart shows the average number of FTEs working under each segment of Total ICANN. FTEs consist of direct staff and staff allocations from ICANN Operations. New gTLD Program 2012 Round FTEs reflect efforts to process the remaining applications received in 2012. New gTLD Subsequent Procedures FTEs reflect the resources needed for policy development and implementation. The Grant Program, which is funded by Auction Proceeds, began in FY23 and will ramp up in FY24. In addition, prioritized Review Implementation, funded by the SFICR, will begin later in FY23 and continue into 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.

Operating Fund
 SFICR
 Auction Proceeds
 New gTLD Fund
 Reserve Fund
 \$ in Millions; Balance on 30 June of each fiscal year



The Operating Fund covers day-to-day operations. The Supplemental Fund for Implementation of Community Recommendations (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 the 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 Subsequent Procedures. 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 FY24 despite economic uncertainty. The funds under management listed in the FY24 Budget reflect the following:

- In November 2022, the Board [approved](#) a \$19 million transfer to the Reserve Fund from the Operating Fund based on FY22 net excess.
- Additional transfers will be recommended for Board approval after FY23 concludes.
- Each fund is projecting interest gains according to its corresponding investment policy as referenced above.