



# Eleventh Status Report under ICANN/US Government Memorandum of Understanding

Quarter ending 30 March 2005

Posted: 7 April 2005

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## **Report by ICANN to United States Department of Commerce Re: Progress toward Objectives of Memorandum of Understanding**

The following status report describes progress towards the completion of ICANN's tasks under this Agreement, including implementation of ICANN's strategic plan in accordance with Section II.C.15 of Amendment 6 to the ICANN / DOC Memorandum of Understanding (MoU).

That section calls for ICANN to perform activities and provide the resources in support of the DNS, in conformity with the ICANN Board-approved mission and core values and in furtherance of its ongoing reform efforts. What follows below is a listing of each activity as called out in the MoU, followed by a description of progress towards completion.

### **Section II.C**

- 1. Continue to provide expertise and advice on private sector functions related to technical management of the DNS.**

ICANN continues to provide expertise and advice in many important aspects of DNS management. This interaction has resulted in additional positive outcomes, over and above the results described in the March 2004 report, as follows:

- During the last six months, ICANN has continued to work with several gTLD registries relating to their deployment of the first rounds of Internationalized Domain Names (IDNs). This followed ICANN's request to the IETF to develop criteria guiding technically sound deployment of IDNs (the IDN Guidelines). Most recently,

spoofing or phishing of names and characters in one script or language to another has been discussed aggressively in the ICANN community. Key concerns among the community are the effects of spoofing and phishing in countries using other alphabets and the possibility that this issue may result in necessary revisions to the existing IDN Guidelines.

The ICANN community together with the IAB, IETF, and the browser and other application provider communities are working to find a solution. In particular, ICANN is working with an IAB-initiated committee that will report on what should be accomplished in the community to develop solutions.

Such solutions will be followed by additional work between ICANN and the registries, as well as in the technical and implementer community. This will be followed by a workshop at the ICANN meeting in Luxembourg in July 2005. ICANN has and will continue to run workshops on IDN topic to facilitate sharing of knowledge and practical experience, as well as gathering of community opinions regarding the continued development of IDNs. In 2004/5?, ICANN has been engaged in an application and evaluation process for the allocation of new sponsored TLDs (sTLDs), a focused subset of gTLDs. Each application is being independently evaluated and we anticipate the award of the first sTLDs through this process shortly. <http://www.icann.org/tlds/stld-apps-19mar04/stld-public-comments.htm>.

- Staff has been working with the ccNSO on a number of issues, including continuing improvements to IANA procedures and functionality; developing guidelines associated with accountability frameworks, models for contributing to the ICANN budget and how the ccTLD managers can contribute to the World Summit on the Information Society (WSIS) process.
- ICANN remains 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. ICANN reported its progress on implementation of its strategy for introduction of new generic top-level domains in 31 December 2004. .
- In July 2004, ICANN announced the adoption of a new domain name transfer policy (the Inter-Registrar Transfer Policy) which became effective for all ICANN accredited registrars and all unsponsored gTLD registries on 12 November 2004. The initial review report on the efficacy of the new policy will be available later in April 2005.
- ICANN has conducted negotiations with the Regional Internet Registries (RIRs) and executed a revised Addressing Support Organisation (ASO) MoU later this month <http://www.icann.org/announcements/announcement-21oct04.htm>.
- ICANN staff has given presentations to GAC Working Groups on Whois and IDNs. Presentations on Whois to the relevant GAC Working Group were given during the ICANN meetings in Cape Town in December 2004 and Mar del Plata, Argentina in April 2005. They focused on the PDPs currently being developed by the GNSO. ICANN staff presented on IDN to the GAC Working Group during the Mar del Plata meeting. IDN is of great importance to the internationalization of the Internet,

particularly for developing countries that lack the resources to facilitate research and implementation. Staff will continue to facilitate knowledge sharing on these and other relevant issues.

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.**

In October 2004, ICANN signed a revised MoU that established how the ICANN Board would receive global policy recommendations from the ASO, and the steps necessary to ratify that policy or return it to the ASO for further consideration. The Number Resource Organisation (NRO) and the individual CEOs of the RIRs signed the MoU on behalf of the ASO. This revised MoU took effect 1 January 2005.

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.**

ICANN's supporting organizations, the GNSO, ccNSO and ASO, have each adopted a specific policy development process (PDP) suitable for their constituent communities.

Through the GNSO, ICANN has initiated several PDPs. During the past period, the GNSO agreed on an important PDP concerning the development of criteria for the succession planning of the .net registry. These criteria were successfully integrated in the .net re-bid procedures.

Continued consideration is being given by the GNSO, through the use of specific Task Forces, on the use and accuracy of Whois data. This continues to be a complex issue on which ICANN expects to advance more quickly now that dedicated GNSO staff support has been recruited.

Additionally, a review of the GNSO Council (rather than the supporting organizations as a whole), as outlined in the ICANN Bylaws, was undertaken by an independent consultant. The goal of the review was to determine whether the GNSO Council has a continuing purpose in the ICANN structure, and if so, whether any change in structure or operations is desirable to improve its effectiveness. The review consisted of an analysis of data regarding participation and decision-making in the Council, the conduct of a self-assessment by the GNSO Council, interviews by the consultant of Council members and

members of the broader Internet community regarding the effectiveness of the Council, and the submission of a report with recommendations.

The independent review has sought in particular to address the following issues:

1. Policy achievements. Has the GNSO Council contributed to ICANN policy development?
2. Outreach, geographic diversity and transparency. Has the GNSO Council contributed to other ICANN core values such as outreach, bottom-up consensus based policy development, geographical diversity and transparency?
3. PDP timelines. Are the timelines relevant?
4. Staff support for policy development. Has there been effective ICANN staff support for policy development?
5. Policy implementation and compliance. After the completion of policy development has policy implementation, compliance and outcome been effective?
6. Demand-based raising of policy issues. Is the current mechanism of alerting the GNSO Council to new policy issues effective?
7. Voting pattern. Does the Council vote as a consensual body?
8. Number of constituency representatives. Has the presence of three rather than two representatives per constituency helped or hindered the GNSO Council?
9. Communication to the ICANN community. Are the enabling mechanisms for GNSO Council outreach effective?

The independent consultant put forward some 20 conclusions and recommendations, the most important ones of which are (paraphrased) as follows:

- The Council has made a significant contribution to ICANN core values
- The Council should develop a plan for increasing representation so that all regions are covered. Consideration needs to be given to ways in which people from non-English speaking backgrounds can participate more actively in Council.
- The Council should seek approval from the Board for a revised PDP, particularly to introduce more flexibility.
- The Council should develop a formal process for seeking input from other ICANN organizations for each of the policies it develops.
- The Council needs to ensure the viability of implementation of each of the policy recommendations that it makes to the Board.
- ICANN needs to put in place a compliance function to monitor compliance with policies.
- The Council needs to work with ICANN operational staff to develop a compliance policy with graded penalties.

- The Council needs to have a built in review of the effectiveness of policies in the policy recommendations that it makes to the Board.
- The Council is working well with three representatives from each constituency. No one who is involved with the Council perceives that having three representatives hinders the workings of the Council.

The Report is currently being prepared for submission to the Board, together with a commentary from ICANN staff, with the aim to elicit a Board opinion on the recommendations and facilitate further implementation of the recommendations.

The entire documentation related to the Review can be found at <http://gns0.icann.org/announcements/announcement-22dec04.htm>

The ccNSO has begun addressing policy and other concerns as their members bring issues to the Council. Working groups have started their work, notably on the establishment of a recommendation to ccTLD managers concerning the elements to take into account in negotiations with ICANN staff on an Accountability Framework, advice to ICANN staff on the formula to adopt for calculating contribution of individual ccTLD managers to the ICANN budget, the establishment of a coordination mechanism to address IANA operations in cooperation with ICANN staff, the provision of a commentary on the GAC principles on ccTLDs, and the WSIS.

The ASO has forwarded its first global IP address number policy to the ICANN Board. This policy will govern how IANA distributes IPv4 address blocks to the Regional Internet Registries. The ICANN Board is currently reviewing the policy and is seeking ICANN community perspectives before proceeding.

**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.**

As discussed in previous reports, ICANN has established robust mechanisms to ensure accountability to the Internet community, and to ensure that ICANN's actions are in compliance with its bylaws and contractual obligations. These mechanisms include ICANN's Reconsideration Process (led by a dedicated committee of ICANN's Board of Directors and subject to independent review<sup>1</sup>), and the Office of the ICANN Ombudsman. During the current reporting period, ICANN announced the hiring of Mr. Frank Fowlie of Canada as ICANN's first Ombudsman.

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<sup>1</sup> ICANN has chosen the International Centre for Dispute Resolution to operate its Independent Review process.

ICANN's new Ombudsman is emblematic of ICANN's commitment to accountability and responsiveness. The Office of the Ombudsman is established by Article V of the ICANN Bylaws <<http://www.icann.org/general/bylaws.htm#V>>. ICANN conducted an extensive International search to locate a suitable candidate to take on the role of Ombudsman, culminating in the selection of Mr. Fowlie.

A native of Canada, Mr. Fowlie brings 20 years of experience to the position as an Ombudsman and conflict resolution specialist, having operated in various agencies of the Canadian government and the United Nations. Prior to joining ICANN, Frank was the Senior Advisor and Outreach Manager, Financial Consumer Agency of Canada, and had been with the FCAC since its start up in September 2001. Frank joined the FCAC directly from the United Nations, where he was on Mission Staff in East Timor for the previous two years. He was the deputy administrator for the capital city, and was appointed as the UN's Olympic Games Officer, taking the world's newest country to the Sydney Olympics. Frank is an alumnus of the University of Manitoba, University of Regina, and Royal Roads University where he earned a Master of Arts in Conflict Analysis and Management. Frank was previously employed with the British Columbia Ombudsman's Office, Saskatchewan Social Services, and as a Policing Policy Advisor to the BC Attorney General. Frank began his career as a member of the Royal Canadian Mounted Police.

Consistent with his independent status, the Ombudsman has his own separate office, as well as access to ICANN's offices in Marina del Rey, USA, and Brussels, Belgium.

The principal function of the Ombudsman is to provide an independent internal evaluation of complaints by members of the ICANN community who believe that the ICANN staff, Board or an ICANN constituent body has treated them unfairly. The Ombudsman serves as an objective advocate for fairness, and seeks to evaluate and where possible resolve complaints about unfair or inappropriate treatment by ICANN staff, the Board, or ICANN constituent bodies, clarifying the issues and using conflict resolution tools such as negotiation, facilitation, and "shuttle diplomacy" to achieve these results.

In December 2004, ICANN posted an "Ombudsman Framework" for public comment, describing the jurisdiction, powers, and procedures of the Office of the Ombudsman.

5. **Collaborate with the Department on operational procedures for the root name server system, including formalization of relationships under which root name servers throughout the world are operated and continuing to promote best practices used by the root system operators.**

During the December 2004 Cape Town ICANN meeting, the RSSAC liaison to the ICANN Board of Directors, Susanne Woolf, joined the Board.

ICANN continues to maintain discussions with the Department and also with RSSAC and individual root name server operators to define and execute formalized agreements to govern the forms and frequency of technical communication among root name server operators and acceptable sources of best practices. The goal is for the parties to formalize the “best practices” already operating among the root operators and to formalize the consultation among root name server operators concerning improvements in the reliability and maintainability of the root server system. The RSSAC will be requested to collaborate on updated recommendations concerning best operating practices for root-server systems. These recommendations would be an update to RFC 2870.

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.**

ICANN continues working closely with the root-operators, both via the RSSAC and SSAC.

New protocols, such as IPv6 – which dramatically increases the available pool of Internet Protocol address numbers – and DNS Security (DNSSEC) – which promises to bring greater security to the domain name system – are vital innovations in Internet resource technology. ICANN recently implemented the RSSAC recommendation to implement IPv6, AAAA, resource records in the root zone. Studies are ongoing relating to implementing IPv6 Records for the root-servers. ICANN will collaborate with the wider technical community to assess the value these and other innovations have for the Internet community, or whether they pose an unreasonably disruptive threat to Internet stability or security.

ICANN's senior technical staff has been working in collaboration with the Network Startup Resource Center (NSRC), ISOC and others in the DNS community to provide training to ccTLD operators. During 2004 courses were held in Amsterdam, The Netherlands and Bangkok, Thailand. Future trainings are expected to take place in 2005.

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.**

Since its last report, ICANN has undertaken several steps to continue the establishment of stable agreements with ccTLD operators. These steps are two-fold: in some cases ccTLDs are interested in using the existing model agreements; in parallel, ICANN staff is working with the ccNSO and ccTLD community to establish a set of principles that must be included in a ccTLD framework of accountability. The purpose of these principles is to allow greater flexibility on the formulation of the agreement itself while ensuring all issues are addressed.

This two-fold approach allows those ccTLD organizations interested in the existing model to continue using it, while at the same time recognizing that one model for stable agreements with ccTLD operators may not work for all. This work on the principles to incorporate in frameworks of accountability is expected to provide a framework to proceed with further agreements among ccTLD operators. It is anticipated that upon completing the discussions with the ccNSO on the frameworks of accountability, additional agreements will be concluded with additional ccTLD managers.

Current discussions to conclude agreements with ccTLD managers include discussions with the .NL ccTLD. Recent agreements concluded by ICANN with ccTLD operators include the agreement with the .EU ccTLD.

In addition to establishing frameworks of accountability with ccTLD operators, there is also ongoing dialogue between ccTLD operators and their respective governmental authorities. Within the ICANN structure this is evident through strong GAC involvement in the ccNSO formation, regular briefings by the ccNSO to the GAC, and regular exchanges to facilitate dialogue between the two parts of the ICANN structure. Additionally, at the local level, ICANN is encouraging through the sharing of experiences within the ccNSO, and among ccTLD operators, stronger dialogue between ccTLD operators and their respective governmental authorities.

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 organizations 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).**

ICANN has undertaken two significant efforts regarding the implementation of top level domains.

- A. **ICANN LAUNCHED THE SOLICITATION FOR APPLICATIONS FOR A NEW ROUND OF SPONSORED TLDS.**

ICANN has solicited proposals from potential sponsors to create new sTLD registries. Ten applications were submitted. See, <http://www.icann.org/tlds/stld-apps-19mar04/stld-public-comments.htm>.

The applications were measured against criteria published within the RFP. See, <http://www.icann.org/tlds/new-stld-rfp/new-stld-application-part-a-15dec03.htm>. Three independent panels convened to judge whether the applications met the baseline criteria set out in the RFP: 1) the technical panel; 2) the business/financial panel; and 3) the panel charged with determining whether the sponsor represented a legitimate community as defined in the RFP criteria. The nine panelists (three people to a panel) were DNS experts recruited based upon published criteria <http://www.icann.org/tlds/new-stld->

[rfp/panel.htm](#). The independent evaluation effort was coordinated by an outside project manager to ensure deliberations were kept at arm's length. During those deliberations, the evaluators communicated clarifying questions back to applicants, each of whom (including the .travel sponsoring organization) answered in detail. These questions and answers were conveyed through the project manager in order to maintain the anonymity of the evaluators.

After reviewing the Independent Evaluation reports, written responses by the applicants and other documentation resulting from the application process, the ICANN Board determined whether ICANN should enter into negotiations with individual applicants for the purpose of designating a TLD.

To date, the status of these applications is:

- Negotiating contracts to be approved by the board: .CAT, .JOBS, .MOBI, .POST, .TRAVEL.
- Have not yet been found to pass the baseline criteria: .ASIA, .MAIL, .TEL (Pulver), .TEL (TELNIC), .XXX

The first contracts are expected to be signed in early April 2005.

#### B. ICANN HAS COMMENCED ITS STRATEGY FOR IMPLEMENTING NEW gTLDs.

The implementation of new gTLDs has been a topic of discussion within ICANN and the broader Internet community since the creation of ICANN. As stated in the last report, ICANN has begun a process for implementation of new gTLDs, the details of which can be found at <http://www.icann.org/topics/gtld-strategy-area.html>, and completed its MoU milestones regarding this topic in time.

ICANN is currently progressing with staff analysis of the detailed issues. In particular, the results of the pending sTLD selection process will inform the gTLD strategy implementation. Emerging from certain aspects of the sTLD selection process, new challenges have already been identified, e.g., with regard to the possible cultural, religious, emotional, or other sensitive values related to domain identifiers proposed by applicants and the treatment thereof. It is foreseen that a series of discussion papers be launched to enable the community to discuss a number of these challenges, notably related to assignment methods, sensitive values related to domain identifiers, and impacts of possible changes of the dimensions of the root-structure on the Internet's stability.

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.**

ICANN undertakes numerous initiatives to foster informed participation in ICANN by the global Internet community. These initiatives include providing informational materials on ICANN and how to participate which have been translated from English to reach a broad range of participants. Additionally, ICANN has participated actively in many meetings around the world relating to Internet governance to reach as broad an audience as possible. Recent examples of this include ICANN's participation and facilitation of workshops at the African regional WSIS meeting in Ghana, where ICANN not only participated in panels, but also had a booth with information on ICANN. The booth was positively received as one mechanism to foster informed participation in ICANN. This awareness-raising endeavour has resulted in ICANN exploring similar initiatives at other appropriate events. These initiatives are in addition to ICANN participation in all stakeholder related events. Most of ICANN's initiatives occur in cooperation with the At Large community of individual Internet users. This is described further below.

#### At-Large

ICANN is advancing the informed, structured involvement of the "At-Large" community individual Internet users with an international "At-Large Advisory Committee" (ALAC) and a growing network of end-user groups throughout the world registered as "At-Large Structures." ICANN is supporting the efforts of the 15-member Interim At-Large Advisory Committee (ALAC) and At-Large community members to: 1) consider and provide advice on ICANN activities that affect individual Internet users, and 2) organize the worldwide At-Large community for involvement in ICANN.

To actively promote individual user community interests within ICANN, At-Large representatives are serving (or have served) as liaisons or members in the following ICANN policy-related groups: ICANN Board; GNSO Council; Transfers Assistance Group (an ICANN policy implementation task force); WIPO II Working Group; Redemption Grace Period Technical Steering Groups; three GNSO Whois Task Forces; GNSO's new gTLD Committee; GNSO Committee on the Introduction of Registry Services; and the (informal) WSIS Working Group.

Thus far, the ALAC has provided formal policy recommendations and individual Internet user perspectives on many issues:

In accordance with ICANN's open and transparent processes, the ALAC solicits input on these issues using online resources such as its website, forum, and announce list, and posts draft recommendations online for public comment. Although public input has been

minimal thus far, additional efforts and resources will be devoted to assisting the ALAC in collecting and advocating At-Large perspectives.

These policy development and advocacy efforts are augmented by ALAC-sponsored workshops at ICANN regional meetings, and At-Large forums at key regional events, to inform the At-Large community and encourage input on key issues and their potential ramifications for At-Large. Thus far, the ALAC has sponsored/co-sponsored successful and highly attended events at ICANN meetings covering subjects such as Whois policy development, wildcard services (registry service changes), IDNs, WSIS, and developing country ICT issues. The ALAC also has sponsored/co-sponsored several regional forums to help the At-Large community discuss their Internet governance priorities and objectives.

At-Large outreach and organizing activities also have been advanced through international and regional ALAC-sponsored workshops and forums. In the last six months, ICANN has supported ALAC events in: Cuzco, Peru; Port of Spain, Trinidad and Tobago; Seoul, Korea; Accra, Ghana; Kyoto, Japan; and Caracas, Venezuela.

At-Large websites, forums, a 6500+ email announce list, and monthly newsletters also are used to share information about At-Large efforts and educate the user community on why, and how, to become involved in ICANN At-Large. Interested and qualified groups are encouraged to complete and submit to the ALAC a short application form (the form and supporting information is available in English, Spanish, Portuguese, French, Italian, and Chinese). Organizations involved in, or interested in becoming involved in, ICANN At-Large includes community networking groups, professional societies, consumer advocacy groups, and academic organizations.

Thus far, 27 groups from all geographic regions have submitted applications to participate in ICANN as At-Large Structures. As of 22 March 2005, 19 groups have been registered as "At-Large Structures." Registration forms are pending from seven more groups.

A majority of these organizations conduct their activities in languages other than English. They represent a variety of individual users and are wholly independent from ICANN. At-Large registration requires that these groups meet ICANN's criteria for involving individual Internet users at the local or issue level in ICANN and for promoting individuals' understanding of and participation in ICANN. During the last six months, regional At-Large (RALO) websites were launched for Africa ([www.afralo.org](http://www.afralo.org)), Asia/Australia/Pacific ([www.apralo.org](http://www.apralo.org)), and Latin America/Caribbean ([www.lacralo.org](http://www.lacralo.org)).

- 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.**

ICANN published its second annual report on 31 March 2005, <http://www.icann.org/whois/wdprs-report-final-31mar05.htm>. A summary of the findings from the report follows:

- Over the course of the twelve-month reporting period (Mar-04 through Feb-05), the new WDRPS received 31,533 confirmed Whois inaccuracy reports involving 16,941 unique domain names.
- 62% of the reports concerned domain registrations in .com (compared with a 72% market share), while .info (7% market share) and .biz (2% market share) registrations accounted for 14% and 12% of all reports respectively. 8% involved .net (12% market share).
- More than 58% of all the reports (18,317 out of 31,533) were submitted by just 0.6% of reporters (20 individuals out of 3,122 reporters).
- Over 80% of the reports submitted contained some mention of “spam”.
- The number of complaints sent to each registrar was not necessarily proportional to each registrar’s relative market share. Furthermore, the number of domain names that remained “unchanged” after several weeks was not proportional. This registrar data provides an opportunity for further compliance review, which is envisioned in current planning.
- A sampling of data indicated that more than 64% of the domain names reported and subsequently reviewed were corrected, suspended or deleted. Of the remaining percentage, approximately 26% had Whois data that was plausibly correct.

- The changes in the data reporting system and in the data gathered indicate an increase in problems reported, which may represent greater awareness of and interest in improving Whois data accuracy.

The revisions to the Whois Data Problem Reports System identified in the first annual report published last year (<http://www.icann.org/whois/wdprs-report-final-31mar04.htm>) were in place throughout the current reporting period. As part of the data analysis for this annual report, ICANN conducted a thorough check of the Whois data for nearly every domain name listed as “Unchanged” by reporters to the WDRPS, in order to make some determinations about the relevance of this status. Another random sampling of Whois data from the general population of gTLD domain names was also conducted. Data from this sampling was used to draw some general conclusions about the state of data accuracy among Whois records. These samplings, which involved the review of over 2,500 Whois records, enhanced the evaluation and conclusions arrived at in the report.

The third annual report on the operation of the WDRPS is scheduled to be published on 31 March 2006.

**10 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.**

The first report on the implementation of the Whois Data Reminder Policy (WDRP) was published on 30 November 2004; see <http://icann.org/whois/WDRP-Implementation-30Nov04.pdf>. A summary of the report findings are as follows:

- Overall compliance with the policy is relatively strong (93% of respondents who were required to send notices did so).
- Of those registrars who reported that they had not sent the notices, 89% had a legitimate reason (e.g., had not been in business long enough to have registrations that required it).

- Several thousand of the reported notices led to changes in Whois data, suggesting that it is and will continue to become more accurate as notices continue to be sent out.
- Responding registrars made constructive comments and suggestions for improving the process.

- 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.**

In June 2004, ICANN has consulted with DOC on the global aspects of a contingency plan and has adopted an initial version of a contingency plan for business or physical failure setting out a back-up plan for natural disaster, business events or other event that might physically disrupt ICANN's operations.

ICANN Business Operations and General Counsel's Office are continuing to improve the developed framework to ensure continuity of operations in the event of business failure. In addition to this effort reported six months ago, ICANN Operations are continuing to improve infrastructure in accordance with plan to ensure continuity of operations in the event of natural disaster.

- 12. Collaborate on other activities as appropriate to fulfill the purpose of this Agreement, as agreed by the Parties.**

As described in detail in previous status reports, ICANN's President is in regular dialogue with the Department and the various constituencies and organizations in the ICANN community. He and the General Counsel met with Department several times during the reporting period for consultations concerning the conclusion of the MoU.

13. **Building on ICANN's recent efforts to reexamine its mission, structure, and processes for their efficacy and appropriateness in light of the needs of the evolving DNS, collaborates with the Department to ensure that ICANN's corporate organizational documents optimally support the policy goal of privatization of the technical management of the DNS (collaboration to be completed by March 31, 2004).**

This objective was completed on schedule last year; details are reported in the Eighth Status Report under this MoU. ICANN's efforts to optimize the use of its resources to best advance its mission are currently focused on the continuing development of the Strategic Plan <http://www.icann.org/strategic-plan/strategic-plan.html>.

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;**

ICANN released the latest version of its first 3-year strategic plan in November 2004. The recent public comment forum generated more than twenty-five substantive responses to the forum directly, and several comments submitted through other channels. Additionally, some members of ICANN's Supporting Organisations joined together for a meeting in Amsterdam in February 2005 to identify shared interests in the Plan and develop proposals for moving forward. In parallel with these efforts, ICANN conducted a series of conference calls with interested constituencies to solicit feedback. The community has responded to the draft Strategic Plan in ways that show the deep commitment many feel towards ICANN and its future.

Additional consultation will take place at the April 2005 Mar del Plata, Argentina ICANN meeting, and following this consultation, the final document will be submitted to the ICANN Board for finalisation of the first year's strategic goals. This ICANN meeting will also be used to establish a process for future annual consultations of the ICANN community on the strategic plan.

ICANN has achieved or made considerable progress toward achieving the following objectives described in the strategic plan. That progress is described throughout this document, including the material below.

**14a. 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);**

ICANN has conducted the review of ICANN's Personnel Administration Plan as required under the "Memorandum of Understanding Between the U.S. Department of Commerce and the Internet Corporation for Assigned Names and Numbers, Amendment 6", signed on September 17, 2003 (herein referred to as "MoU Amendment 6"). In particular, the MoU calls for ICANN to review personnel requirements, executive compensation and succession planning.

Personnel requirements have been determined through the formulation of the Strategic Plan (also required by the MoU) and the FY 2004-05 ICANN budget (i.e., the tactical execution of the strategic plan). Execution of the strategic plan and budget plans for ICANN staff to grow from 40 employees at the end of FY 2003-04 to 68 employees at the end of the 2005-06 fiscal year. Specific areas of growth are indicated in the documents mentioned.

ICANN obtained and filed an executive compensation plan in accordance with the MoU. Similarly, 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.

**14b. 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);**

Pursuant to the terms of the MoU, this objective was formally completed last year. As described in significant detail in the Tenth Status Report (07 October 2004), ICANN continues to take substantial steps to further enhance corporate responsibility. These steps include the hiring of an Ombudsman, the selection of an Independent Review Panel services provider (the ICDR), the monitoring of DNS-related news and criticism from ICANN watchdog sites to feed ICANN's continual self-evaluation of its performance in order to improve corporate responsibility and accountability, and develop sound corporate governance principles.

**14c. 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);**

The April 2004 report to the DoC described the [ICANN budget for fiscal year 2004-05](#), since adopted by the ICANN Board of Directors. In June 2005, ICANN published a strategy for securing more predictable and sustainable sources of income. In December 2004, ICANN published a report describing implementation of that strategy, reporting the implementation of the six-point plan for securing stable sources of funding:

- Reducing dependence on registrars for funding by “capping” that source,
- Developing alternate sources of revenue,
- Developing a registrar fee that is predictable and proportional to registrar revenue,
- Developing agreements with gTLD registries that are tailored to their business model and result in additional revenues to ICANN,
- Executing agreements with more ccTLDs and increasing voluntary contributions beyond the current, nearly negligible amount,
- Executing a new MoU with the RIRs, resulting in increased revenues to ICANN.

As a result of these efforts, ICANN funding has grown from approximately \$8.3 million in FY 2003-04 to a projected \$23.5 million in FY 2005-06 and work to continue to grow revenues through additional agreements.

**14d. 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);**

As described in the 30 June 2004 report to the U.S. Department of Commerce on contractual compliance, ICANN has undertaken examination of all contracts under which it conduct operations. At that time compliance programs for each area were identified and established to ensure compliance by both parties to each contract.

ICANN has continued to review these compliance programs and has augmented them as necessary. In particular, complete staffing plans and operational budgets were prepared in conjunction with the ICANN budget for fiscal year 2004-05-06 and are currently in the process of being implemented.

To date, budget constraints have prevented the implementation of a proactive compliance program. In fiscal years 2004-05-06, through its annual budgeting process ICANN has

proposed the establishment of a proactive compliance program. The preliminary operating plan for how the compliance staff work will be carried out has been posted at <http://www.icann.org/compliance>.

This program encompasses a new staff division dedicated to ensuring a thorough audit of all parties on all areas enumerated in the agreements, as ICANN performs routine compliance checks throughout the year.

In addition, the plan outlined below includes a public input component, so that members of the community can initiate investigation of alleged instances of non-compliance by ICANN compliance staff. For this option to be used most efficiently by the community, it is important to promote public understanding of ways to solve problems. To that end, ICANN will continue to develop comprehensive consumer guides to the public, answering frequently asked questions and providing resources for common problems.

To help the public determine the proper channels for handling common complaints, the compliance website also links to informational resources on the ICANN site.

**14e. 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).**

Outreach efforts are key to ICANN's mission as described in ICANN's foundational White Paper (see, <http://www.icann.org/general/white-paper-05jun98.htm>). That document described four strategic principles, including Global Representation and Outreach. As described in ICANN's Strategic Plan, that principle requires that:

ICANN [operate] 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.  
<http://www.icann.org/announcements/announcement-16nov04.htm>

ICANN has developed and implemented a collaborative program with private and intergovernmental parties to conduct outreach to governments and local Internet communities in targeted regions. The program includes participation of key constituencies and takes into account several components. The components of the program involve:

- Establishing regional presences, potentially in Africa, Asia/Pacific, Latin America, and the Middle East;
- Engaging and partnering with regional and international organizations (both government and private sector);
- Meeting regularly with government officials and local Internet communities and key constituencies; and
- Supporting the creation and engagement of “Regional At-Large Organizations” (RALOs).

Implementation of significant parts of this program began during the past year.

## **Regional Presences**

### Background:

Establishing regional presences is part of ICANN’s responsibility to become a global organization, not only in operations and representation, but also in its ability to better respond to stakeholders and to better ensure participation by stakeholders around the world on issues relating to ICANN’s areas of responsibility.

As a result of the increased demands for regional presence, ICANN has taken steps to establish regional presences in Africa, the Middle East, Latin America, and the Asia Pacific. These presences will be initiated and managed by Regional Liaisons who may work out of one of the existing offices until a regional office is established. Regional Liaisons will be the first point of contact within a region on issues relating to ICANN’s core functions, as well as participating in the ICANN operational staff structure. Regular reports concerning regional and operational issues will be provided to ICANN hub offices and other regional presences. ICANN has already established a regional presence in Europe, with its office in Brussels.

With the establishment of regional presence comes the need for a well thought through management plan to ensure operational efficiency and effective communications.

Specifically, 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 (ccTLDs), governments and organizations on specific issues relating to ICANN’s mandate that are of concern in the region;
- Enhance local coordination and support of ICANN’s Advisory Committees and Supporting Organisations that form an essential component of ICANN’s consensus-based policy development process.

The regional presences will also play an important role in supporting RALOs which the At-Large Advisory Committee and individual Internet user groups are working to establish in each of ICANN's five geographic regions. RALOs are expected to manage outreach and public involvement and be the main forum and coordination point in each region for public input to ICANN. RALOs will work with ICANN and its regional presences in conducting a range of education, communication and engagement activities, including translating, posting, and distributing key documents, contacting and meeting with groups involved or interested in ICANN, and facilitating meetings and briefings on ICANN's work.

### **Engaging with intergovernmental and regional organizations**

ICANN staff - through ICANN's CEO, its Global Partnerships, and Policy Development Support Staff - has engaged in outreach to both intergovernmental organizations and governments. ICANN has met with, established relationships with, and/or attended meetings of, several intergovernmental organizations. These include the World Intellectual Property Organization (WIPO), UN Economic, Social and Cultural Organization (UNESCO), the International Telecommunication Union (ITU-T and ITU-D), Inter-American Telecommunications Commission (CITEL), Pacific Island Telecommunications Association (PITA), Caribbean Community (CARICOM), Pacific Island Forum, Asia Pacific Telecommunications community (APT), Commonwealth Telecommunications Organisation (CTO), L'Agence Intergouvernementale de la Francophonie; UN Economic Commission for Africa (UNECA), Partnerships for ICTs in Africa (PICTA), Organization for Economic Cooperation and Development (OECD), UN Development Program (UNDP), and others. Additionally, ICANN's CEO and senior staff regularly meet with governments and local Internet communities when attending meetings in respective countries and territories.

ICANN senior staff has received from several organizations requests that it to enter into MoUs. ICANN staff is reviewing these models as a first step toward designing a vehicle for entering into a formal agreement with these and other interested organizations. ICANN staff anticipates the completion of several such partnership MoUs during the next year.

### **At Large and the RALOs**

With ICANN's support, the At-Large Advisory Committee (ALAC) continues to conduct outreach in each geographic region and encourage local and regional At-Large communities to organize and be involved in ICANN. End-user groups in all five regions are registering with ICANN to help inform, organize, and involve in ICANN activities, individual Internet users at the local or issue level. As of 22 March 2005, 19 groups have been registered as "At-Large Structures" in four geographic regions and seven more registration forms are pending. These groups are being encouraged to work with ICANN to form a RALO. At-Large Structures are to organize into five RALOs – one in each ICANN geographic region. The RALOs are expected to manage outreach and public

involvement and be the main forum and coordination point in each region for public input to ICANN, working with ICANN in conducting the following activities:

- Keeping the community of individual Internet users in languages appropriate to their regions, informed about developments in ICANN;
- Promoting outreach activities in the community of individual Internet users in its region;
- Developing and maintaining ongoing information and education programs in its region, regarding ICANN and its work;
- Making public and analyzing ICANN's proposed policies and its decisions and their potential regional impact and potential effect on individuals in the region;
- Offering Internet-based mechanisms that enable discussions among members of ALS in its region; and
- Establishing mechanisms and processes that enable two-way communication between members of ALS in its region and those involved in ICANN decision-making, so interested individuals can input their views on pending ICANN issues.

## **Conclusion**

During the past year, through the efforts described above, ICANN has made considerable progress towards the goals described in its Outreach program. Through this program, ICANN will bring together, educate and encourage the involvement of the global community in the ICANN process.

**14f. Develop and implement an appropriate and effective strategy for multi-lingual communications (commence strategy implementation by December 31, 2004);**

ICANN's multi-lingual communications strategy intends to deliver to the broadest audience the most useful ICANN information for advancing global understanding of, and participation in, ICANN. This includes real-time, broadcasted translations of ICANN's regional meetings, providing information and interviews for regionally-based, multi-lingual media outlets, and translating and distributing literature describing ICANN's mission and recent efforts. ICANN is providing Internet stakeholders in every geographic region with basic informational tools to support diverse, international input and discourse.

The ICANN brochure and other materials are now translated into 17 languages; including specially produced dual language editions of core materials in English/French and Spanish/Portuguese (with English/Arabic planned for May 2005). An increased comprehensive translation program has been budgeted for the fiscal year 2005-06 to assist with those stakeholder groups who do not operate in English as their first language.

ICANN continues to partner with members of the ICANN Community as well as coordinate donated services and cooperative efforts (for example, L'Académie Africaine des Langues, African Language Academy, and Les Langues Africaines et la Société de l'Information translated literature that was distributed at ICANN's Cape Town meeting; Francophone provided real-time French translation of ICANN events in Cape Town).

ICANN continues to distribute translated ICANN outreach materials for corporate, government, and technologists' use. This is supplemented by ICANN brochures, booklets and CD-ROMs distributed across regions of the world to educate the Internet community on ICANN's role and core functions.

The Communications team is currently updating and translating selected literature describing ICANN's mission and recent efforts. New publications include a new glossary of terms to help explain ICANN's various acronyms and structure, and ICANN profiles for the global organization. All of these materials are now available in multiple languages.

Maintaining a multi-lingual ICANN Website is an important part of our overall communications strategy. Translation of ICANN's 'new and noteworthy announcements' site will be in place later this year to better assist the reporting mechanisms, as well as selected other areas of the Website.

ICANN has translated or will translate the following documents to fulfill the implementation of its multi-lingual communications strategy:

- The ICANN tri-fold informational pamphlet was distributed in Swahili, French, Arabic and English at the Highway Africa meeting.
- The ICANN Glossary, Structure, and At-Large materials have been reproduced in Arabic, simplified Chinese, French, German, Italian, Japanese, Portuguese, Russian, Spanish and Swahili.
- Key documents will be translated into (at least) the six United Nations languages: Arabic, Chinese, English, French, Russian and Spanish. Since Japan and Brazil have large stakeholder communities, ICANN will translate key documents into Japanese and Portuguese whenever feasible and meaningful.
- Other regional meetings and events, which includes distributing multi-lingual literature and interacting in numerous languages at a variety of venues, both sponsored by ICANN (such as a regional At-Large users meeting) or sponsored by other entities.
- ICANN regional presences, which currently include ICANN's Brussels office, with staff that provides support and information to Internet stakeholders in Europe and Africa in several languages, and will include presences in other regions; regional presences will help advance our multi-lingual communications strategy by working in partnership with local Internet community representatives to prepare and translate all relevant ICANN materials, including specific sections of the ICANN website; and
- The recent ICANN Cape Town meeting was filmed in French, Spanish, Portuguese, Bulgarian, and English for international distribution.

Also, the At-Large Advisory Committee (ALAC) and groups certified as “At-Large Structures” have conducted outreach meetings in, and distributed information in, English, Spanish, Portuguese, French, Italian, and Chinese. Groups certified as “At-Large Structures” have held local and regional meetings in numerous dialects and have assisted with the translation and distribution of ICANN-related information to non-English speaking communities worldwide.

**14g. Conduct a review of system-wide efforts to automate operational processes (implementation of any recommendations resulting from review to be completed by June 30, 2005);**

IANA processes have been improved in two important areas during this period. In October 2004, IANA staff organized a meeting between key members of the Internet Engineering Steering Group (IESG), the Internet Architecture Board (IAB), and the RFC Editor regarding IANA’s role in the process of Internet-Drafts being published as RFCs, and IANA’s performance of other protocol parameter functions. The first part of this forum focused on all parties coming to a better understanding of the existing Internet-Draft process, and then focused on how to improve that process by removing redundant or ineffective steps. This included making the work of IANA staff more effective by reviewing pending documents earlier in the process. The second half of the IETF forum focused on the overall topics of performance, metrics, and reporting of same for both Internet-Drafts and other protocol parameter areas that ICANN supports. Plans were laid for automating and improving the content of reporting on the status of requests, and overall performance topics. The first stages of those plans have already been implemented.

The second key area of improvement in the IANA function has been the design and implementation of an automated request tracking system. All publicly facing e-mail addresses for the IANA function are now operating through this system. The system keeps track of all correspondence and records (such as state changes, etc.) related to a given request, and provide automatic responses to requestors that indicate that IANA has received their correspondence. In the future, data from this system will be used to automate generation of reporting and statistics on performance of the various functions.