

Highlights of the Proposed-for-Adoption ICANN FY24–28 Operating and Financial Plan and ICANN FY24 Operating Plan and Budget

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1 Overview

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

It accompanies two other documents:

- Proposed-for-Adoption ICANN FY24–28 Operating and Financial Plan and FY24 Operating Plan
- Proposed-for-Adoption ICANN FY24 Budget

In accordance with ICANN’s Bylaws, documents are divided into a five-year operating and financial plan, a one-year operating plan, and a one-year budget.

2 Proposed-for-Adoption Plans Compared to the Draft Plans

Following the Public Comment period, all received comments were taken into consideration, and where appropriate and feasible, incorporated into the Proposed-for-Adoption plans. The [Public Comment Proceeding Summary Report](#) was published in March 2023. The table below summarizes the updates made to the proposed for adoption plans:

Plan Reference	Type of change	Description of the Change	Comments and Rationale
FY24-28 Operating and Financial Plan	Updated Functional Activity: Global Meetings Operations	Update the Meetings schedule to align with FY24 Meetings schedule	In response to Public Comments received
FY24-28 Operating and Financial Plan	Updated Operating Initiative: 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	Added wording to summarize changes made to the five-year Operating and Financial Plan as a result of Board decisions that occurred after the draft publication on 14 December 2022.	See Board decisions on the Registration Data Request Service and New gTLD Program Next Round

FY24-28 Operating and Financial Plan	Updated Functional Activity: Internationalized Domain Names and Universal Acceptance	Added wording to summarize changes made to the five-year Operating and Financial Plan as a result of Board decisions that occurred after the draft publication on 14 December 2022.	See Board decisions on the Registration Data Request Service and New gTLD Program Next Round
FY24-28 Operating and Financial Plan	Updated Functional Activity: Strategic Initiatives	Added wording to summarize changes made to the five-year Operating and Financial Plan as a result of Board decisions that occurred after the draft publication on 14 December 2022.	See Board decisions on the Registration Data Request Service and New gTLD Program Next Round
FY24 Budget	Updated Total ICANN section: revised costs, Full Time Equivalents (FTEs), and funds under management for New gTLD Program Next Round	Updated financials to reflect revised costs, FTEs, and funds under management for the New gTLD Program Next Round.	See Board decision on the New gTLD Program Next Round
FY24 Budget	Updated Total ICANN section: revised costs, FTEs, and funds under management for Registration Data Request Service (RDRS)	Updated financials to reflect revised costs, FTEs, and funds under management for RDRS.	See Board decision on the Registration Data Request Service
FY24 Budget	Updated New gTLD Program section	Updated milestones and information for steps post Operational Design Phase (ODP) related to the New gTLD Program Next Round.	See Board decision on the New gTLD Program Next Round
FY24 Budget	Added Registration Data Request Service section	Added section to summarize milestones and next steps of the Registration Data Request Service.	See Board decision on the Registration Data Request Service
FY24 Budget	Updated Grant Program section	Updated wording to enhance clarity of the Grant Program.	Improvement identified
FY24 Budget	Added Additional Budget Requests (ABRs) table in ICANN Operations section	Added table of recommended ABRs which includes submitting organization, description, and estimated amount.	Due to the completion of the process

3 Operating Plan Highlights

3.1 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 February and April 2022, ICANN convened 13 strategic outlook sessions with 261 participants from the community, Board, and org. Feedback received during those trend sessions was collected and analyzed as strategic outlook trends, risks, opportunities, and potential impacts on ICANN were assessed.

The monitoring of the evolution of the top trends that affect ICANN showed that the strategic objectives of the organization set forth in the FY21–25 Strategic Plan do not need to change at this point. The analysis produced some opportunities for adjustments to the Five-Year Operating and Financial Plan, specifically in how and when objectives are addressed. On 16 November 2022, the [Board resolved](#) that the FY21–25 Strategic Plan shall remain in force and unchanged 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: The FY24–28 Operating and Financial Plan is forward-looking and uses “base” scenario Operations funding projections. However, the financials used beyond FY23 are intended to be flexible to allow ICANN 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 Operations expenses do not exceed Operations funding and that sufficient reserves are reached and maintained at all times are two key principles of ICANN’s long-term, financial sustainability.

Face-to-Face meeting and engagement: The COVID-19 pandemic has changed how the ICANN community has worked and interacted since late FY20. As safety protocols have eased, many face-to-face work and engagement activities have returned with hybrid meetings starting from late FY23. While the future is unknown, ICANN’s planning and budgeting forecasts processes for FY24–28 are based on normal, pre-COVID operations including face-to-face ICANN Public Meetings and other types of engagement activity. ICANN will adapt and update operations as required in close collaboration with the Board and community.

Changes from FY22-26 Operating Plan: The draft FY24–28 Operating and Financial Plan updates the FY22–26 Operating and Financial Plan, and continues to demonstrate how ICANN implements its current Strategic Plan. Many of ICANN’s activities to

implement its Mission or operate the organization continue each year. Any new activities or 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 move forward and reach the stage of Board approval. After the Board adopts recommendations, the implementation work of design, planning, scheduling and delivery starts.

In an effort to present a comprehensive view of projected ICANN org operations over the five-year period, the 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 FY24–28 Operating and Financial Plan and FY24 Operating Plan and Budget.

In the FY23 plans, 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. This work continues in FY24.

“Planning at ICANN” is one of the 11 operating initiatives in the ICANN FY24–28 Operating and Financial Plan and the ICANN FY24 Operating Plan and Budget. One component of this operating initiative is to deliver a draft prioritization framework to be used during the annual planning process. The planning prioritization framework project launched at the end of FY21. The FY24 Planning Prioritization process took place in September and October 2022, and [a list of activities](#) were prioritized by community members for ICANN to consider during the development of the Operating Plan.

3.2 Operating Initiatives

Operating initiatives describe how ICANN org will achieve the objectives and goals set out in the ICANN Five-Year Strategic Plan. The 11 operating initiatives listed below represent major areas of work that support the strategic objectives and targeted outcomes identified in the Strategic Plan.

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. Develop 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 Depth of Understanding of the Domain Name Market Drivers that Impact ICANN's Funding
9. Implement New gTLD Auction Proceeds Recommendations as Approved by 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.

3.3 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
 - 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
- 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:**
 - 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).

4 Financial Plan Highlights

4.1 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 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 will continue to review its funding forecast regularly and adjust as needed.

4.2 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 anticipated 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

5 Budget Highlights

5.1 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)	(4)	(3)	(2)	-	(93)
Travel & Meetings	(12)	(0)	(0)	(0)	-	(13)
Professional Services	(29)	(4)	(3)	(2)	-	(38)
Administration	(18)	(0)	(0)	(0)	-	(19)
Capital	(1)	-	-	-	-	(1)
Total Expenses	(145)	(9)	(6)	(4)	-	(164)
Operating Fund Excess Transfers	-	-	-	-	-	-
Grants Distributed	-	-	-	(10)	-	(10)
Investment Income/(Decline)	0.4	0.5	0.1	2.0	1.6	5
Funds Under Management - 30 Jun 2024	\$45	\$48	\$12	\$198	\$165	\$469
Total Average FTE	413	13	9	5	-	440

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 the New gTLD Program Next Round
- Supplemental Fund for Implementation of Community Recommendations (SFICR) activity consists of cost for implementation of prioritized Board-approved review recommendations and Registration Data Request Service
- 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
- Full-Time Equivalents (FTEs) reflect the average in the fiscal year (please see Glossary for a definition of FTEs)

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 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 Fund.

Operating Fund

- Funding is \$145 million, which reflects consideration of 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 expenses assume three ICANN Public Meetings with a face-to-face component and otherwise unrestricted travel.
 - Total expenses include contingency, a placeholder for unknown and hard to predict costs.

New gTLD Fund

- Expenses are \$9 million.
 - \$4 million are costs related to the 2012 Round, including direct expenses and allocations from ICANN Operations.

- \$5 million are costs related to the Next Round implementation through 31 October 2023, 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.
- Registration Data Request Service expenses are \$2 million, including direct expenses and allocations from ICANN Operations.

Auction Proceeds

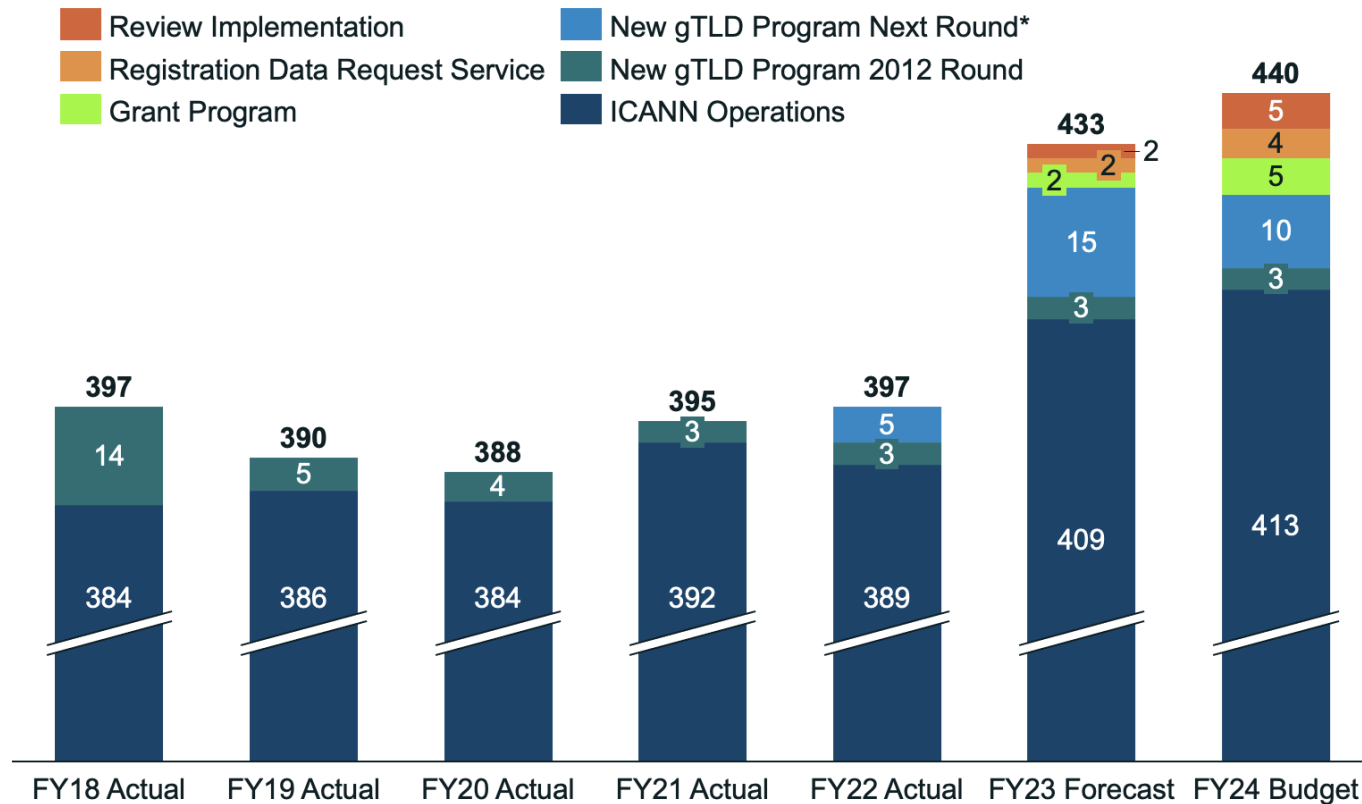
- Beginning balance is \$210 million.
- Up to \$10 million will be made available during the Grant Program's first cycle, which is expected in FY24.
- The FY24 \$4 million for the Program administration is a high-level estimate that includes the end of one-time implementation costs and recurring ones.
- A more detailed and comprehensive cost estimate is being developed at the time of publication of this document as the org's implementation team continues to design the Program.

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.

5.2 Average FTEs

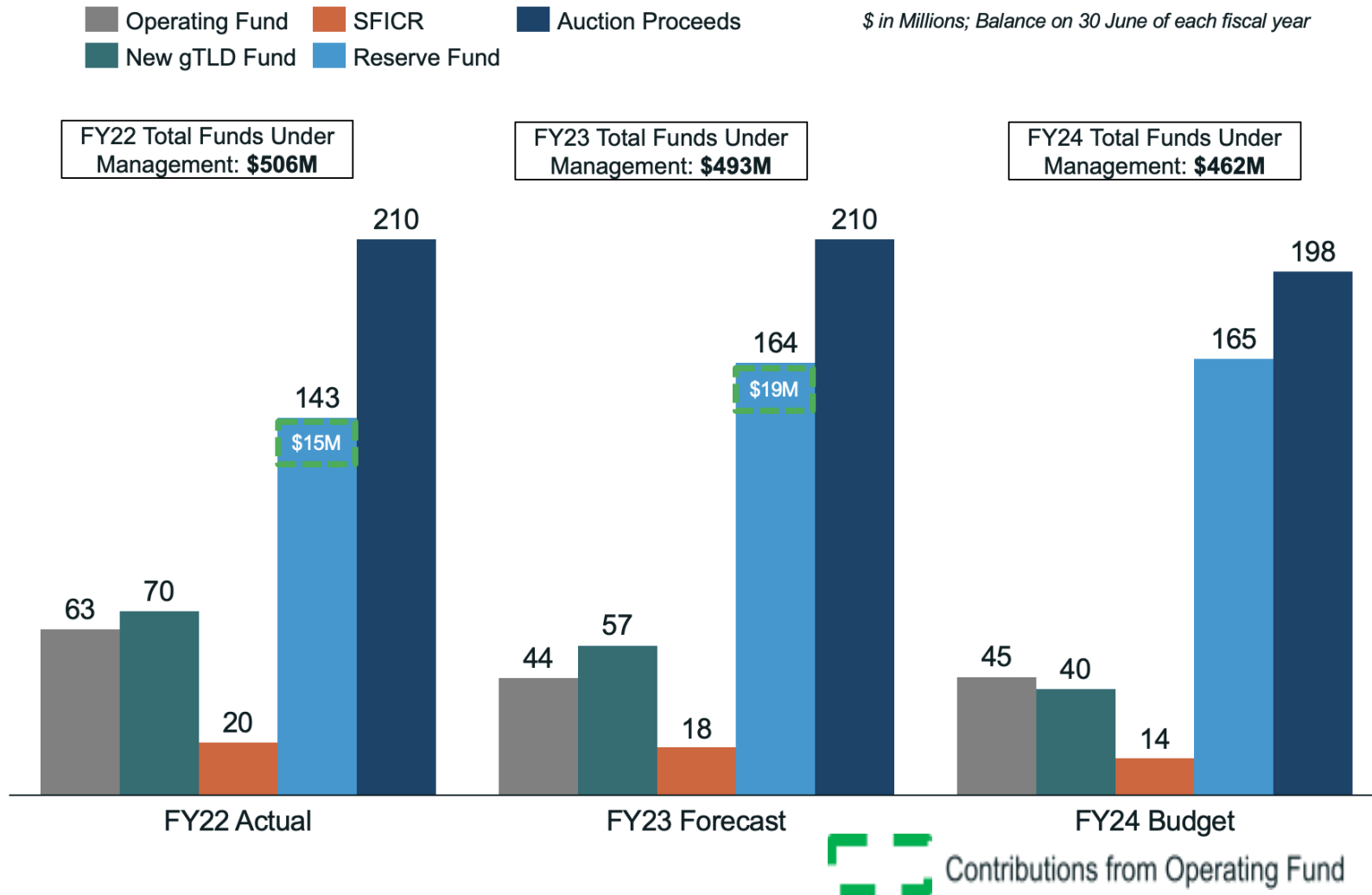
The following chart shows the average number of FTEs working under each segment of Total ICANN. FTEs consist of direct staff and staff allocations from ICANN Operations. New gTLD Program 2012 Round FTEs reflect efforts to process the remaining applications received in 2012. New gTLD Program Next Round FTEs reflect the resources for policy development and implementation through 31 October 2023. The Grant Program, which is funded by Auction Proceeds, began in FY23 and will ramp up in FY24. In addition, prioritized Review Implementation and the Registration Data Request Service, both funded by the SFICR, will begin in FY23 and continue into FY24.



*New gTLD Program Next Round FTEs through 31 October 2023

5.3 Funds Under Management

ICANN manages five funds. The chart below shows the expected balance of each fund on 30 June of each fiscal year listed.



The Operating Fund covers day-to-day operations. The 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 (see [Reserve Fund](#) section). All three of these 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 costs (including contingency), and starting in FY22, to cover the New gTLD Program Next Round. Auction Proceeds come from ICANN auctions held to resolve string contention in the New gTLD Program 2012 Round. The Auction Proceeds will be used to cover the ICANN Grant Program. Both of these 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.
- Each fund is projecting interest gains according to its corresponding investment policy as referenced above.