FY13 ICANN GLOBAL Operating Plan and Budget
Fiscal Year Ending 30 June 2013

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1. Introduction

This FY13 draft Budget sets forth the proposed focus of efforts and organizational commitments for the next fiscal year. This proposal will be modified as a result of feedback from the community and ICANN's Board, and will be considered for adoption in June 2012 during the ICANN meeting to be held in Prague.

Community feedback is solicited to ensure that priorities are set correctly and resources are allocated appropriately. This draft FY13 Budget, for the fiscal year beginning 1 July 2012 and ending on 30 June 2013, was developed in line with ICANN's evolving strategic planning process, from which the FY13 Priorities and focus areas for community and staff were derived.

FY13 Priorities
Execute IANA contract follow up
Launch New gTLD Program
Ensure excellency in the management of DNS Stability, DNS Security, IP addresses and parameters
Build on Contractual Compliance
Strengthen globalization of Operations
Enhance infrastructure, processes and systems for effectiveness and efficiency
Integrate ATRT Recommendations into day-to-day culture
Enable effective and constructive early participation of the GAC in the policy development process
Effectively support SO/AC and Board increasing activities
Engage new stakeholders into the multistakeholder model
Support Law Enforcement engagement with Community
Advance Whois database policy and procedures
Evolve ICANN meetings – ongoing work on Participation and Engagement, in conjunction with the Meetings team and the PPC to include: language services, number and types of various ICANN meetings as well as locations

The budget process and its outcome formalized in this document aim at establishing a detailed, documented description of the operational activities of the coming fiscal year and their financial impacts. The budget needs to be built with sufficient details to allow an adequate monitoring of activities during the year, while understanding the flexibility that is required to handle a reality that is always different than what was anticipated.

Consistent with our multistakeholder model, this budget is the result of input from ICANN constituency groups, stakeholders, the Board of Directors and the ICANN Staff. The involvement

of the various ICANN stakeholders in the operating plan and budget building process is a corner stone to the success of the multistakeholder model. It is therefore an absolute priority underlying to the budget development process and needs to be continuously improved, enhanced and expanded, while also keeping in mind the effectiveness of the process so as to ensure appropriate and timely delivery.

The fiscal year 2013 budget has been established on the basis of a continuation of the existing operations carried out to achieve the strategic objectives of the organization. It is expected to contain an increasing number of activities and projects driven by the acceleration of existing initiatives or the beginning of new projects: the IDN variant management implementation, the enhancement of multilingual capabilities, the compliance process improvements, the Whois projects, as well as the operational ramp up of resources to operate new top level domains upon delegation in the course of the fiscal year.

2. Strategic Overview

Strategic planning requires the involvement of the community in the development process to ensure that the Strategic Plan reflects the needs of the multiple stakeholders and supports the mission and core values of ICANN. For the draft 2012-2015 Strategic Plan, goals include refining and expanding the metrics used to ensure that strategic initiatives are appropriately prioritized, evaluated and measured for success, and deepening the linkage between the Strategic Plan and the Operational Budget.

In the coming fiscal year, ICANN plans to include a mapping of mission, strategic objectives and goals to clarify, solidify and illustrate this linkage. In developing the 2013-2016 Strategic Plans, ICANN will include narrative to illustrate how mission and core values translate into strategic objectives, supported by specific projects. We will re-align the one-page summary of Four Strategic Focus Areas toward clearer illustration of how our mission and core values drive strategic objectives and the projects that will accomplish these objectives.

ICANN's planning process is continually being refined as we develop as an organization and grow in numbers and in scope. The goal is to maximize effective community engagement while balancing its priorities and long-range strategic objectives. Evidence of this process at work includes effective community engagement in targeted conversations about the Strategic Plan, the FY13 Framework, top priority session work and continued review of the SO AC Budget Request process at the two ICANN Public Meetings this year.

As a reminder of the Planning process, the Strategic Plan is developed with community input, generally between July and February. The development of the Framework for the Budget begins in mid-fiscal year with community input and target setting, and the draft Operating Budget is posted before or on 1 May of each year for final community review. ICANN's Bylaws require that 45 days before adoption of the budget, a draft is posted for community feedback.

The Operating Budget defining ICANN's yearly goals and priorities will be before the Board for adoption at the next ICANN Public Meeting in Prague.

More information about the planning process ICANN uses to develop its Strategic and Operating Plans can be found at http://www.icann.org/en/about/planning.

ICANN's new structure for the FY13 Budget process

Before…   …Today
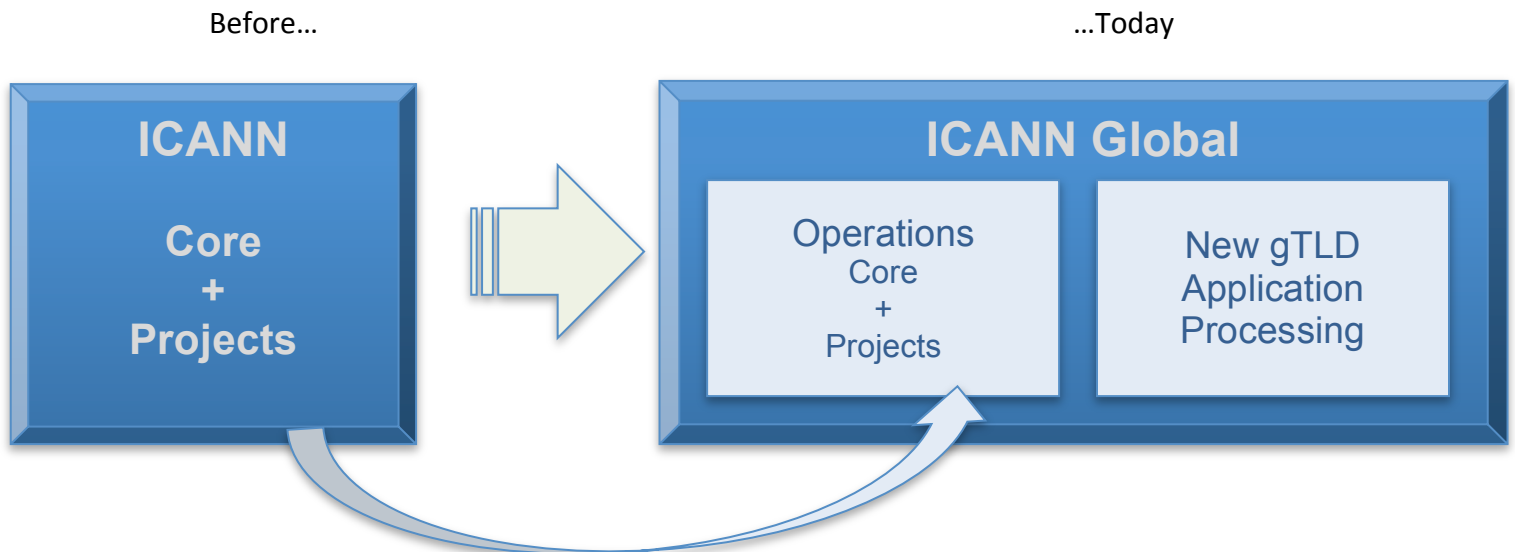
In order to keep a clear segregation between the ICANN operations and the New gTLD Application process, from an operational and financial monitoring standpoint, the ICANN Corporation now includes two separate components: Operations, which corresponds to the existing ICANN operations comprised of Core and Project work, and New gTLD Application Processing, which includes the New gTLD Application-related revenues (fees) and costs (processing, risk, historical development).

This structure was established in January 2012. It will be used until the New gTLD Application Processing is completed and all funds are expensed and potential remaining funds disposed of as per Board decision to be formulated with Community input. Though both components share Executive Management oversight, Infrastructure and Support services, they stand apart operationally by having:

- Separate/dedicated accounting ledgers
- Separate/dedicated bank accounts
- Separate/dedicated investment funds
- Separate/dedicated reporting formats
- Separate/dedicated operational resources

3. Operating Plan and Budget

(in Thousands US dollars)	FY12 FORECAST			FY13 DRAFT BUDGET		
	OPS Division	New gTLD Application *	ICANN Global	OPS Division	New gTLD Application *	ICANN Global
Traditional Revenue	70,760	-	70,760	78,870	-	78,870
New gTLD Application Fees		19,197	19,197		153,801	153,801
Revenue	$ 70,760	$ 19,197	$ 89,957	$ 78,870	$ 153,801	$ 232,671
Personnel	26,267	1,747	28,014	30,958	3,885	34,843
Travel & Meetings	13,226	41	13,267	11,387	208	11,595
Professional Services	14,834	8,527	23,361	20,663	65,075	85,738
Administration Costs	8,296	170	8,466	10,880	340	11,220
Community Special Requests			-	536	-	536
						-
Operating Expenses	$ 62,623	$ 10,485	$ 73,108	$ 74,424	$ 69,508	$ 143,932
Bad debt expense	755	-	755	400	-	400
Depreciation	1,856	-	1,856	2,400	-	2,400
Operating Income/ (Loss)	$ 5,526	$ 8,712	$ 14,238	$ 1,646	$ 84,293	$ 85,939
Contingency		-	-	3,720	-	3,720
Change in Net Assets	$ 5,526	$ 8,712	$ 14,238	$ (2,074)	$ 84,293	$ 82,219
Investment Income/ (Loss)	276	-	276	1,000	-	1,000
Net from Investment Activities	$ 276	$ -	$ 276	$ 1,000	$ -	$ 1,000
New gTLD Applicant Support - ICANN contribution	-	-	-	(2,000)	-	(2,000)
Historical costs	-	(6,836)	(6,836)	14,808	(14,808)	-
New gTLD Risks Reserve	2,846	(2,849)	(3)		(54,755)	(54,755)
Change in Net Assets	$ 8,648	$ (973)	$ 7,675	$ 11,734	$ 14,731	$ 26,464

Figure 3-0 FY12 Budget & Forecast vs. FY13 draft Budget

The New gTLD Application processing figures in this table corresponds to the scenario "2000 applications received." The multi-year view of this scenario appears on page 61.

3.1 Operations

As previously mentioned, ICANN Operations is made up of the functional view and the statement of operations, which showcases the revenues and expenses of each fiscal year.

The functional areas have traditionally been comprised of cross functional core organizational activities. In recent years, ICANN has put more focus on highlighting the projects (temporary large endeavors undertaken to create a unique product, service or result) which the Board and/or Community have requested the staff to work on in any fiscal year. Both core and project work can be reflected within a functional area.

In the first part of this section, we will provide a summary of work in each of the functional core operating areas, as well as highlighting the proposed projects which were derived from the FY13 Priorities communicated in the FY13 Framework, or those suggested by either the Board or Community in discussions this year.

The Functional View of Core Activities is summarized below:

3.1.1 Functional View

Operating Expenses in Functional View (in Thousands of US Dollars)

Organizational Activities	FY13 Draft Budget	FY12 Forecast	FY12 Budget	FY13 Budget less FY12 Forecast	
0-New gTLD Program *	-	4,343	5,516	n/a	n/a
1-Stakeholder Projects *	5,279	-	-	n/a	n/a
2-IDN Programs	2,938	1,587	1,767	1,351	85.1%
3-IANA and Technology Operations Improvements	7,127	6,412	7,033	715	11.2%
4-Security, Stability and Resiliency Operations(SSR)	9,153	7,978	8,724	1,175	14.7%
5-Contractual Compliance	6,090	3,816	4,799	2,274	59.6%
6-Core Meeting Logistics	6,422	5,615	5,989	807	14.4%
7-Community Support	9,081	8,376	9,373	705	8.4%
8-Policy Development Support	7,161	6,595	7,572	566	8.6%
9-Global Engagement and Increasing International Participation	9,215	7,779	8,718	1,436	18.5%
10 - Organization Effectiveness and Excellence	556	504	466	52	10.3%
11-Ombudsman	422	329	457	93	28.3%
12-Board Support	3,862	3,191	3,783	671	21.0%
13-Nominating Committee (NomCom) Support	864	848	844	16	1.9%
14-DNS Operations	2,592	2,307	2,514	285	12.4%
15-Organizational reviews	3,662	2,943	3,045	719	24.4%
Total Operating Expenses	**74,424**	**62,623**	**70,600**	**11,801**	**18.8%**

Figure 3-1 Operating Expenses in Functional View

* As the New gTLD Program reaches the application processing stage and is transferred to a separate component, the Stakeholder Projects organizational activity category will carry most of the TLD related initiatives

1. Stakeholder Projects and Policy Implementation

(in Thousands of US Dollars)

Organizational Activities	FY13 Draft Budget	FY12 Forecast	FY12 Budget	FY13 Budget less FY12 Forecast	
1-Stakeholder Projects	5,279	-	-	n/a	n/a

The Stakeholder Relations group covers a broad range of activities, providing oversight and coordination of policy development support, policy implementation, and relationships with contracted parties. Included as well is the management of several key project and programmatic activities.

This new functional activity is considered a relevant aggregate of activities to disclose and analyze. In prior years, such activities were mainly included under New gTLD readiness, policy support, community support, global engagement.

On a day to day basis, this functional area includes support for stakeholder group meetings, development and revision of proposals, review and analysis of input received in public comment processes, executing studies or other groundwork needed to inform these activities, and updating the community on work in progress.

These activities are designed to meet the strategic focus area of competition, consumer trust, and consumer choice. It is important that these activities be accomplished in a manner that supports the mission and core values of ICANN and the stability and security of the DNS.

Anticipated Key Activities in FY13 include:
- **Work plan for the second application round**. This includes implementation and planning for the reviews of the New gTLD Program, leading to a follow-on application round. ICANN has committed to reviewing the application and evaluation processes, the effects of the program on the operations of the root zone, and the effectiveness of the rights protection mechanisms implemented. This requires developing procedures to review the first application round, and setting milestones that must be met before Round 2 is initiated. The goal is to provide greater certainty in the community, and is important to meeting ICANN's mission of increased competition and choice in the gTLD space.

- **Trademark Clearinghouse**. The Trademark Clearinghouse will support rights protection mechanisms in new gTLD registries for second-level registrations (post delegation). The implementation work will continue in FY13, leading to completion of the build-out and launch of Clearinghouse services to rights holders and registries. The implementation is expected to include a testing phase for users from the community during the fiscal year. Following successful initiation of Clearinghouse services, responsibility for the

Clearinghouse relationship and operations will be transitioned to the Registry Liaison group.

- **Rights Protection Mechanisms**. Implementation of additional post-delegation rights protection mechanisms will take place. These efforts include work with the community to develop effective and feasible policy and administrative rules, and the engagement of one or more Uniform Rapid Suspension (URS) providers. Implementation of the Post-Delegation Dispute Resolution Procedure (PDDRP) and Registry Restrictions Dispute Resolution Procedure (RRDRP) requires securing qualified providers to administer proceedings, and working with providers and others to create the needed rules and procedures. It will also include design and build for the Registry Restrictions Problem Report System (RRPRS) specified in the Applicant Guidebook.

- **Whois Program**. This effort represents the coordination of several work areas toward promoting accuracy of Whois data. These activities include implementation of Whois Review Team recommendations regarding measures to increase accuracy, carefully crafted studies to inform the implementation of these recommendations and provide a roadmap for additional Whois accuracy initiatives, technical work on the Whois protocol, and synthesis with contractual compliance activities and reporting.

- **TLD acceptance**. The project's goal is to raise awareness of the existing acceptability issues with the addition of new TLDs (IDN and ASCII) in the application space. The work focuses on providing information and tools so the issues can be addressed in a time-efficient and cost-effective manner.

- **String similarity**. This is a project relevant to both gTLDs and ccTLDs given feedback indicating that additional guidance is required in this area. It requires assessing the current string similarity assessment procedures provided for, performing analysis and making recommendations for additional processes to arrive at the goal of an objective set of string similarity requirements for all TLDs.

- **Data Escrow Spec Development in the IETF.** Project will follow the development of a Data Escrow specification in the IETF, in parallel with the launch of new gTLDs.

2. Internationalized Domain Names

(in Thousands of US Dollars)

Organizational Activities	FY13 Draft Budget	FY12 Forecast	FY12 Budget	FY13 Budget less FY12 Forecast	
2-IDN Programs	2,938	1,587	1,767	1,351	85.1%

Various Internationalized Domain Name (IDN) related initiatives such as IDN variant management procedures for the root zone, continued IDN Fast Track operations and reviews, and support of policy discussions will be focused on in FY13.

Resource commitments for the FY13 Budget are expected to be $2.9 million or 85.1 percent over FY12's forecast and reflect the resources required for new IDN programs. The increase is primarily from the IDN variant program with (i) about $1 million in professional services for studies, research, process development and (ii) $0.4 million in associated travel costs for staff, subject matter expert and review panels.

This will be allocated across the following activities:

- **IDN variant management**. This work enables development of variant management procedures for the root zone. The set of activities incorporates a high level of community involvement so that the results are informed by expertise from all regions. Study and consultation are designed to inform processes for creating a label generation rule set for the root zone, and measures required to support a good user experience in the implementation of IDN variant TLDs

- **IDN ccTLD Fast Track**. ICANN will continue to accept and process IDN ccTLD requests submitted to the IDN Fast Track. In addition, the second annual review will be executed as specified in the Final Implementation Plan

- **Protocol implementation**. Encourage implementation of the new protocols in the DNS community and measure the implementation penetration and its effectiveness in making IDNs "work."

- **Policy development**. Monitor development of ccNSO recommendations for overall policy for the selection of IDN ccTLD strings and the implementation of these recommendations. This involves reporting on and identifying a feasible policy for the selection and delegation of IDN ccTLDs associated with the territories listed in the ISO 3166-1(IDNccTLDs) within the framework of the IDN ccPDP

3. IANA and Technology Operations Improvements

(in Thousands of US Dollars)

Organizational Activities	FY13 Draft Budget	FY12 Forecast	FY12 Budget	FY13 Budget less FY12 Forecast	
3-IANA and Technology Operations Improvements	7,258	6,412	7,033	846	13.2%

In FY13, the IANA Department will be developing and implementing a number of new reports that are required by the contract with the Department of Commerce. These reports will require considerable consultation with the community, especially the Regional Internet Registries, the Internet Engineering Task Force, the ccNSO and the gNSO, as well as development of new tools to analyze data related to the delivery of the IANA Functions. In addition to the new reporting requirements other projects that are planned are tools to automate processing of protocol parameter requests, second version of Root Zone Management System to streamline end-to-end creation of new gTLDs, and mechanisms to secure communications between the IANA Department and requestors. The above projects are in addition to maintaining existing infrastructure and operations in a robust and secure way. ICANN is focusing on excellence in performance of all the activities performed by the IANA department and is continuing to invest in the Business Excellence Program based on EFQM, a European standard.

In FY13, $7.1 million of budget resources, an 11 percent increase over FY12 forecast, are required to support the continuing operation as well as delivering the implementation of new policies and services as defined by the IETF, Regional Internet Registries, the ccNSO and the Department of Commerce.

The focus on this department for FY13, as reflected by its placement as one of the four strategic focus areas for ICANN, will be:

- Increase transparency as to the source of policies and procedures relevant to the IANA Functions by publishing relevant explanations on the ICANN and IANA Department website
- Development of and publication of performance standards
- Development and publication of user instructions including technical requirements for each corresponding IANA Function
- Establish, in collaboration with NTIA and other interested parties, a Customer Service Complaint Resolution Process
- Continued investment in automating the manual processes of handling transactions
- Execute external reviews of IANA Function RZM software as well as number resource and protocol parameter processes
- Revise processes to implement Framework of Interpretation for ccTLD delegation and re-delegation resolutions recommended by the ccNSO and adopted by the ICANN Board

4. Security, Stability and Resilience Operations (SSR)

(in Thousands of US Dollars)

Organizational Activities	FY13 Draft Budget	FY12 Forecast	FY12 Budget	FY13 Budget less FY12 Forecast	
4-Security, Stability and Resiliency Operations(SSR)	9,275	7,978	8,724	1,297	16.3%

In FY13, budget resources required to support SSR activities are estimated at $9.1 million, a 14 percent increase over FY12's forecast. The increase for SSR in FY13 is due to continued collaboration and engagement in the following activities:

- Work with ICANN's IT on improving internal infrastructure, network security improvements and mobile device practices
- Implement recommendations of the Security, Stability and Resiliency Review Team
- Support root resilience efforts, L-root expansion and contingency exercises with partners
- DNS capability training with ccTLD operators, law enforcement and the operational security community (including Interpol, Commonwealth Cybercrime Initiative and other community partners)
- Conduct DNS Risk Management Framework assessment based on recommendations from Board-level working group and influenced by community-driven DNS Security and Stability Analysis Working Group (DSSA-WG)
- Continued engagement and adoption activities for DNSSEC with TLD operators, registrars, ISPs and enterprises; key ceremonies and support to SSAC work party on key rollover
- Support the IDN Program with the next phase of the IDN variant project
- Security support to gTLD Operations (TAS, Digital Archery and other system security)
- Implement objectives contained in the FY13 SSR Framework after the community and Board of Directors buy-in
- Follow best practices for internal Information Security and network operations
- Physical security improvements in Los Angeles, Brussels and other ICANN office locations
- Conduct 4th Global DNS SSR Symposium in FY13 in collaboration with the Anti-Phishing Working Group
- Support to Global Partnerships and Regional Vice Presidents in representing ICANN
- Provide thought leadership and expertise as requested by others in the Internet ecosystem, such as in the IT Sector DNS Risk Update, and participate in events such as the Internet Governance Forum

5. Contractual Compliance

(in Thousands of US Dollars)

Organizational Activities	FY13 Draft Budget	FY12 Forecast	FY12 Budget	FY13 Budget less FY12 Forecast	
5-Contractual Compliance	6,179	3,816	4,799	2,363	61.9%

In FY13, budget resources for Contractual Compliance are estimated to be $6.1 million, about 60 percent greater than FY12 forecast. It is mainly driven by (i) a Compliance department headcount increase from an average of 9 FTE in FY12 to 15 FTE in FY13 for approximately $1.1 million, (ii) Compliance audit for $0.5 million, (iii) Legal allocated costs increase for $0.4 million, (iv) other overhead increases for $0.3 million. The increase demonstrates ICANN's continued commitment to **"strengthen the Contractual Compliance function and its operations; and to establish clear performance measures and improve communication and reporting to the community".**

Work in FY13 will focus in the following areas:

- Continue to grow Compliance resources in numbers and expertise to: 1) improve operations with increased monitoring and proactive enforcement of the contracts and policies; 2) proactively engage and collaborate with registrars to improve compliance and reduce complaints; 3) promote a culture of compliance and increase compliance awareness among the contracted parties through global outreach activities
- In addition, to support the augmented Contractual Compliance function, resource increases are planned for other ICANN departments, such as the Registrar and Registry Liaison teams, Legal (and external legal services), Information Technology, Finance, Security and Policy
- Continue the effort to standardize operations, systems and tools for efficiency and effectiveness. This includes additional automation in complaint processing and tracking, rollout of an internal collaboration tool, enhancements to current systems to reflect the standard Contractual Compliance's process and templates, launching a program to replace the current complaint intake systems and continue efforts in preparation for new gTLDs
- Communicate, develop and implement the plan for a robust risk and audit strategy
- Develop performance metrics for core operations and improve and deliver fact-based communications and reporting to the community

6. Core Meetings Logistics

(in Thousands of US Dollars)

Organizational Activities	FY13 Draft Budget	FY12 Forecast	FY12 Budget	FY13 Budget less FY12 Forecast	
6-Core Meeting Logistics	6,468	5,615	5,989	853	15.2%

ICANN works collaboratively with its multistakeholder community to strengthen regional and global engagement in the ICANN processes. ICANN Public Meetings facilitate both face-to-face and remote interaction among a growing number of international participants.

The increase in costs of $0.9 million is primarily driven by: (i) the increase in the Meetings department resources from an average of 11 FTE to an average of 15 FTE to allow an increase in the size and complexity of the meetings (1 FTE) and the implementation of the language policy (3 FTE) for a total of $0.5 million, (ii) increased IT costs related to audio-visual infrastructure at the meetings for $0.3 million, (iii) increased language services costs due to the increased volume of translation and interpretation for approximately $1.2 million, (iv) a meeting costs contingency of $0.3 million, partially offset by (v) the absence of the costs relative to the 3rd ICANN meeting that are incurred during the meeting for approximately $1.5 million (with most of the preparation costs happening in May/June during FY13).

The budget includes anticipated costs of the April locations under consideration, and the October location – Toronto. The FY13 budget includes the staffing costs for the full-time meeting planning team as well as the costs for professional services required for audio-visual and other meeting support. Travel costs for the meetings team, including pre-meeting site visits, are included. Travel costs for Board members, staff, and supported community members are covered elsewhere.

In response to the overall increase in the costs of holding the ICANN Public Meetings, as well as increased funding requests from the community for travel support to these meetings, the meetings team will continue its efforts to generate sponsorship contributions to help offset these cost increases. The FY13 draft budget reflects a sponsorship contributions budget amount of $800k, corresponding to $400k/meeting.

Ongoing activities in support of the ICANN meetings are:

- Conduct two ICANN Public Meetings in this fiscal year. Activities include site selection, contract negotiations, logistics planning and execution, the development of the technical infrastructure, and sponsorship development and support
- Focus on increasing the professionalism of ICANN meetings through improved execution of audio-visual technology, simultaneous interpretation and scribing services, and remote connectivity

- Facilitate the deployment of enhanced remote participation tools that engage an increasing number of community members in the ICANN processes
- Implement the meeting site selection process developed by the ICANN Board of Directors Public Participation Committee, which provides the processes necessary to identify and select appropriate venues for ICANN Public Meetings
- Support an average of five additional meetings requested by Board, staff and communities. Activities include site selection, contract negotiations, logistics planning and execution, audio-visual arrangements, on-site support, and other related functions
- Support ICANN Public Meetings and other ICANN meetings by providing a range of language services including simultaneous interpretation, real-time scribing, transcription and translation

7. Community Support

(in Thousands of US Dollars)

Organizational Activities	FY13 Draft Budget	FY12 Forecast	FY12 Budget	FY13 Budget less FY12 Forecast	
7-Community Support	9,203	8,376	9,373	827	9.9%

Currently, this functional area captures the more traditional support functions that are designed to provide the basic infrastructure for community participation in ICANN, including ICANN meeting logistics, Constituency Travel, basic services for community groups as well as approved additional requests for other activities and support.

Resources required for Community Support in FY13 are budgeted at $9 million.

As in previous fiscal years, the ICANN FY13 budget supports an extensive infrastructure of capabilities and services for various parts of the ICANN community. This infrastructure is designed to maximize the ability of community groups to participate substantively in policy development, to be active in community discussions and to manage general organizational governance.

Over time, individual communities and different ICANN staff departments have requested or developed helpful tools that promote these goals. The FY13 Budget addresses these disparate elements in a comprehensive manner.

An ongoing goal within the community and staff is to provide appropriate resources for Supporting Organizations (SOs), Advisory Committees (ACs) and their sub-groupings. The FY13 budget attempts to capture the various expenses devoted to these activities – especially the

particular services that are provided by the staff secretariat functions allocated to specific groups for each SO and AC and the needs and desires for additional support by various constituencies in each of those organizations.

Language Services: The provision of language services is essential for a global multistakeholder organization. Meetings, documents and information must be accessible in a variety of languages. ICANN is embarking on an aggressive two-year strategy to enhance its multilingual programs. The strategy has two main objectives: make information about ICANN and its work accessible to those who speak languages other than English in ways that enhance participation in and the effectiveness of the multistakeholder model; and make ICANN more effective as a global organization. The strategy will included two major components: provide simultaneous interpretation in the six UN languages for major ICANN Public Meeting plenary sessions and GAC sessions, as well as select AC/SO teleconferences; develop the staff structure necessary to ensure the highest level of accuracy of translated documents; develop five abridged versions of the English ICANN website, focusing on the core elements.

Technical Services: A critical capability offered to ICANN community members is the support for regular Internet and teleconference connectivity to support community governance, policy development and general information exchange within the community. ICANN staff has continued to expand services, such as more frequent teleconferences and Adobe Connect capability, while keeping costs relatively constant. The FY13 budget reflects an increased service capability offered to community groups and will continue to provide support as required for individual community groups. The budget reflects the growing community and its need for increased support, including remote participation capabilities at ICANN Public Meetings.

Travel Support: In FY13, ICANN will provide travel support to approximately 135 community members who travel to most ICANN Public Meetings, in accordance with posted guidelines developed through community collaboration and feedback. The purpose of travel funding continues to be to increase global awareness of ICANN and its mission, to increase participation levels at regional and international forums, and to support those who provide work and leadership to the ICANN community but may not otherwise be able to attend ICANN Public Meetings. Travel support for community members is focused toward selected members of the Supporting Organizations and Advisory Councils, as well as other stakeholder/working groups. Discussions with the community on the size and administration of this resource occur each fiscal year.

Ongoing activities include:

Update Travel Guidelines as needed with community feedback and provide timely post-meeting reports for transparency;

Administer and coordinate community stakeholder travel including booking transportation and lodging as well as payment of per diems, stipends, and other reimbursements for selected community member travel to the ICANN Public Meetings;

Provide assistance, as appropriate, in obtaining visas for attending ICANN Public Meetings;

Support travel coordination needs for other external groups such as the Nominating Committee and review teams;

Additional Service Requests: In the second year of working with the ICANN community on additional budget requests (community requests for services not covered in the traditional ICANN budget); we have progressed with a pilot working model and matrix to evaluate the additional requests received from the various community groups in FY13. This working model allows criteria and rationale to be applied to each request. ICANN staff will continue to work with the community to modify this pilot program to solidify the process for FY14. The process has otherwise followed the FY12 model, in that an opportunity was provided to each constituency and stakeholder group to submit additional requests for support or activities for consideration in the proposed FY13 budget. These requests were posted on the ICANN webpage and the process was discussed with community leaders in Costa Rica. A summary of all submitted requests, those presented for inclusion in the FY13 budget along with those not currently being considered as part of the final FY13 budget can be found in the Appendix, and comments on these decisions should be part of public comment along with the entire FY13 draft Budget.

You will find a summary chart of all FY13 SO AC Budget in the Appendix.

8. Policy Development Support

(in Thousands of US Dollars)

Organizational Activities	FY13 Draft Budget	FY12 Forecast	FY12 Budget	FY13 Budget less FY12 Forecast	
8-Policy Development Support	7,161	6,595	7,572	566	8.6%

The ICANN community plans to continue to produce a substantial volume of policy development work in FY13. As a result, ICANN will again devote substantial resources to support and manage its policy processes to ensure that policies are effectively and efficiently developed by the community in a transparent, bottom-up, consensus-based manner.

Resources required for the proposed FY13 Policy Development Support activities are estimated to remain steady at approximately $7 million. Budget resources are provided to allow for some new staff to support policy development efforts (e.g., additional AC support and general SO/AC secretariat support) as well as for fact-based studies to support policy development processes. In addition, some resources will be used to implement improvements identified as part of the GNSO, ALAC, and SSAC improvement efforts. FY13 core activities in support of policy development, advisory input and other resourced efforts will include:

- Support of ccNSO delegation and re-delegation working group efforts.
- Efforts to implement Affirmation of Commitments obligations with respect to public forums, policy development support, GAC support, and development of reliable consumer metrics.
- The GNSO will also continue to pursue recommendations on registration abuse and other domain name issues of concern to registrants, such as the rules governing expiring names and improved methods to manage the inter-registrar transfer of domain names.
- As part of the respective review efforts of the GNSO and ccNSO, the staff will support the design and continued implementation of new GNSO and ccNSO websites and other communications tools to improve community information sharing, collaboration, and participation in ICANN's policy-related activities.
- Continue to provide community-identified, in-kind administrative services to ensure that fair and consistent services (aka the "GNSO Toolkit") are available to all eligible GNSO organizations.
- As approved by the GNSO Council, continued support of community-developed studies designed to develop current data to inform community discussion and debate on the Whois service. A number of those studies were planned for FY12 but were delayed and will now be concluded or initiated in FY13.
- Develop programs to help community leaders and new community members to improve their effectiveness through training, information and skill building opportunities. This work may include development of an ICANN leadership curriculum and content to inform leaders and community members about ICANN policies and processes.
- Support community development and implementation of prioritization methods, benchmarking and self-assessment processes for ICANN's supporting organizations and advisory committees to manage and evaluate the effectiveness of their work and identify opportunities for improvement. Activities include:

  - For SOs/ACs, support for members to enable them to plan, prioritize, and benchmark their work and to develop published and updated Work Plans. (e.g. http://www.icann.org/en/committees/security/ssac-workplan.htm.; 2012-2014 ccNSO work plan; http://newgnso.icann.org/meetings/pending-projects-list.pdf)
  - For At-Large, during the period 2010–2013, support for capacity-building activities during ICANN Public Meetings. These gatherings will help those regional communities to set priorities, develop strategies for improving participation, including capacity-building programs, and increase engagement, such as recruiting new At-Large Structures to achieve the goal of at least one At-Large Structure per country worldwide. These community support activities will contribute to a healthy Internet eco-system
  - Assist the GNSO Council as it continues its efforts to prioritize and manage its strategic coordination and policy activities

9. Global Engagement and Increasing International Participation

(in Thousands of US Dollars)

Organizational Activities	FY13 Draft Budget	FY12 Forecast	FY12 Budget	FY13 Budget less FY12 Forecast	
9-Global Engagement and Increasing International Participation	9,215	7,779	8,718	1,436	18.5%

ICANN's commitment to global engagement involves efforts to increase the levels of international participation and to aid in the effectiveness of that participation. This ongoing commitment is demonstrated by the increased allocation of resources from FY12 to FY13. The FY13 budget is showing more than 18 percent increase over the FY12 forecast. The $1.4 million increase is mainly due to (i) $0.2 increase in publications and information materials, (ii) $0.4 million increase in sponsorship contribution and outreach materials, and (iii) $0.8 million in travel, outside providers and equipment to enhance its multilingual programs.

Global engagement is integral to ICANN's day-to-day activities.

Recent success of these efforts is demonstrated by the substantial increase of ccTLDs joining the ccNSO. Membership rose from 111 in FY11 to 127 ccTLDs thus far in FY12. In addition there have been three ccTLD accountability frameworks signed thus far in the fiscal year. Several more are currently under negotiation.

Similarly, GAC membership has increased to 114 members thus far in FY12 and the official observers increased to 18 with the inclusion of the World Bank. Another community that has had an increase in membership is At-Large, whose membership now stands at 143 At-Large Structures (ALSs).

Increased participation and agreements are examples of strengthened engagement in ICANN. ICANN staff, and particularly the Global Partnerships team, intends to further these participation gains in FY13. This is to ensure that all stakeholders have a voice in discussions, that there is improved accountability and transparency, and to provide on-going awareness of the importance of a single, global, interoperable Internet.

ICANN staff will work through regional entities to enhance awareness about DNS stability and security, signing the root, the implementation of IDNS and TLDs, and IPv6 uptake. This includes supporting the At-Large community, facilitating improved mechanisms for participation and engagement, and providing training and education to the growing Internet technical community in the ICANN regions. Additionally, ICANN's Global Partnerships team will continue work in the regions to facilitate and support IANA Function requests where needed.

The following activities are included in the Global Engagement category:

- Conduct one-on-one briefings with governmental and regulatory representatives on local and regional levels in FY13 as part of global engagement to promote a healthy Internet eco-system
- Support the increase of ccTLDs interest in accountability frameworks with ICANN. Thus far in FY12 we have added three more agreements, for a total of 68. For FY13 our goal is to increase by another five the total agreements signed
- Support the processes to achieve inclusion in, as well as effective participation in, the ccNSO and regional ccTLD initiatives through mentoring Fellowship recipients, and the inclusion of information on stakeholder structures, membership processes and initiatives in all presentations on ICANN structure, activities and ICANN updates
- Participate in events and provide presentations on ICANN at the request of stakeholders, and expect increased interest in all regions as part of global engagement to promote a healthy Internet eco-system
- Participate in and provide analysis and reports on activities at international and regional Internet governance discussions. This may include providing information on the multistakeholder model and advising on strategy and approach to address issues or inform discussions affecting ICANN's mandate or mission, as part of global engagement to promote a healthy Internet eco-system
- In FY13 ICANN will continue its commitment to Internet Governance through on-going participation in the multistakeholder advisory group to the international Internet Governance Forum (IGF) and as a technical community liaison to the working group of the Committee for Science Technology and Development (CSTD) charged with identifying areas of improvement for the IGF
- As it has in FY12, in FY13 ICANN will continue support of the IGF Secretariat through in-kind and financial contributions to encourage participation in the IGF and transparency and accessibility of decision making in the Open Consultations and Multistakeholder Advisory Group meetings by providing scribing services and creating transcripts of discussions
- Enhance communications and reporting tools by providing additional metrics made available to the community and general public through the ICANN dashboards. Current graphs show the change each month in agreements signed between ICANN and ccTLDs, and the information on the Fellowship program illustrating applications, qualified candidates and attendees in the program for each ICANN meeting
- Strengthen support for the GAC and continued participation by all governments in the GAC, in particular those from developing countries and territories through increased travel support per ICANN meeting; collaboration and assistance between staff and the GAC Chair; administrative staff assistance between and during ICANN meetings; and technical support for the GAC website (internal and external) to provide maintenance and upkeep
- Continued support for the Fellowship program through development of an external wiki, and enhanced participation with constituency groups and stakeholders as mentors for Fellows as part of improved capacity building
- In FY12 the Fellowship program will achieve its fifth anniversary and 16th class and continues to bring new participants into the ICANN constituency membership and leadership structures including members of the GAC, ccNSO, At-Large, NCSG, SSAC, the

Commercial and Business Users Constituency, and the NomCom, as well as being involved in working groups within those communities. This provides a strong platform for the continued Fellowship program development in FY13

- Increasing support for the constituency groups through augmented community wiki's including training on the new platforms and interface

- Ongoing support for, and development of, the Newcomer Program at ICANN meetings which was created through coordination between the ICANN Fellowship program and the Participation and Engagement team, in conjunction with the Public Participation Committee of the ICANN Board. It addresses ICANN's need to build capacity within the community, especially in the region hosting the particular ICANN Public Meeting. The Newcomer program increases understanding about what ICANN is, who can be involved, how the community works and important issues that need global attention. The program particularly targets those attendees at the meetings new to ICANN that are not supported by an existing program or constituency

- Increased accessibility to ICANN materials through the dramatic increase in content translated into all six UN languages. Such translations have increased in volume by roughly 80 percent compared year-over-year. This commitment demonstrates not just the increased allocation of resources required for funding for the translations themselves, but also for the concomitant increased work load on ICANN staff to post the increasing number of documents in multiple languages while correlating them with their source documents online

- Global engagement is demonstrated by several new ICANN initiatives that were structured to encourage participation as widely as possible. One example designed and initiated in FY12 for full implementation in FY13 is promotion of the new gTLD Applicant Support Program. FY12 saw the launch of a communications campaign to educate the global community about the program as well as engage the international community as volunteers on the Support Application Review Panels (SARP). Both the educational outreach communications campaign and the volunteer recruitment program targeted economies the World Bank classifies as developing. The work of the SARP members recruited and trained in FY12 will be carried out during FY13

- In FY13 targeted events on new gTLDs in communities using IDNs and increasing IDN launch activity will continue

- FY13 will see increased Outreach working group activity with the collaboration of dedicated constituency outreach working groups such as the one created by the At-Large community with staff work to define and refine types and scope of outreach activity from the AC and SO requests and the discussions of the roles of education, recruitment, training, promotion and retention of volunteers in the ICANN processes and groups

- For the FY13 budget process a tool was developed on how to assess and analyze supplemental community budget requests. This is the first year that this tool will be used The framework for request analyses and the Outreach working definition were communicated to and discussed with the community in both Dakar and Costa Rica

- During FY13 there will be an increased use of outreach tools (e.g., provision of a framework for community use) and continuation of current discussions with the community to identify

gaps in outreach strategy. The goal of the FY13 work is to support new ICANN community members to take on effective participatory roles, engage existing participants to become ambassadors in the regions, educate and develop leaders within the SO and AC communities, and support existing community members through training and development.

- Promoting ICANN Leadership Development: Outreach efforts intended to foster well-informed leaders within ICANN, bringing different community leaders together to communicate with each other and creating a common engagement environment for better collaboration and understanding of other interests at the leadership level. Also efforts to develop a potential training program for ICANN Leadership (Board, SO/AC/SG leaders)
- Continuing support of Remote Participation Tools: Remote participation supports ICANN's commitment to maintain and improve robust mechanisms for public input and transparency. With stakeholders in every country in the world, ICANN strives for world-class remote participation services that enable Internet users to add their voices to the discussion from wherever they are

10. Organizational Effectiveness and Improvements

(in Thousands of US Dollars)

Organizational Activities	FY13 Draft Budget	FY12 Forecast	FY12 Budget	FY13 Budget less FY12 Forecast	
10 - Organization Effectiveness and Excellence	556	504	466	52	10.3%

The Organization Effectiveness Initiative (OEI) began as a response to the Board's recommendation that ICANN staff address three areas for improvement:

1. Operations and Process
2. Staff Development, Culture, Morale and Leadership
3. The impact of globalization on the ICANN systems and structures

Following completion of a survey designed and implemented by OEI staff, three teams were developed in FY12 to address what were seen as the highest priority and most influential issues:

- Operations and Processes
- Internal Communication
- Staff Development

All three teams have completed the entire methodology leading to recommendations, many of which were approved by the executive team in late 2011 and are now being funded or finding another means to be implemented.

Also in 2012 a second Organization Effectiveness survey was completed with the assistance of SDA survey design firm. The highlights revealed areas for further improvement at ICANN that staff has begun to address, and will continue through 2012 with OE teams assigned to the large areas for improvement.

In addition, an advisory body has been formed to assure that the program is bottom-up in both governance and implementation. The Organizational Effectiveness Advisory (OEA) Team completed its work in 2011. A new round of advisory teams is being trained now.

Resources required for the Organizational Effectiveness Initiative (OEI) and other Excellence activities in FY13 include staffing, as well as funding for staff training, communication tools and surveys. Key activities for this fiscal year include:

- Staff Development
- Management and leadership skill development
- Global Staff Integration and Inclusion
- Communication Flow Work Team that has recommended a role internally to encourage communication across levels and geographies as well as functional lines.
- Operations and Process Improvements Team
- HRMS – Integrate the five HR packages currently in use (Silkroad, RedCarpet, Halogen, ADP and Kroll) into an easy to use, accurate HRMS. Either "buy" or "build" program.
- IANA Business Excellence

11. Ombudsman

(in Thousands of US Dollars)

Organizational Activities	FY13 Draft Budget	FY12 Forecast	FY12 Budget	FY13 Budget less FY12 Forecast	
11-Ombudsman	422	329	457	93	28.3%

The Ombudsman function budget for FY13 is $0.1 million or 28 percent over the FY12 forecast. The principal driver for this increase is the additional administrative cost for renting an office and the associated expenses.

The Ombudsman shall serve as an objective advocate for fairness and shall seek 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 a negotiation, facilitation, and shuttle diplomacy to achieve these results.

Pursuant to the ICANN bylaws at Article V, Section 1, Paragraph 4:

The annual budget for the Office of Ombudsman shall be established by the Board of Directors as part of the annual ICANN budget process. The Ombudsman shall submit a proposed budget to the president, and the president shall include that budget submission in its entirety and without change in the general ICANN budget recommended by the ICANN president to the Board. Nothing in this Article shall prevent the president from offering separate views on the substance, size, or other features of the ombudsman's proposed budget to the Board.

- Receive complaints from community concerning the fairness of ICANN staff, Board, and supporting organizations actions, decisions or inactions
- Outreach concerning the activities of the Office of the Ombudsman, and ICANN as a leader in online dispute resolution
- Produce an annual report to the Board of Directors and community
- Budget as directed by Bylaw V
- Produce articles for academic and peer publications on ICANN ombudsman activities and research
- Monitor the case management and filing system
- Identify trends and critical issues to ICANN management and Board
- Increase ICANN's reputational value through efficient neutral party dispute resolution
- Correspond with complainants in a timely fashion in the language of their choosing
- Develop internal and external relationships to foster understanding of the ombudsman process and dispute resolution mechanisms at ICANN
- Supervise the adjunct ombudsman
- (Adjunct) to act on behalf of the Ombudsman during annual leave or absences

• Maintain physical office at ICANN Public Meetings to meet the community

12. Board Support

(in Thousands of US Dollars)

Organizational Activities	FY13 Draft Budget	FY12 Forecast	FY12 Budget	FY13 Budget less FY12 Forecast	
12-Board Support	3,862	3,191	3,783	671	21.0%

 The ICANN Board is an accountable and transparent structure designed to reflect the multistakeholder composition of the ICANN community and to react fairly and reasonably to the present and future needs of ICANN. ICANN's Board of Directors consists of 16 voting members and five liaisons who meet regularly by phone, and who travel to all three ICANN meetings as well as other inter-sessional meetings.

Resources required for Board Support activities in FY13 amount to $3.9 million which is 21 percent or $0.7 million over the FY12 forecast. This increase is driven by $0.3 million for Board compensation, (ii) $0.2 million for additional Board training, communication tools and self-assessment, and (iii) $0.2 million for an additional Board workshop.

Other resources are required to support the Board activities:

• Maintain a variety of tools to support the work of the Board including the Board Portal
• Provide administrative and travel support for all directors at three workshops, three ICANN meetings, and as required for regularly scheduled Board meetings or appearances; provide administrative support of all Board committees
• Effectively manage the Board calendar, including regular tracking of the work of the Board and committees
• Support the Board of Directors in its work to assess Board skills and provide a variety of training options for directors
• Provide implementation support for recommendations of the ATRT

13. Nominating Committee (NomCom)

(in Thousands of US Dollars)

Organizational Activities	FY13 Draft Budget	FY12 Forecast	FY12 Budget	FY13 Budget less FY12 Forecast	
13-Nominating Committee (NomCom) Support	864	848	844	16	1.9%

The Nominating Committee performs a vital function in contributing to the leadership competence needed to achieve ICANN's strategic objectives as the committee appoints members to the ICANN Board as well as to the GNSO Council, ccNSO Council and ALAC. Outreach activities, including travel, as well as outside consultant work for a fair and professional evaluation process, are essential parts of the NomCom program.

FY13 budget for NomCom is estimated to be $0.8 million, to fund the following activities:

- Provide travel support for NomCom members in accordance with the FY13 Travel Guidelines for initial, intermediate and final meetings plus outreach events
- Develop short list of candidates in a timely manner
- Conclude the final interviews and selection of candidates in a face-to-face meeting by the end of FY13
- Hire consultant for professional evaluation of candidates, to be available when application period concludes for phone interviews and assessment and for assistance in final face-to-face interviews
- Provide staff support for meeting preparation and follow-up to ensure an efficient and fair process
- Develop documentation for posting as well as for all outreach events in a timely manner
- Efficient application and reference handling for timely process

14. DNS Operations

(in Thousands of US Dollars)

Organizational Activities	FY13 Draft Budget	FY12 Forecast	FY12 Budget	FY13 Budget less FY12 Forecast	
14-DNS Operations	2,592	2,307	2,514	285	12.4%

The DNS Operations Department is responsible for the operation of one of the thirteen DNS root servers (L-Root) and ICANN's servers which support the number-to-name mapping in IPv4 and IPv6. All of these servers require routine maintenance and operational response in the event of observed anomalies, and all require periodic upgrades in order to ensure error-free and high-stability service.

DNSSEC in the root zone is supported by quarterly cryptographic key ceremonies that are undertaken with a high degree of transparency and public scrutiny. Each ceremony requires preparation including on-site testing, verifying availability of trusted community representatives and operational coordination with Verisign.

DNSSEC in other zones is managed through the DNS Operations Generic Signing Infrastructure (GSI). One of the other zones maintained by DNS Operations is the Top Level Domain ARPA.

The proposed FY13 budget for DNS operations remains at $2.5 million and includes:

- Recurring expenses for the various facilities, services, and external auditing functions associated with ICANN's operation of the root key signing key, support for generic key signing activities
- Operate DNSSEC services for ARPA zone over which ICANN has responsibility
- Operate L-root single nodes
- Deploy and refine a measurement platform to provide an open and extensible vehicle for the collection of global performance data for the root server system in order to facilitate analysis and identification of long-term trends in system performance related to operational stability
- Perform substantial upgrade to the GSI which will include refined key management procedures and corresponding documentation, integration of a more recent release of Open DNSSEC and hardening our fail-over procedures
- Perform the role of chairman in three IETF working groups
- Participate in a Sandbox test bed for RPKI with the Regional Internet Registries

15. Organizational Reviews and Implementation

(in Thousands of US Dollars)

Organizational Activities	FY13 Draft Budget	FY12 Forecast	FY12 Budget	FY13 Budget less FY12 Forecast	
15-Organizational reviews	3,662	2,943	3,045	719	24.4%

Resources required to conduct the AoC community reviews, implement the resulting recommendations that are approved by ICANN's Board, and to support the periodic reviews of ICANN's structures, are estimated to be 3.6 million for FY13; $0.7 million over the FY12 forecast primarily driven by the increased coordination efforts leading to infrastructure expansion.

Fulfilling our obligations under the 2009 AoC agreement remains a top priority for ICANN. These resources help support our ongoing commitment to accountability and transparency, public input, WHOIS policy, DNS security and stability, competition and consumer choice, periodic community reviews, and related activities. In FY13, activities will include:

- **Continuing implementation of the Accountability & Transparency Review Team (ATRT) Report** – While a majority of the ATRT recommendations have been implemented, some require multi-year implementation plans and these will continue to be executed in FY13. Resources will help enhance activities throughout ICANN, including the governance and performance of the Board, the role and effectiveness of the Governmental Advisory Committee, public input and public policy processes, and review mechanisms for Board decisions

- **Board action on the AoC Security, Stability and Resiliency of the DNS (SSR) Review Team Report and resulting implementation** – The SSR Review Team is expected to submit its final report and recommendations to the Board towards the end of FY12. FY13 resources are proposed to cover development and execution of an implementation plan for Board-approved improvements that enhance the operational stability, reliability, resiliency, security and global interoperability of the DNS

- **Board action on the AoC WHOIS Policy Review Team Report and resulting implementation** – The WHOIS Review Team is expected to submit its final report and recommendations to the ICANN Board in late FY12. FY13 resources are proposed to cover development and execution of an implementation plan for Board-approved improvements to ICANN's WHOIS-related activities

- **Conducting the AoC Competition, Consumer Trust and Consumer Choice Review** – The AoC obligates ICANN to organize this review after new gTLDs have been in operation for one year. This community review will examine the extent to which "the introduction or expansion of gTLDs has promoted competition, consumer trust and consumer choice, as well as effectiveness of the application and evaluation process,

and safeguards put in place to mitigate issues involved in the introduction or expansion."

- **Conducting the 2nd AoC Accountability and Transparency Review –** The AoC requires that each community review be performed every third year. The second ATRT to assess ICANN's commitment "to maintain and improve robust mechanisms for public input, accountability, and transparency" will be launched in FY13

- **Implementation reporting and follow-up activities for Organizational Reviews –** The first cycle of the requisite reviews of ICANN structures are complete, and the outcomes have been transferred to the departments responsible for their implementation. While most of the implementation plans have been concluded, implementation steps remain to be completed for RSSAC, TLG and ASO. Staff assists with implementation and reports progress to the Board's Structural Improvements Committee (SIC), which oversees this work

- **Preparation of the second cycle of Organizational Reviews** – Based on experience from the first cycle, work is under way, under guidance from the SIC, to prepare a more streamlined approach for the upcoming second cycle of reviews. As the Bylaws require these reviews to be conducted every five years, it is foreseen that the second reviews of the GNSO and the SSAC will be launched in FY13, using the new approach once approved by the SIC and the Board

3.1.2 Statement of Operations

(in US dollars)	FY13 BUDGET	FY12 FORECAST	FY12 BUDGET
Registry	$37,406,000	$35,005,900	$34,753,000
Registrar	$35,856,000	$31,741,800	$30,902,000
RIR	$823,000	$823,000	$823,000
ccTLD	$2,000,000	$1,902,000	$1,600,000
IDN ccTLD	$0	$26,000	$780,000
Meeting Sponsorships	$800,000	$1,334,700	$900,000
New gTLD Registry/Registrar	$1,985,000	$0	$0
Revenue	**$78,870,000**	**$70,833,400**	**$69,758,000**
Compensation	$24,521,000	$20,751,000	$22,822,000
Employee Benefit	$3,923,000	$3,414,700	$2,753,000
Other Personnel Costs	$2,514,000	$2,101,400	$2,480,000
Airfare	$4,960,000	$5,819,400	$5,440,000
Lodging & Meals	$4,001,000	$3,967,800	$3,475,000
Other travel & meetings	$2,962,000	$3,438,700	$3,945,000
Professional Services	$20,662,000	$14,833,900	$21,738,000
Facilities	$2,632,000	$2,067,200	$2,120,000
Other Administration costs	$8,249,000	$6,229,300	$5,827,000
Operating Expenses	**$74,424,000**	**$62,623,400**	**$70,600,000**
Bad debt expense	$400,000	$755,300	$900,000
Depreciation	$2,400,000	$1,856,400	$1,800,000
Operating Income/ (Loss)	**$1,646,000**	**$5,598,300**	**($3,542,000)**
Investment Income/ (Loss)	$1,000,000	$275,500	$2,600,000
Change in Net assets	**$2,646,000**	**$5,873,800**	**($942,000)**
Contingency	$3,720,000	$0	$2,500,000
Change in Net assets after Contingency	**($1,074,000)**	**$5,873,800**	**($3,442,000)**

Figure 3-2 Overall Operation

ICANN's FY13 Budget includes estimated revenues of $78.9 million (vs. $70.8 million in FY12), an 11.4 percent increase over the FY12 forecast, and $74.4 million in operating expenses (vs. $62.6 million in FY12), an 18.8 percent increase over the FY12 forecast.

Revenue

Financial resources to fund ICANN's operating activities are primarily derived from registrant transactional fees, and are paid to ICANN via generic registries and registrars which are accredited by, and contracted with, ICANN. Additionally, RIRs and ccTLD registries contribute annually to ICANN. Another source of revenue for ICANN is from requests for IDNs through the Fast Track IDN ccTLD program. Total revenue expected for FY13 is $78.9 million, an increase of about 11.4 percent over FY12. The domain name transaction-based revenue is expected to increase by more than 8 percent. The following table summarizes by source the FY13 revenue budget as compared to FY12.

(in thousands, US dollars)	FY13 BUDGET	FY12 FORECAST	FY12 BUDGET	FY13 Budget change from FY12 Forecast	
Registry	$37,406	$35,006	$34,753	$2,400	6.9%
Registrar	$35,856	$31,742	$30,902	$4,114	13.0%
RIR	$823	$823	$823	$0	0.0%
ccTLD	$2,000	$1,902	$1,600	$98	5.2%
IDN ccTLD	$0	$26	$780	($26)	-100.0%
Meeting Sponsorships	$800	$1,262	$900	($462)	-36.6%
New gTLD Registry/Registrar	$1,985	$0	$0	$1,985	100.0%
Traditional Revenue	**$ 78,870**	**$ 70,761**	**$69,758**	**$8,109**	**11.46%**
New gTLD Application Fees	**$60,114**	**$ 19,197**	**$ 27,565**	**$40,917**	**213.14%**

Figure 3-3 FY12 Revenue budget

gTLD Registry Fees

ICANN has contracts with registry operators of 18 generic top-level domains (gTLDs) such as .asia, .com and .jobs. Registry fees are described in the respective registry agreements. Based on those agreements, registries pay a fixed fee, transaction-based fee, or both as more specifically described in Figure 3-4.

gTLD	Fixed Fee	Fee per Trans	Estimated Trans Volume	Trans Fee	Total
		FY13 Budget - Registry Revenue - Transaction & Fixed Fees			
aero	$ 5,000	$ -	8,900	$ -	$ 5,000
asia	-	$ 0.50	272,300	136,150	136,150
biz	-	$ 0.25	2,361,300	590,330	590,330
cat	10,000	$ 1.00	63,800	63,800	73,800
com	18,000,000	$ -	116,698,000	-	18,000,000
coop	5,000	$ -	30,800	-	5,000
info	-	$ 0.25	8,025,900	2,006,480	2,006,480
jobs	10,000	$ 2.00	143,600	287,200	297,200
mobi	-	$ 0.41	1,148,100	470,720	470,720
museum	500	$ -	300	-	500
name	-	$ 0.25	250,400	62,600	62,600
net	-	$ 0.75	16,376,200	12,282,150	12,282,150
org	-	$ 0.25	10,984,000	2,746,000	2,746,000
post	-	$ 0.25	-	-	-
pro	25,000	$ 0.25	163,700	40,930	65,930
tel	-	$ 0.40	440,800	176,320	176,320
travel	10,000	$ 2.00	29,300	58,600	68,600
xxx	10,000	$ 2.00	204,400	408,800	418,800
Total	$18,075,500		157,201,800	$ 19,330,080	$ 37,405,580

Figure 3-4 Registry revenue

Notes:
- Transaction-based fees for .mobi and .tel are based on the average price of registrations during a billing period. The estimated rate is the average of the actual rates during FY12
  - gTLD registry fee revenue is estimated to increase in FY13 by 2.6 percent

The single largest source of registry revenue is from the .com contract. The .com contract revenue is based on a fixed fee per year with a stepped schedule for increases or decreases after 1 July 2009 provided specific thresholds of domain name registrations are attained over or decline below the number of domain name registrations as of 1 March 2006, the effective date of the .com contract. The thresholds are defined in Section 7.2 (b) of the .com contract viewable at *http://www.icann.org/en/tlds/agreements/verisign/registry-agmt-com-01mar06.htm*.

Historically the fees have been:

FY07 $ 6 million

FY08 $ 8 million

FY09 $12 million

FY10 $18 million

FY11 $18 million

FY12 $18 million

Aside from .com, there are eight other registries, identified above, that pay fixed fees to ICANN. Those registry fixed fees are subject to an increase each fiscal year.

Registrar Fees

Around 1,000 registrars are currently accredited by ICANN. This relationship is governed by the Registrar Accreditation Agreement (RAA), which was updated in 2009. At present, over 96 percent of gTLD registrations are held at registrars that are governed by the provisions of this new RAA. The RAA provides for the following types of fees:

- o   Application fee
- o   Annual accreditation fee
- o   Variable accreditation fee
- o   Per registrar variable fee
- o   Transaction based fee

In addition, since 2009, the budget has assumed an Add Grace Period (AGP) deletion fee to eliminate domain tasting. The amount for AGP deletion fees was assumed to be zero in those budgets and is also assumed to be zero for the FY13 budget. Figure 3-5 shows all registrar fees.

(in US dollars)	FY13 BUDGET	FY112 FORECAST	FY12 BUDGET	FY13 Budget change from FY12 Forecast	
Application Fees	$140	$139	$140	$1	0.7%
Accreditation Fees	$4,000	$3,949	$3,600	$51	1.3%
Variable Fees	$3,420	$3,424	$3,420	($4)	-0.1%
Transaction Fees	$28,296	$24,217	$23,742	$4,079	16.8%
AGP Deletion Fees	$0	$12	$0	($12)	-100.0%
Registrar Revenue	**$35,856**	**$31,741**	**$30,902**	**$4,115**	**12.96%**

Figure 3-5 Registrar revenue

Application fees are paid one time by prospective registrars at the time of the application. For FY13, the application fees are estimated to be $140,000 based upon a volume of 40 applications and a per application fee of $3,500 per application.

Annual accreditation fees are fees that all registrars are required to pay annually to maintain accreditation. The fee is $4,000 per year. Registrars that have adopted the 2009 version of the Registrar Accreditation Agreement (2009 RAA) have the option of paying the annual $4,000 accreditation fee in quarterly installments of $1,000. For FY12, the annual accreditation fees are estimated at $4.0 million, based on an estimate of a total of 1,000 registrars renewing and being newly accredited.

Per-registrar variable fees are expected at $3.4 million per year to be paid by the registrars as a whole. The per-registrar fee is based on a validated concept that ICANN often expends the same quantum of effort in providing services to a registrar regardless of size. However, provided that the registrar is considerably smaller in size and in activity, some registrars will continue to be eligible for "forgiveness" of two-thirds of the standard per-registrar variable fee. To be eligible for forgiveness, the registrar must have (1) less than 350,000 gTLD names under its management and (2) no more than 200 attempted adds per successful net add in any registry. Forgiveness will be granted each quarter to all registrars that qualify.

The amount per registrar is calculated each quarter by dividing $850,000 (one-fourth of $3.4 million) equally among all registrars that have at least been accredited for one full quarter or have made at least one transaction, taking into consideration the forgiveness factor.

In addition, a discount of 10 percent is granted to those registrars that are operating under the 2009 RAA. Registrars will receive the discount starting the quarter they adopt the 2009 RAA. The FY13 revenue budget assumes a 10 percent reduction across all registrars due to the high adoption rate of the 2009 RAA.

Transaction-based fees are assessed on each annual increment of an add, transfer, or renewal transaction that has survived a related add or auto-renew grace period. This fee will be billed at $0.20 per transaction for registrars under the 2001 version of the RAA (2001 RAA) and $0.18 per transaction for registrars under the 2009 RAA (starting the quarter they adopt the 2009 RAA). As of April 2011, over 96 percent of domain names are managed by registrars under the 2009 RAA. The FY13 transaction fee revenue is calculated at the lower rate of $0.18 in the anticipation that most transactions will be billed at $0.18 by the end of the fiscal year. Transaction volume is expected to increase steadily over the next year to over 34 million transactions per quarter.

Period	Period	Transactions	% Change
FYE 30 June 2005	Oct-Dec 2004	8,609,473	
	Jan-Mar 2005	14,852,287	72.5%
	Apr-Jun 2005	15,238,720	2.6%
FYE 30 June 2006	Jul-Sep 2005	15,361,480	0.8%
	Oct-Dec 2005	17,045,957	11.0%
	Jan-Mar 2006	20,173,715	18.4%
	Apr-Jun 2006	19,827,010	-1.7%
FYE 30 June 2007	Jul-Sep 2006	19,521,289	-1.5%
	Oct-Dec 2006	21,461,069	9.9%
	Jan-Mar 2007	24,601,274	14.6%
	Apr-Jun 2007	24,516,150	-0.4%
FYE 30 June 2008	Jul-Sep 2007	25,631,635	4.6%
	Oct-Dec 2007	25,815,357	0.7%
	Jan-Mar 2008	27,609,477	7.0%
	Apr-Jun 2008	27,486,425	-0.5%
FYE 30 June 2009	Jul-Sep 2008	29,064,841	5.7%
	Oct-Dec 2008	25,068,812	-13.8%
	Jan-Mar 2009	28,589,294	14.0%
	Apr-Jun 2009	27,407,237	-4.1%
FYE 30 June 2010	Jul-Sep 2009	27,576,415	0.6%
	Oct-Dec 2009	28,697,011	4.1%
	Jan-Mar 2010	32,626,132	13.7%
	Apr-Jun 2010	33,688,140	3.3%
FYE 30 June 2011	Jul-Sep 2010	30,205,527	-10.3%
	Oct-Dec 2010	31,084,328	2.9%
	Jan-Mar 2011	34,941,889	12.4%
	Apr-Jun 2011	34,397,132	-1.6%
FYE 30 June 2012	Jul-Sep 2011	33,446,264	-2.8%
	Oct-Dec 2011	34,328,239	2.6%
	Jan-Mar 2012	n/a	n/a
	Apr-Jun 2012	n/a	n/a
Proposed FY13 Budget			
FYE 30 June 2013	Jul-Sep 2012	38,039,752	n/a
	Oct-Dec 2012	38,810,599	2.0%
	Jan-Mar 2013	40,371,827	4.0%
	Apr-Jun 2013	39,979,310	-1.0%
		157,201,488	

Figure 3-6 Transaction volume

Regional Internet Registry (RIR) Contributions

The RIRs traditionally contribute financially once a year and support ICANN's efforts by attending meetings, inviting ICANN to attend RIR meetings, and participating in the ASO. In recent years, the Number Resources Organization (NRO) has been contributing to ICANN on behalf of each of the five RIRs: the American Registry for Internet Numbers (ARIN), the Réseaux IP Européens Network Coordination Centre (RIPE-NCC), the Latin American and Caribbean Internet Addresses Registry (LACNIC), Asia Pacific Network Information Centre (APNIC), and the African Network Information Center (AfriNIC).

Consistent with prior years, the RIR contribution is expected to be $0.8 million in the FY13 fiscal year.

ccTLD Contributions

Many ccTLDs have expressed support of the ICANN model and understand its value. Many ccTLDs have entered agreements with ICANN including exchange of letters, accountability frameworks, and sponsorship agreements. These agreements may be viewed on the ICANN website at http://www.icann.org/en/cctlds/agreements.html. In addition, many ccTLDs without formal agreements with ICANN contribute to ICANN's revenues to demonstrate support for the ICANN process. Historical ccTLD contributions can be viewed at http://www.icann.org/en/financials/cctld-2011/cctld-contributions-10-11.pdf

The ccTLD contributions for FY13 are estimated to remain consistent with 2012, at $2.0 million.

Fast Track IDN ccTLD

In November 2009, ICANN launched the Fast Track IDN ccTLD program, which allows countries to request an Internationalized Domain Name (IDN) string. The request processing fee per IDN ccTLD, through the Fast Track Process, is suggested to be $26k per requested IDN ccTLD based on a cost analysis that was performed and communicated with the community before the launch of the program. The processing fee, like the annual contribution, is not mandatory; as such, no revenue is budgeted. Fees will be recognized upon collection.

Sponsorship Revenue

Meeting sponsorships are available for companies wishing to contribute to the ICANN meeting experience. Sponsoring companies receive special services during an ICANN meeting. The types of services depend on the level of sponsorship. Sponsorship revenue in FY13 is estimated at $0.8 million, corresponding to the historical run rate of recent ICANN meetings sponsorship revenues.

Investment Income

In accordance with ICANN's Investment Policy, working capital is kept at a balance sufficient to cover at least three months of operating expenses. Working capital funds are kept in fully-liquid, very-low-risk accounts with corresponding low interest earnings of usually less than 0.5 percent. The Investment Policy also calls for a Reserve Fund that is invested in a stocks and bonds at a moderately low risk level. As of 31 March 2012, the Reserve Fund balance was $52.3 million. Total investment income for FY13 is budgeted to be $1.0 million and is reported on the financial statements below operating expenses.

Operating Expenses

Operating expenses at ICANN are budgeted and spent in accordance with each year's adopted Operating Plan. The tasks required to deliver on each organizational activity are accumulated, and the required resources to accomplish those tasks are estimated. The resources, which include staffing, travel and meeting, professional services, and administrative costs, are estimated to create the fiscal year operating budget. In addition, a contingency amount is added to provide for unanticipated costs and unexpected events. Further, the global economic slowdown continues to affect virtually all ICANN stakeholders, and ICANN's current financial projections reflect that reality. Delivering on the required organizational activities requires careful planning in a resource-constrained environment. The result is the fiscal year operating expense budget for FY13, summarized in Figure 3-7.

(in US dollars)	FY13 Budget	FY12 FORECAST	FY12 Budget	FY13 Budget less FY12 Forecast	
Compensation	$ 24,521,000	$ 20,751,000	$ 22,822,000	$ 3,770,000	18.2%
Employee Benefit	3,923,000	3,414,700	2,753,000	508,300	14.9%
Other Personnel Costs	2,514,000	2,101,400	2,480,000	412,600	19.6%
Airfare	4,960,000	5,819,400	5,440,000	(859,400)	-14.8%
Lodging & Meals	4,001,000	3,967,800	3,475,000	33,200	0.8%
Other travel & meetings	2,962,000	3,438,700	3,945,000	(476,700)	-13.9%
Professional Services	20,662,000	14,833,900	21,738,000	5,828,100	39.3%
Facilities	2,632,000	2,067,200	2,120,000	564,800	27.3%
Other Administration costs	8,249,000	6,229,300	5,827,000	2,019,700	32.4%
Operating Expenses	**$ 74,424,000**	**$ 62,623,400**	**$ 70,600,000**	**$11,800,600**	**18.8%**

Figure 3-7 Operating expenses

FY13 operating expenses are budgeted to be $74 million (without contingency) an increase of 18 percent over FY12's forecast. FY13 personnel costs are expected to be $30.9 million, an increase of 18 percent over FY12, reflecting an increase from forecasted staffing from 149 to 189. FY13 travel and meeting costs are expected to be $11.9 million, a decrease of 10 percent

from FY12. This decrease is largely due to the timing of the 47th ICANN Public Meeting in Africa which will be held in July 2013, the first month of the fiscal year FY14. FY13 professional service costs are expected to be $20.6 million, an increase of 39 percent reflecting the continuing project nature of ICANN's work and the many activities and deliverables in the FY13 operating plan. FY13 administration costs are expected to increase by 31 percent and reach $10.8 million. The contingency allowance is proposed to be $3.7 million for FY13. The sections that follow described in more detail the cost estimates used for the FY13 operating expense budget, including the assumptions used.

Personnel costs

(in US dollars)	FY13 Budget	FY12 FORECAST	FY12 Budget	FY13 Budget less FY12 Forecast	
Compensation	$ 24,521,000	$ 20,751,000	$ 22,822,000	$ 3,770,000	18.2%
Employee Benefit	3,923,000	3,414,700	2,753,000	508,300	14.9%
Other Personnel Costs	2,514,000	2,101,400	2,480,000	412,600	19.6%
Personnel	$ 30,958,000	$ 26,267,100	$ 29,209,000	$ 4,690,900	17.9%
Year end count	189 FTEs	149 FTEs	158 FTEs	31 FTEs	
Average count	173 FTEs	135 FTEs	n/a	38 FTEs	

Figure 3-8 FY12 Personnel costs (FTE indicated above is end of period)

Personnel costs are budgeted to be $30.9 million in FY13, an increase of 18 percent over FY12. This increase is primarily driven by (i) the increase in annual average number of employees from 135 FTE to 173 FTE representing approximately $6.7 million, partially offset by a lower average costs per employee representing approximately -$2.0 million. The lower cost per employee is largely driven by the overall strategy to hire junior resources to allow for delegation, stratification of the organization and better HR management of resources.

The employee benefit costs have increased by $0.6 million increase from the FY12 budget and to the FY12 forecast. This is also an increase in proportion from 12% to 16% of the total compensation. This increase is mainly due to budgeted positions for contractors being filled by payroll employee with additional payroll taxes and fringe benefits.

ICANN's current staff headcount is 143 as of 1st of May 2012. A current listing of ICANN staff can be found at http://www.icann.org/en/general/staff.html

ICANN Staffing by Organizational Activities	FY13 Draft Budget	FY12 Budget	FY11 Budget
0-New gTLD Program	-	15	14
1-Stakeholder Projects	16		
2-IDN Programs	7	6	5
3-IANA and Technology Operations Improvements	23	18	17
4-Security, Stability and Resiliency Operations(SSR)	16	11	10
5-Contractual Compliance	20	15	13
6-Core Meeting Logistics	15	11	10
7-Constituency Support	19	17	16
8-Policy Development Support	23	22	20
9-Global Engagement and Increasing International Participation	25	19	16
10 - Organization Effectiveness and Excellence	2	2	2
11-Ombudsman	1	1	1
12-Board Support	7	6	5
13-Nominating Committee (NomCom) Support	2	2	2
14-DNS Operations	9	9	8
15-Organizational reviews	4	4	4
	189	**158**	**143**

Figure 3-9 Summary of FY13 staffing

The increase in budgeted personnel costs is primarily due to proposed additional resources in support of the following functions:

o Global Engagement and Increasing International Participation – As part of the strengthening of the multi-stakeholder model and increasing globalization, new management positions are budgeted for Africa, India and northeast Asia, as well as a GAC manager

o Contractual Compliance – To enhance support of ATRT related recommendations, key hires are proposed for the compliance activity

o Compensation of new hires is assumed to be based upon current market rates and individual experience and skills. Information on ICANN's compensation programs and development processes are explained in more detail on the web site: http://www.icann.org/en/financials/compensation-practices-01mar11-en.pdf

As part of a Board-approved compensation program, staff members are eligible to earn a bonus based on achievement of specifically defined performance targets. The budget assumes a high percentage of bonuses are achieved, but actual payout of bonus is contingent upon completion of each individual's actual performance evaluation

- o Employee Benefit (i.e., burden or fringe benefits) are approximately 12 percent of gross total compensation for all staff. More specifically, the following cost items are estimated based upon the specified percentage of gross payroll:

Benefits for US based staff include:

- Vacation expense (2 percent) US-based staff members are entitled to three weeks' vacation per year for their first five years (and four weeks per year after that). The 2 percent assumes that each staff member takes two weeks per year and one week is accrued. An individual's accrual balance is capped at twice the annual accrual rate. Thus, staff accruing at the rate of three weeks per year cannot have more than a total of six weeks accrued as a vacation balance available

- o Retirement expense is now approximately 7 percent of gross total compensation and is based on ICANN's retirement plans and historical trends of participation

- o Payroll taxes (7.65 percent) are based on payroll regulations (FICA)

- o Benefits for non-US based staff members are based on contract terms if available

- o Benefit costs for Australia-based staff members include 9 percent for pension, 6 percent for workers compensation, and 6 percent for payroll taxes

- o Benefit costs for Brussels-based staff members include required benefits such as supplemental holiday pay, 13th-month pay, plus benefits including retirement and life insurance of approximately 20 percent of base pay

- o Other Personnel Costs are approximately 10 percent of gross total compensation for all staff. These costs include medical/dental insurance premiums, recruitment and relocation costs

Travel and Meeting Costs

(in US dollars)	FY13 Budget	FY12 FORECAST	FY12 Budget	FY13 Budget less FY12 Forecast	
Airfare	4,960,000	5,819,400	5,440,000	(859,400)	-14.8%
Lodging & Meals	4,001,000	3,967,800	3,475,000	33,200	0.8%
Other travel & meetings	2,962,000	3,438,700	3,945,000	(476,700)	-13.9%
Travel & Meetings	$ 11,923,000	$ 13,225,900	$ 12,994,000	$(1,302,900)	-9.9%

Figure 3-10 FY13 Travel and Meetings costs

Travel and Meeting Costs for FY13 are budgeted at $11.9 million, about $1.3 million less than the $13.2 million forecasted for FY12. This decrease is largely due to: (i) one less ICANN Public Meeting (though some of the traveling costs related to preparation of the 3rd annual ICANN meeting are included in FY13) for approximately $(2.4) million, partially offset by (ii) an increase in the costs of each ICANN Public Meeting due to higher number of staff and participants funded for approximately $0.8 million, (iii) increased in regional resources in Europe, Asia/Pacific, Africa and Latin America for $0.3 million.

Travel and Meeting costs at ICANN are primarily incurred in two categories: costs for ICANN's international and regional meetings which include venue costs and required meeting services as well as the airfare, lodging, and meals for staff, Board members, vendors, and members of the ICANN community who are supported by ICANN; travel costs by ICANN staff (and some Board members) required to execute or implement ICANN's program operations or projects.

ICANN's Public Meetings are large events attended by well over a thousand participants from all parts of ICANN's community including every stakeholder group, Supporting Organization (SO), Advisory Councils (ACs), regional and international leaders in Internet governance, all Board members, numerous staff members, and many others involved or interested in the work of ICANN. The meetings are held in diverse locations across the globe to provide for worldwide participation. A large part of ICANN policy development and other work is performed face-to-face, as well as through remote participation, during the ICANN meetings. Board members and liaisons, staff, and vendors attend ICANN meetings. The budget assumes that Board members and selected others fly business class while others fly coach/economy class.

In order to facilitate productivity, provide support for those in financial need, and provide outreach to increase global engagement in ICANN processes, selected community members are provided airfare, lodging, meals, and incidental expenses support. The financial assumption used for this draft FY13 Budget is that travelers are supported for the ICANN meetings as follows: 20 travelers from GNSO constituencies, 12 from ccNSO members, 25 participants of the Fellowship program, 27 At-Large members, 20 GAC members and 10 from SSAC. No travel support is assumed for the RSSAC. ASO/NRO support is offered, but has traditionally been declined and thus does not factor into the budget. This reflects the importance to ICANN of maintaining supported travel while striving to improve the efficiency of this support.

Separately, a draft of the http://www.icann.org/en/topics/travel-support/draft-travel-support-guidelines-fy12-14apr11-en.pdf has been posted online to clarify support parameters and provide for fair and equal treatment across constituent groups http://www.icann.org/en/news/in-focus/travel-support). The resulting community feedback has been factored into the final budget, and the Travel Guidelines for FY13 will be finalized after the Prague meeting in June.

In addition to ICANN's Public Meetings, staff, vendors, Board members, and members of the community require travel resources to execute the work of ICANN. Although remote participation is utilized as much as possible, travel is required to meet and complete important projects and engage in important ICANN-related Internet activities. In addition to internal required meetings, outside meetings include those with Governments, Regional Internet Registries (e.g., RIPE NCC, LACNIC, ARIN, APNIC, and AfriNIC), Internet Governance Forum (IGF), IETF, TLD groups (e.g., APTLD, CENTR), ITU, and other groups involved in Internet governance.

The financial assumptions for the Travel and Meetings budget:

- ICANN meeting's core functions typically cost over $1.5 million per meeting and include:
  - Venue costs including meeting space, audio-visual, technical support functions, power, bandwidth connectivity, and backup provisions which are estimated at about $750,000 per meeting

  - Food and catering, registration administration, printing, office supplies, and shipping are estimated at $250,000 per meeting

  - Meeting interpretation, scribe services, pre-meeting site inspections, and professional planning services are estimated at $500,000 per meeting

  - Local sponsors typically pay for gala and other costs

  - These costs are also incurred for regional meetings although at a more scaled-down level

- Other assumptions used in the travel budget include:
  - Airfare costs average $2500 and are adjusted up or down depending on the venue and class of travel

  - Lodging costs average $250 per night for the seven-day ICANN meeting. This is adjusted up or down depending on the venue, the negotiated hotel rates, and the length of time that the traveler is required to stay for ICANN business

  - Per diems average $90 per day or $500 per stipend, and are adjusted up or down depending on international guidelines for the city in which the meeting takes place

Professional Service Costs

(in US dollars)	FY13 Budget	FY12 FORECAST	FY12 Budget	FY13 Budget less FY12 Forecast	
Professional Services	20,662,000	14,833,900	21,738,000	5,828,100	39.3%

Figure 3-11 Summary of FY13 Professional Services costs

Professional Service costs for FY13's budget are $20.6 million; a 39.3 percent increase over FY12's forecast. Professional services includes required studies to support ICANN's policy development processes, consulting services to support further progress on the new gTLD Pre-launch activities, communication costs, legal costs, software development, organizational reviews, and technology improvements.

(in US dollars)	FY13 Budget	FY12 FORECAST	FY12 Budget	FY13 Budget less FY12 Forecast	
Financial and administrative services	$ 1,004,000	$ 900,000	$ 500,000	$ 104,000	11.6%
Legal services	3,096,000	3,157,000	5,715,000	(61,000)	-1.9%
Media and communication	1,929,000	1,085,000	1,500,000	844,000	77.8%
Organization leadership support	1,643,000	304,000	700,000	1,339,000	440.5%
WHOIS and other studies	1,487,000	708,000	1,000,000	779,000	110.0%
Organization review and improvement	1,005,000	1,027,000	1,900,000	(22,000)	-2.1%
gTLD and IDN activities	2,781,000	3,780,000	4,902,000	(999,000)	-26.4%
IANA support	205,000	236,000	264,000	(31,000)	-13.1%
RDE & Registry services	2,589,000	947,000	1,974,000	1,642,000	173.4%
Security & DNS activities	1,588,000	714,000	1,117,000	874,000	122.4%
Technical support	1,182,000	490,000	580,000	692,000	141.2%
Language services	2,153,000	1,486,000	1,586,000	667,000	44.9%
Professional Services	**$ 20,662,000**	**$ 14,834,000**	**$ 21,738,000**	**$ 5,828,000**	**39.3%**

Figure 3-12 Breakdown of FY13 Professional Services costs

- Financial and administrative services, the FY13 budget with an 11 percent increase over the FY12 forecast is just over $1.0 million. The category includes:
  - Audits of financial statements
  - Internal audit studies
  - Business insurance premiums
  - Cost accounting reports, including third-party validations
- Legal services, with an FY13 budget of $3.0 million is in line the FY12 forecast and includes:
  - Litigation
  - Support for new gTLDs

- Corporate and contractual support services
- Lobbying efforts
- Media and communication, with an FY13 budget of $1.9 million reflects a 77 percent increase and includes:
  - Media and communication coordination services with additional support for the New gTLD Program
  - Webinar, podcast, video production with additional support for the New gTLD Program
  - Graphic designers, photography with additional support for the New gTLD Program
  - Web content management with additional support for the new gTLD micro-sites
  - Publishing services with additional support for the New gTLD Program
  - Public relations and Government Affairs with additional support for the New gTLD Program
- Organization leadership support and others, with an FY13 budget of $1.6 million reflects a significant increase due to the compensation of the Board and their additional support. The category also includes the followings:
  - Board training and skill evaluation services
  - Leadership support for CEO and Chair
  - Organization effectiveness initiative
  - IGF secretariat support
  - NomCom recruitment support
- Whois and other studies, with an FY13 budget of $1.5 million have an increase of $0.8 million from the current forecast. The addition accounts for the followings:
  - Studies for Whois accuracy improvement
  - Studies for Whois proxy abuse

  The category also includes ongoing research activities to be carried over from FY12:
  - Research and studies to support the Policy Development Process
  - Carryover and completion of other Whois fact based studies as requested by the GNSO
  - New gTLD related research regarding Implementation of Rights Protection Mechanisms
- Organization review and improvement, with an FY13 budget of $1.0 million remains flat and includes:
  - ATRT Recommendations implementation
  - Board Resolutions/Rationales Database Project
  - Public Comment Forum Improvements
  - SO/AC improvement implementations (e.g., SSAC, GNSO, ccNSO, ALAC)
  - External facilitator for Affirmation reviews
  - Administration support for Affirmation review teams
- gTLD and IDN activities, with an FY13 budget of $2.8 million are 26 percent lower than the FY12 forecast. The decrease reflects the completion of the projects related to the New gTLD Program Launch:
  - IDNA protocol implementation support
  - IDN Variant analysis for $1.5 million in FY13
  - Emergency Back-End Registry Operator program – EBERO
  - SLA Monitoring System Development

- IANA Function support services, with a flat budget of $0.2 million for FY13, includes:
  - IANA Business Excellence program
  - RZM software review
- RDE and registry services, with an increase of $1.6 million over the forecast have a proposed FY13 budget of $2.6 million. The category includes:
  - Registrar Data Escrow (RDE) deposit services
  - RDE audit services
  - Compliance third party audit services
  - RSTEP stipend and review panels (addl $500k for 4 more panels)
  - Registry continuity program services
- Security and DNS activities, with a $0.8 million increase have a proposed FY13 budget of $1.6 million. The category includes:
  - Security audits and assessments
  - Business continuity and security program certifications
  - DNSSEC Adoption & Training Engagement
  - New gTLD operations security and vulnerability assessment
  - DNS Security TLD & Law Enforcement Capability Building Engagement Program
- Technical support, with an FY13 budget of $1.2 million has a $0.7 million increase over FY12 forecast and includes:
  - Support for development of Customer Relationship Management System
  - Support for development of Document Management System
  - Technical training
  - Mail server hosting services
  - Maintenance support services
- Language services, with an FY13 budget of $2.1 million, have increased by $0.6 million. The increase reflects the new multilingual strategy and is described below in more detail.
  - Translation services
  - Interpretation services
  - Transcription services
  - Transcribing services

Multilingualism is an essential element for an international organization that wishes to fully interact with global group of stakeholders. As we continue to strive to become more effective in the area of global communication, we are seeking to continue to develop a more robust and effective Language Services Program. This will better enable compliance with ICANN's Accountability and Transparency Frameworks and Principles. This program has two main objectives: one, to make information about ICANN as an organization, including its history, processes, component parts and evolution, more accessible; and two, to allow people to participate effectively in the organization's ongoing decision-making and policy work.

Language Services Program:
- Translation

The number of documents to be translated through the new period will increase greatly as more support is provided to the Board and the GAC.

The Communications Department, along with Language Services has acknowledged the need to also maintain a multilingual ICANN Blog. All articles posted will be translated on a daily basis to mirror the English site, providing a larger audience faster news, updates and reading material.

Language Services has also deployed a monthly maintenance of our TM (Translation Memories) System which will bring about further savings on translation and allow for more material to be translated every year. This project will also enhance translation's turn-around-time, QA and validation process, and the overall quality in regards to translation consistency.

- Interpretation

Interpretation services are provided at each of the two ICANN Public Meetings as well as at some regional meetings. A contract for the provision of equipment for interpretation during the ICANN meetings is being negotiated with one specific vendor. This contract will provide the necessary technical support to deliver the service with high quality standards while locking a set cost which will represent further savings.

- Teleconference Interpretation

Provide, as necessary, teleconference services for periodic constituency meetings, working groups, etc. participants with real-time multi-language interpretation.

- Real-time Transcriptions

Real Time Transcription (RTT) is also referred to as scribing services, and should not be confused with translation, which in linguistics usually means converting from one language to another, such as from English to Spanish. The most common type of transcription is from a spoken-language source into text such as a computer file suitable for printing as a document. ICANN records many conference calls at their thrice-yearly (two this fiscal year) meetings. The audio recordings, in many occasions, are later transcribed to produce a document to post on ICANN's website.

- Transcription of Audio Files

Transcribing audio recordings for sessions taking place during ICANN meetings (two this year) and other ICANN meetings that may need the same service (this applies to session(s) without real-time transcription or scribing services).

Administration Costs

(in US dollars)	FY13 Budget	FY12 FORECAST	FY12 Budget	FY13 Budget less FY12 Forecast	
Facilities	2,632,000	2,067,200	2,120,000	564,800	27.3%
Other administration costs	8,249,000	6,229,300	5,827,000	2,019,700	32.4%
Administration	$ 10,881,000	$ 8,296,500	$ 7,521,000	$ 2,584,500	31.2%

Figure 3-13 Summary of FY13 Administration costs

Administration costs for FY13 are budgeted to be $10.9 million, about $2.5 million more than FY12's forecast.

(in US dollars)	FY13 Budget	FY12 FORECAST	FY12 Budget	FY13 Budget less FY12 Forecast	
Facilities	$ 2,632,000	$ 2,067,000	$ 2,100,000	$ 565,000	27.3%
Colocation & Insurance	1,188,000	895,000	1,280,000	293,000	32.7%
Equipment & Software	993,000	443,000	530,000	550,000	124.2%
Telecommunication & Network Connectiv	2,123,000	1,903,000	1,481,000	220,000	11.6%
Office Administration	975,000	880,000	660,000	95,000	10.8%
Contributions, Training & Conferences	1,625,000	1,340,000	1,020,000	285,000	21.3%
Warranty & Support services	1,345,000	768,500	450,000	576,500	75.0%
Administration	$ 10,881,000	$ 8,296,500	$ 7,521,000	$ 2,584,500	31.2%

Figure 3-14 Breakdown of FY13 Administration costs

- Facilities, with an FY13 budget of $2.6 million, are described in more detail below includes:
  - Office rent for Playa Vista
  - Office rent for Palo Alto
  - Office rent for Washington D.C.
  - Office rent for Brussels
  - Office rent for Sydney
- Co-location and Insurance, with an FY13 budget of $1.2 million are $293k over the FY12 forecast. The category includes:
  - Co-location services for ICANN operations with a $123k increase
  - Co-location for L-Root services with a $50k increase
  - General business insurance with a $120k increase

- Equipment and software, with an FY13 budget of $0.9 million are $550k over the FY12 forecast. The category includes:
    - Computer supplies
    - Computer and small equipment
    - Application software and license purchase
    - Audio/Visual and language services equipment with $550k additional
- Telecommunication & Network connectivity, with an FY13 budget of $2.1 million are $220k over the FY12 forecast. The category includes:
    - Internet bandwidth
    - Telephone services (Landline, Skype and others)
    - Mobile phone services
    - Audio conferencing with a $220k increase
- Office administration, with an FY13 budget of $0.9 million is $95k over the FY12 forecast. The category includes:
    - General office supplies
    - Printing, postage and shipping with an additional $50k
    - Taxes, licenses and fees with a $45k increase
- Contributions, training and conferences, with an FY13 budget of $1.6 million are $285k over the FY12 forecast. The category includes:
    - Board training
    - Staff training
    - Professional association dues and memberships
    - Educational and outreach materials with a $85k increase
    - Sponsorships and organizational contributions with a $200k increase
- Warranty and support services, with an FY13 budget of $1.3 million are $576k over the FY12 forecast. The category includes:
    - Warranties and Maintenance with a $576k increase in support contract and services
    - Hosting services
    - Taxes, fees and licenses

(in US dollars)	FY13 Budget	FY12 FORECAST	FY12 Budget	FY13 Budget less FY12 Forecast	
MDR / Playa Vista*	$1,339,000	$935,196	$930,000	$403,804	43.2%
Brussels	$271,000	$188,400	$230,000	$82,600	43.8%
Sydney	$155,000	$142,334	$130,000	$12,666	8.9%
Washington, DC	$457,000	$426,000	$420,000	$31,000	7.3%
Palo Alto	$410,000	$375,302	$390,000	$34,698	9.3%
Total Facilities	$2,632,000	$2,067,232	$2,100,000	$564,768	27.3%

* new location

Figure 3-15 FY13 Office Space costs

ICANN, a non-profit public benefit corporation, maintains its corporate headquarters at its Playa Vista (PV) location at 12025 Waterfront Drive, Playa Vista, California 90094. The occupancy agreement for office space in Playa Vista was executed in November 2011 and approved by the Board. This agreement term began on 1 July 2012 and expires in June 2022; calls for occupancy of 30,300 square feet and total costs for PV occupancy are expected in FY13 to be $1.3m. The increase over FY12 is due to the larger amount of space leased as well as the cost of completing tenant improvements in the new space. Occupancy in the new space is scheduled for 18 June 2012, prior to actual lease inception under terms negotiated with the Landlord. ICANN also maintains branch offices in Brussels, Sydney, Washington D.C., and Palo Alto.

Staff in Sydney has had office space provided since January 2007. In January 2008, a multi-year lease was executed with plans to expand ICANN's operations in Sydney to support the Asian regions and time zones. The current lease expires February 2013. The FY13 Budget of $155k has an 8 percent increase as part of the annual escalation clause increasing the rent each year under the lease term.

The Brussels office FY13 occupancy costs are anticipated to be increased for the fiscal year on an overall basis but reduced significantly on a per square meter basis. The change in cost is a result of moving from space leased through an "office suites" provider (estimated at approximately 100 square meters) to space directly leased from the Landlord (approximately 566 square meters). The new lease began 1 June 2012 and is a nine year lease with termination provisions after three and six years. Annual rent adjustments in Belgium are based on governmental indexations.

The Washington D.C. office opened at the end of FY10. FY13 is budgeted at $457k based on the multi-year lease arrangement (through 2017). This lease contains a predetermined annual rent increase.

The Palo Alto office opened in September 2010. FY13 is anticipated to have occupancy costs of $410k. This lease contains a predetermined annual rent increase.

Non-cash Expenses

Non-cash expenses include depreciation of capital expenses and bad debt expense.

Bad debt expense is the estimate of the amounts that will not be collectable from Accounts Receivable previously billed.

Depreciation is based on ICANN's depreciation policies and capital expenditures in recent years as well as for the depreciation of the capital items proposed in FY13.

(in US dollars)	FY13 Budget	FY12 FORECAST	FY12 Budget	FY13 Budget less FY12 Forecast	
Bad debt expense	400,000	755,300	900,000	(355,300)	-47.0%
Depreciation	2,400,000	1,856,400	1,800,000	543,600	29.3%
Non Cash Expenses	$ 2,800,000	$ 2,611,700	$ 2,700,000	$ 188,300	7.2%

Figure 3-16 FY13 Bad Debt expense and Depreciation

F. Capital Expenditures

(in US dollars)	FY13 Budget	FY12 Budget
Business Applications	$1,510,000	$725,000
Infrastructure Improvement	$1,180,000	$430,000
Business Continuity and Disaster Recovery	$295,000	$100,000
New TLD Application System	$0	$425,000
IANA Automation	$440,000	$65,000
Registry and Registrar Automation	$150,000	$125,000
Participation and Engagement Infrastructure	$182,000	$250,000
LRoot - Infrastructure Improvement		$425,000
RPKI - Infrastructure	$500,000	$0
Leasehold Improvement	$1,200,000	$1,530,000
Capital	**$5,457,000**	**$4,075,000**

Figure 3-17 FY13 Capital expenditures

The draft capital budget for FY13 is $5.4 million, which is a $1.4 million increase from the $4.0 million in the FY12 budget. A key piece of the FY13 capital expenditure plan includes the deployment of delayed application software initiatives such as: a customer relation management system, a document management system, and a human resources management system. Additionally, there will be an enhancement to the existing RADAR (Registrar) system and for a new Registry Onboarding system. The FY13 capital budget reflects significant growth in funds for participation and engagement as driven by ATRT. Additional expenditures will be facility improvements for both the new location in Playa Vista and Brussels offices.

Contingency

(in US dollars)	FY13 Budget	FY12 FORECAST	FY12 Budget	FY13 Budget less FY12 Forecast	
Contingency	3,720,000	0	2,500,000	1,220,000	48.8%

3-18 FY13 Contingency

Individual FY13 budget items are estimated based on the most reliable information available. To allow for the possibility of costs exceeding original estimates, an overall contingency of $3.7 million is included in the budget for FY13, corresponding to 5 percent of the total operating expenses.

In addition, the contingency is aimed at covering items such as unplanned litigation/dispute resolution, security threat response costs, required new initiatives identified during the fiscal year, and other unanticipated expenses.

3.1.3 Proposed FY13 Project Work (Budgeted within the draft FY13 Plan)

FY13 Project Work (in Thousands of US Dollars)	Internal FTE	External Costs
New Compliance System/CRM	3.0	$1,200
Constituency Travel Database	0.5	$20
Enhance Multi-lingual strategy	3.0	$980
Document Management System (DMS)	2.0	$595
IANA RT: Data Tracker Integration	2.0	$30
IANA Private Enterprise Number (PEN) Automation	1.0	$190
Root Zone Management (RZM)	3.0	$195
Emergency Back End Registry Operator (EBERO)	1.0	$360
IDN Variant Management Projects	3.5	$1,250
Visual Similarity Process Enhancement	0.5	$470
Implement Rights Protection Mechanisms	1.0	$133
Measurable Metrics	1.0	$82
New gTLD Applicant Support	1.5	$328
Outreach	2.0	$230
Registry – Registrar Onboarding	0.5	$190
WHOIS Program	2.5	$969
New gTLD Program: 2nd Round	2.0	$175
SAC 051 Implementation Roadmap	0.5	$60
SLA Monitoring system for new gTLDs	0.5	$320
2013 – 2016 Strategic Plan Development	0.5	$45
Stakeholder Feedback Mechanism Evaluation Program	1.0	$50
TLD Universal Acceptance	3.0	$33
Trademark Clearinghouse	2.5	$438
Uniform Rapid Suspension (URS)	2.0	$175
Zone File Access Program (CZDAP system)	1.0	$68
Total Projects	**41.0**	**$8,586**

1. **New Compliance System/CRM– $1.2 million**

Contractual Compliance (CC) receives about 45,000 complaints/inquires per year. CC is standardizing on a single model to manage all complaints. All functions follow the three strike rule followed by an escalation path if warranted. The New gTLD program may bring about a 50 percent increase in volume so the goal of this project is to consolidate and centralize Contractual Compliance intake, management and reporting into one system that is used to govern Registrars & Registry's per their contractual agreement. Anticipate that the system will:

- Add Data Escrow tracking and interface with vendors (i.e. Iron Mountain)
- Capture additional information based on the complainant category (i.e. Consumer, Law Enforcement, Intellectual Property, etc.) and Registrar demographics (Continent, Country)
- Provide data extract/access for reporting analytics to trend and proactively mined data
- Incorporate revised business processes within the system

In addition, an enterprise-wide roll-out of Customer Relationship Management System (CRM System) is planned for FY13. This integrated system will

- Integrate existing complaint or inquiry business functions into a single trackable and reportable business solution
- Streamline and centralize customer information and its management, allowing ICANN to efficiently and effectively respond to customer needs and

2. **Constituency Travel Database –$20K**

   With the foreseen growth of the ICANN community, driven in part by the New gTLD program, the scope of work for the ICANN Constituency Travel team will continue to increase as it has these past several years. The goal for FY13 is to develop and design a database with ad hoc reporting and query capabilities that will enhance the effectiveness of the community travel support program for cost savings and improve constituent traveler satisfaction with their travel experience. This system will assist in the planning, travel booking, record keeping and post-meeting reporting requirements, as well as inform the travel coordinator in real time of the status of travelers in the ticketing and flight process.

3. **Enhance Multilingual strategy – $980K**

   Make ICANN more effective as a global organization by making information about ICANN and its work more accessible to those who speak languages other than English in ways that enhance participation in and the effectiveness of the multistakeholder model. Provide simultaneous interpretation in six UN languages for major ICANN Meeting sessions, as well as select AC/SO teleconferences.

4. **Document Management System (DMS) - Phase 2 - $595K**

   Enterprise-wide roll-out of Document Management System (DMS) to all ICANN depts., in alignment with the FY13 Priority to enhance infrastructure, processes and systems for effectiveness and efficiency to:

   - Provide for streamlining and centralization of control and sharing of documents across the company

- Allowing ICANN to efficiently and effectively respond to document production requests in litigation or other dispute resolution processes involving ICANN, and reducing the related costs associated with ICANN's current processes Facilitating ICANN's corporate compliance efforts and related efforts to comply with laws and legal requirements through maintaining immediate and centralized access to corporate documents
- Facilitating ICANN's ability to efficiently and effectively respond to information requests from the Ombudsman in compliance with ICANN's Bylaws

5. **IANA RT: Data Tracker Integration – $ 30K**
The goal of this FY13 Project is to provide integration between the IANA Department's RT and the IETF's Datatracker as described in RFC 6359 with the following steps:
- Automating state change information for the lifetime of an I-D to the Datatracker
- Additional custom states describing the status of Last calls and Evaluations
- Allowing for automatic population of last call and evaluation comments to the Datatracker
- Allows for generation of telechat preparation reports
- Allows for clear indication in the Datatracker if there is an IANA issue with a document

6. **IANA Private Enterprise Number (PEN) Automation – $190K**

   This project calls for the replacement of PEN application for new registrations, modifications to existing registrations and removal (for use by the IANA Department). The objectives are: Improving the automation for accepting and processing new/modification/deletion PEN requests; decreasing staff time to review, confirm and assign PEN requests and create ability to communicate data to RT to allow for statistics generation

7. **Root Zone Management (RZM): v2 – $195K**

   Update Root Zone Management system to support new TLD processing and apply feedback from the community with the following scope: to extend RZM system workflow to support adding new TLD; upgrade internal framework to latest version in order to enhance security of the system and to Improve the UI interface based on feedback from IANA staff and the community. To accomplish this, will need to capture specific requirements for "add TLD" workflow and prioritize the list of improvements to be implemented.

8. **Emergency Back End Registry Operator (EBERO) –$360K**

   Project created to develop and finalize EBERO Model; select and contract with EBERO providers and complete onboarding and process documentation with end goal of having EBERO providers contracted and onboard by May 1013.

9. **IDN Variant Management Projects – $1.25 million**
   9a) Process for IDN Table Creation and Maintenance for the Root: Building on the current process used in Fast Track and New gTLD Program, this project will document a set of rules used to determine exchangeable code point variants as described in the integrated issues report on IDN variant TLDs. The deliverable will be the process to be followed to fill in and update the IDN tables for the root. The main objective is to be

able to provide a clear rationale of when a TLD label may or may not and have an exchangeable code point variant. In order to complete this work, ICANN anticipates expect to engage with other experts in the field that have already done some partial work on this issue such as the Unicode Consortium, as well as hiring outside consultants as needed. We also expect to collaborate with other ICANN stakeholder groups such as the SSAC, as well as volunteers from the ICANN community.

9b) Variant TLD Program Planning for Next Phases in order to support the Board review and authorization for the next phase of the IDN Variant TLDs program and as a response to community requests for overall program planning and progress. To further support the community requests, with this strategic planning in place, ICANN will be able to provide regular updates, reports and status of the overall program.

9c) User Experience Study for Activated Variants will focus on end users who are most likely to be adversely impacted when two or more variant TLDs have been activated. The goal is that we will be able to recommend identify some steps to improve the IDN variant TLD's related user experience and define identify potential contractual obligations for IDN variant TLD operators, with the hope that is will also spur further work by the relevant communities in this area.

9d) IDN Table Format Will develop a machine readable format for IDN Tables that meets contemporary requirements of DNS Registries and to support ICANN's efforts to develop rules for IDN variants for the root zone.

10. **Visual Similarity Process Enhancement – $470K**

    Building on the current process used in the New gTLD Program and experience from the IDN ccTLD Fast Track Process, this project will develop and document a set of rules used to determine visual similarity that will be used by evaluators in determining visual similarity. The main objective is to be able to provide a clear rationale of how a string may or may not be found to be visually similar to another. It also minimizes the surprise factor when a string is rejected because of visual similarity to another string.

11. **Implement Rights Protection Mechanisms –$133K**

    These mechanisms were commitments made to the community and must be implemented and in place at the time New gTLDs open for registration. The project includes activities relating to implementation of 2 dispute resolution procedures, PDDRP and RRDRP, which are to design and build RRPRS (Registry Restrictions Problem Report System); secure qualified providers to administer PDDRP and RRDRP proceedings and work with providers to create rules and procedures.

12. **Measurable Metrics – $82K**

    The objective of this project is to strengthen the Measurable Metrics (both development and reporting) to the community and executive management in support of ICANN's strategic direction; align and maintain measurable metrics with the mission and core values of ICANN; demonstrate effectiveness and efficiency of operations to multiple stakeholders; integrate the metrics with the strategic planning process and with operational plans and budget.

13. **New gTLD Applicant Support – $328K**

    The Applicant Support Program seeks to serve the global public interest by promoting worldwide accessibility to, and competition within, the Internet. It is an initiative developed in conjunction with ICANN's New gTLD Program and is intended to provide financial and non-financial support for potential New gTLD applicants from developing economies. Resources will be in place to build fundraising programs, build out business application software, and implement communication plans. The four outputs to the program:

    a. Pro bono third-party support

    b. Financial Assistance

    c. Applicant Support Fund

    d. Customer Support

14. **Outreach – $230K**

    The Outreach Initiative began in early FY12, developing a definition and model for measuring activities that could increase stakeholder participation and diversity within the ICANN model. The goal is to better allocate investments, opportunities, and create opportunity for the community to be more involved in decisions and execution in order to make the ICANN model more robust, as well as enhance the community's trust in ICANN's stewardship, and make global participation easier and more productive. This initiative includes leadership training and communication, as well as further enhancement and validation with community on the outreach model.

15. **Registry – Registrar Onboarding – $190K**

    Streamline registry-registrar on-boarding process by augmenting existing tools and creating new automation system to accommodate an increased number of New gTLD registries as well as potentially new registrars.

16. **Whois Program – $969K**

    This program will coordinate the various types of Whois initiatives that are either new or carried over from FY12 including: major progress/completion of 4 Whois policy-driven studies being conducted to provide a factual basis for future GNSO policy making with regard to the gTLD Whois service. One study examines potential misuse of public WHOIS registration data; a second uses Whois to classify entities that register gTLD domain names, including natural persons, legal persons, and Privacy/Proxy service providers; a third study is examining the extent to which gTLD domain names used to conduct illegal or harmful Internet activities are registered via Privacy or Proxy services to obscure the perpetrator's identity; and a fourth study will help determine the feasibility of conducting a future in-depth study into communication Relay and identity Reveal requests sent for gTLD domain names registered using Proxy and Privacy services; develop and standardize a RESTful Whois specification in the IETF; improve Whois data accuracy by reducing the number of "unreachable" Whois contacts; producing an annual report concerning Whois accuracy; communicating Whois accuracy requirements; and conducting carefully crafted Whois accuracy studies to inform the implementation of the Whois RT recommendations and specifically provide a roadmap to implement the SAC 051 recommendation.

17. **New gTLD Program: 2nd Round – $175K**

    This project will define a strategy and schedule for reviews and consultations to be conducted as pre-requisites to the opening of a second application round. It was created to implement the Board resolutions as follows: Resolved (2012.02.07.06), the Board directs the CEO to publish a document describing the work plan required prior to initiating a second application window for the New gTLD Program, specifically addressing the GAC requirement for assessment of trademark protections and root zone operation, and identifying other prerequisites to the next round of New gTLDs and Resolved (2012.02.07.07), the Board directs the CEO to continue working with the ICANN community to refine the work plan and address the prerequisites needed to open the second round of New gTLDs.

18. **SAC 051 Implementation Roadmap – $60K**

    SAC 051 proposes ways to make progress in Whois by: 1) Proposing new terms, and 2) identifying features that should be considered in an improved Whois service. The report recommends to the community to adopt these new terms as well as evaluate and migrate to a new protocol that addresses the deficiencies of the current Whois protocol. To implement the SAC 051 roadmap, budgets are needed to facilitate the development of the new protocol in the IETF, community outreach, as well as funding the development of an open-source reference implementation to facilitate adoption.

19. **SLA Monitoring system for New gTLDs – $320K**

    The base agreement for New gTLDs, specification 10 requires New gTLDs to comply with a Service Level Agreement. The objective is to develop an SLA monitoring system for New gTLDs which will measure periodically the parameters defined in Specification 10 with software designed to centralize and process the data to produce alarms as needed.

20. **2013 – 2016 Strategic Plan Development – $45K**

    Maintain ongoing involvement with the community in the development process to ensure that Strategic Plan reflects the needs of the multiple stakeholders as well as ensuring that the strategic objectives and projects support the mission and core values of ICANN. In this process, ICANN will refine and expand the metrics to ensure that strategic initiatives are appropriately prioritized, evaluated and measured for success, and deepen the linkage between the Strategic Plan and the Operating Budget for each fiscal year.

21. **Stakeholder Feedback Mechanism Evaluation Program (including Survey Tool) - $50K**

    Identify number and uses of surveys conducted by ICANN; evaluate what other instruments could be used; develop a process for initiating and designing surveys; evaluate whether single platform should be adopted; evaluate whether a single provider should be procured for survey work annually; determine how the surveys (existing and upcoming) would support identifying and reporting against performance metrics; secure management review and adoption of project results.

22. **TLD Universal Acceptance – $33K**

    The project's goal is to raise awareness of the existing acceptability issues and provide information and tools so the issues can be addressed in a time-efficient and cost-effective manner by participating in the global conferences including reaching outside the ICANN community. To accomplish this, ICANN will run an informational campaign before the

newer gTLDs are added to the root zone (for example, inform software developers and providers, conduct informational and educational sessions for end users and create a central repository where acceptability issues can be reported, etc.), provide TLD validation toolkit in 7 programming languages, create a microsite with specific instructions as well as central repository of the current acceptability issues (what software/e-commerce websites/etc.) and conduct a survey at the end of the project on the results of the work that has been done.

23. **Trademark Clearinghouse – $438K**

Implement Trademark Clearinghouse to support rights protection mechanisms in New gTLD registries by working with service providers to build key Clearinghouse processes, complete required contract execution with service providers, and execute process testing phase with participation from stakeholders along with communications and outreach activities.

24. **Uniform Rapid Suspension (URS) – $175K**

Implementation work conducted on the URS to date indicates that the implementation will not attain the cost target of $300---$500 in URS fee per case. This is based on discussions with WIPO staff, direct communication with the IPC, and examples understood from the ICM registry and Nominet. Because the fee target is a primary goal of the URS, additional work and study should be undertaken to determine if amendments to the program might attain the fee goal and retain the safeguards and other features of the program. This study must be undertaken by a community group. New work will commence with a working session in the Prague ICANN meeting. While the scope of the effort is not yet defined, it is necessary to reserve resources for the work in the ICANN's FY13 budget. This is the placeholder for those resources while the best way to accomplish the work can be designed. The work will be done through a bottom---up, community discussion similar to the work done to create and review the URS in the first instance. It is fully intended the URS be implemented in time for the introduction of new gTLDs.

25. **Zone File Access Program (CZDAP system) - $68K**

The current model for Zone File Access is built on individual, bi-lateral agreements and operational relationships between consumers and gTLD registry operators (providers of gTLD zone data). Scaling this model into an environment where there are many consumers and providers may create Zone File Access operational and cost inefficiencies for both consumers and providers of gTLD zone data. A new model for Zone File Access that can scale in both the current environment, and in an environment including New gTLDs and larger numbers of consumers, is required to address these concerns. A centralized zone file access system will allow for more accurate and rapid identification of key points of contact within each gTLD. This reduces the time necessary to take corrective action within TLDs experiencing malicious activity.

3.2 New gTLD Application Processing

New gTLD Budget Scenarios for Application Processing

The New gTLD Application Processing budget reflects a scenario corresponding to 2000 applications received. It assumes that certain applications fees may be partially refunded as a result of withdrawals or rejections during the evaluation process, based on an assumption of 8.95 of gross fees. It does not take into account the potential impact of applications withdrawn between the reveal date and the beginning of the application evaluation process.

The budget figures reflects the application of accounting principles defined specifically for the program, based on existing general accounting guidance. As the new gTLD application program is based upon a cost recovery approach, the generally accepted accounting principles suggest recognizing the application fees as revenues concurrently with variable costs being incurred, allowing for a synchronized offsetting of costs by the corresponding revenue that the application fees provide for. The documentation of the accounting treatment is being finalized at the time of publishing of this document and will be made available on the ICANN website.

Revenues are net of application fee refunds based on the assumption that refunds will total approximately 8.9% of total fees received. Although the new gTLD application fee structure was calculated based on the principles of cost recovery, the budget scenarios presented below may result in a net surplus. In such scenarios, we provided variance explanations for such net surplus or deficit.

2000 Applications	Statement of Activities for Life of Round	Statement of Activities by Fiscal Year			
		FY12 Forecast	FY13 Budget	FY14 Estimate	FY15 Estimate
Application Fees					
New gTLD Applicant Fees	$ 368,000				
ICANN Applicant Support Contribution	2,000				
Refunds	(32,930)				
Net Application Fees	$ 337,070	$ -	$ 153,801	$ 159,833	$ 23,436
Operating Expenses					
Direct Costs					
Initial Evaluation	73,495	-	39,360	34,135	-
Extended Evaluation	3,540	-	885	1,770	885
Quality Control	8,600	-	4,300	4,300	-
String Contentions	2,505	-	880	1,213	412
Objection processes	24,800	-	11,285	12,420	1,095
Pre-delegation	25,128	-	5,575	12,309	7,244
Program Administration	4,550	-	2,790	1,480	280
Indirect/Overhead					
gTLD Team	5,599	662	1,715	1,810	1,412
ICANN Staff Allocation	7,118	1,085	2,170	2,170	1,693
Other Overhead	1,521	170	548	548	255
Total Operating Expenses	$ 156,856	$ 1,917	$ 69,508	$ 72,155	$ 13,276
Other Income/(Expense)					
Development Service Fees	(32,454)	-	(14,808)	(15,389)	(2,256)
Risk Costs	(120,000)	-	(54,755)	(56,902)	(8,343)
Total Other Income/(Expense)	$ (152,454)	$ -	$ (69,563)	$ (72,291)	$ (10,600)
Excess/(Deficit)	$ 27,760	$ (1,917)	$ 14,731	$ 15,386	$ (440)

Figure 3.21 New gTLD 2000 Application Scenario

The new gTLD assumption retained for the FY13 Budget submitted for Board approval is for 2000 applications. Though the actual number of applications communicated on the reveal date is 1930, since the budget figures were finalized prior to the date of the reveal and the difference between the two number is minimal (3%), no further change to this assumption was processed in the final budget.

The net surplus of $27.8 million is primarily due to Development Services Fees being capped at the total amount of Historical Development costs as defined below ($18.5 million), savings from fixed costs as a result of a processing timeline for 2000 applications that is proportionately shorter ($6.4 million), and savings in Initial Evaluation panel costs as a result of volume discounts ($4.2 million).

Multiple Funds

As previously communicated in the [Update to the Cost Considerations of the New gTLD Program](#), the $185K per application fee is designed to cover various costs related to the New gTLD program. These costs include:

- The repayment of historical development costs previously incurred by ICANN.
- A program risk contingency for uncertain or difficult to predict costs, and any other risks, including unanticipated costs such as variations between estimates and actual costs incurred.
- Fixed costs for the administration and overhead support of the Program.
- Variable costs to be incurred in the processing of each application.

Once the application fees have been received in ICANN's New gTLD operating account and matched to their respective applications, the funds will be transferred to the following funds to be held at various financial institutions:

- Application Processing Fund - $100K per application
- Risk Contingency Fund - $60K per application
- Historical Development Repayment - $25K per application

The timing of cash requirements for all funds will be evaluated in order to determine the expected maturities, which in turn will be used to determine what investment vehicle is appropriate, in conformity with the New gTLD Investment Policy. This New gTLD Investment Policy is largely inspired from the recently updated ICANN Investment Policy, and will be submitted for public comment and Board approval.

The funds destined for the most short term needs will be held in cash or cash equivalents in the New gTLD HSBC operating account, and in other New gTLD non-operating accounts. The funds destined for longer term needs will be distributed across several investment manager firms, and invested in conformity with the New gTLD Investment Policy.

Throughout the program, each fund will be tracked and monitored separately to ensure adequate analysis and reporting.

Historical Development Repayment

The Historical Development Repayment funds from all applications received will be distributed to ICANN's Reserve Fund. The repayment to ICANN's Reserve Fund will be completed upon confirmation of (i) the amount of Historical Development Repayment resulting from the number of applications times the $25K historical development repayment amount, including those applications that do not complete the application processing, or (ii) $29.9 million (see details below) whichever is the lowest. The Historical Development Repayment funds will be held under the New gTLD Application Processing division until the final amount is known. The repayment to ICANN's Reserve Fund of such historical development funds will happen through

a Development Service Fee charged by ICANN to the New gTLD Program which will be equal to $25K per each New gTLD application received.

A = number of applications received * $25K

If A < $29.9 million, the repayment to ICANN's Reserve Funds will be of A, and will completed in either one or two steps as described above.

If A > $29.9 million, the repayment to ICANN's Reserve Funds will be of $29.9 million, and will completed in either one or two steps as described above.

Total Historical Development costs:

Original amount as defined and determined in October 2008: $12.5 million
(http://www.icann.org/en/gsearch/cost%2Bconsiderations)

Amount as updated in October 2009: $13.5 million
(http://www.icann.org/en/topics/new-gtlds/cost-considerations-04oct09-en.pdf)

Amount as updated in September 2010: $26.0 million
(http://www.icann.org/en/groups/board/documents/minutes-bfc-20sep10-en.htm)

Additional costs for deployment in September 2010:   +$3.9 million

Total costs: $29.9 million

Excess Funds

Although the New gTLD Application fee structure was calculated based on the principles of cost recovery, the possibility exists that a surplus of funds may be realized either during the application processing period or upon its completion. This surplus may exist as a result of any of the following:

- Unused risk contingency funds
- Lower than expected application processing costs
- An over-allocation of historical development repayment funds, and
- Any potential auction proceeds

In the event that the New gTLD Program results in a surplus of funds from any source, staff will initiate a policy development process to define with the community the purpose and mechanism of administration of such excess.

Operating Assumptions

The New gTLD Application fee structure is based on the principles of cost recovery. Accordingly, staff will monitor and report the progresses and the financial position of the program on a periodic basis, using financial and non-financial metrics. In order to provide staff with the flexibility to prepare this financial information for the New gTLD Program on a stand-alone basis as well as consolidated with ICANN's continuing operations, staff implemented the following:

- A separate company was created in ICANN's financial reporting system (Microsoft Dynamics GP) that will simultaneously provide the flexibility to report on an as needed basis and will enable a permanent and clear segregation of transactions between the ICANN operations and the New gTLD Application program.
- A separate set of specific New gTLD bank accounts was created in HSBC that is completely separate from ICANN's normal operating bank accounts.
- Specific tracking and monitoring tools on an invoice by invoice basis,
- Specific reporting templates and timeline:
    - o To management: at the minimum on a monthly basis and upon request
    - o To BFC/Board: at the minimum at each ICANN meeting and Board retreat, and upon request
    - o To the Community: at each ICANN meeting.
- Specific resources in the New gTLD and Finance teams dedicated to controlling and analysis of the program.

The financial information of the New gTLD Program will be structured by Phases and by Panels. The Phases will include the various reviews detailed in Module 2 of the gTLD Applicant Guidebook, as well as other aspects of the management of the New gTLD Program. The Panels will include the various reviews and assessments detailed in Module 2 of the gTLD Applicant Guidebook, as well as other information needed to provide reporting flexibility. Following is a list of the currently identified Phases and Panels:

Phases	Panels
Application Window	Background Screening
Administrative Check	String Similarity
Initial Evaluation	DNS Stability
Extended Evaluation	Geographic Names
Dispute Resolution	Financial/Technical/Operational
String Contention	Registry Services
Transition to Delegation	Community Priority Evaluation
Independent Objector	Quality Control
Applicant Support	Support Applicant Review Panel
Customer Service	Non-Panel Specific Activity
Program Management	Miscellaneous Expenses
Quality Control	Auction
Re-do Panel Work	

The following firms have been engaged by the New gTLD Program to perform the various Panel reviews:

Panels	Firms
Background Screening	PricewaterhouseCoopers, LLC
DNS Stability and String Registry	Interisle Consulting Group, LLC
String Similarity	InterConnect Communications
Geographic Names	InterConnect Communications
Community Priority Evaluation	InterConnect Communications
	Economist Intelligence Unit
Financial/Technical/Operational	Ernst & Young, LLP
	KPMG
	JAS Global Advisors LLC
Quality Control	JAS Global Advisors LLC

An initial allocation of applications amongst the respective firms in each panel was derived at after thorough analyses of the proposals received from the selected panel firms. This allocation will be applied to the initial tranche of processed applications. The New gTLD Program will strive to ensure that all applications continue to receive the best possible processing quality at the best possible price. After each tranche, panel firms will be evaluated on several criteria including the quality, cost, and turnaround time of their respective processed applications. Based on the results of these evaluations, an allocation of applications for the following tranche will be determined based in an internally developed model. This model will continue to be reviewed and assessed to ensure that applications are properly allocated amongst the panel firms.

Following is an illustrative sample of the proposed reporting format:

in thousands - for illustrative purposes only, amounts do not represent any predetermined allocation of applications by firm

Phase	Panel	E&Y	KPMG	JAS	PWC	ICC	ICG	EIU	Other
Initial Evaluation	Registry Services	-	-	-	-	-	1,000	-	-
	DNS Stability	-	-	-	-	-	1,000	-	-
	String Similarity	-	-	-	-	500	-	500	-
	Geographic Names	-	-	-	-	1,000	-	-	-
	Financial/Technical/Operational	2,000	2,000	2,000	-	-	-	-	-
	Background Screening	-	-	-	1,000	-	-	-	-
Total Initial Evaluation		$ 2,000	$ 2,000	$ 2,000	$ 1,000	$ 1,500	$ 2,000	$ 500	$ -
Extended Evaluation	Registry Services	-	-	-	-	-	500	-	-
	Geographic Names	-	-	-	-	500	-	-	-
	Financial/Technical/Operational	500	500	500	-	-	-	-	-
Total Extended Evaluation		$ 500	$ 500	$ 500	$ -	$ 500	$ 500	$ -	$ -
Dispute Resolution	String Confusion	-	-	-	-	-	-	-	500
	Legal Rights	-	-	-	-	-	-	-	500
	Limited Public Interest								500
	Community	-	-	-	-	-	-	-	500
Total Dispute Resolution		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,000
String Contention	Community Priority Evaluation	-	-	-	-	500	-	500	-
	Auction	-	-	-	-	-	-	-	500
Total String Contention		$ -	$ -	$ -	$ -	$ 500	$ -	$ 500	$ 4,500
Transition to Delegation	Contract Costs	-	-	-	-	-	-	-	500
	Pre-Delegation Checks	-	-	-	-	-	-	-	500
Total Transition to Delegation		$ -	$ -	$ -	$ -	$ 1,000	$ -	$ 1,000	$ 6,000

Applicant Support Program

An important facet of the New gTLD program is the Applicant Support Program, envisioned by the ICANN community to help ensure worldwide accessibility to the program by providing financial and non-financial assistance to qualifying New gTLD applicants. Applicants in need of technical or financial information or assistance may be able to find pro bono services, in-kind support or grants from members of the ICANN community through the Applicant Support Directory. The Applicant Support Program also provides a limited number of qualifying applicants the opportunity to pay a reduced evaluation fee of $47K instead of the full evaluation fee of $185K. In order to qualify for the fee reduction, applicants must demonstrate financial need, provide a public interest benefit, and possess the necessary management and financial capabilities required to run a registry. The financial assistance element of the Applicant Support Program is funded by a $2.0 million contribution approved by ICANN's Board of Directors. This approved contribution is reflected in ICANN's Statement of Financial Position as Board-designated net assets and is expected to be funded in FY13 when qualified applicants are identified. ICANN staff is evaluating possible processes to allow others to make contributions to the fund.

4. Reserve Fund

Recent updates to the Strategic Plan have indicated that the Reserve Fund is to be set at a level equivalent to one year of operating expenses. This level was primarily based on studies of comparable organizations with ICANN's risk profile. Further, the Reserve Fund was to be fully funded within a few years. To achieve this goal, adopted budgets would have to provide for contributions to the Reserve Fund of approximately $10 million per year until fully funded.

The recent fiscal years did not allow contributions to the reserve fund due to an increase in the level of expenses, largely as a result of the New gTLD development costs. As originally planned, the Budget FY13 anticipates the repayment of such historical development costs from the New gTLD application program to ICANN's Reserve Fund.

In November 2007, ICANN's Investment Policy was adopted and $25 million was placed in the Reserve Fund to be invested in accordance with the Investment Policy provisions of a moderately low risk profile. Subsequent contributions of $8.0 million and $11 million were made to the Reserve Fund in August 2008 and September 2009, respectively, for total contributions of $44 million. In addition, net investment income since inception has been about $8 million. Statistics about the Reserve Fund, including monthly balances and compliance with the Investment Policy, are available on the ICANN dashboard. The ICANN Investment Policy is reviewed each year, most recently in November 2010, and is posted online.

5. Appendix

Request #	Community	Request Title	Original Request Estimate	Response	Rationale
FY13-001	APRALO (ALAC)	Workshop and APRALO Mini-General Assembly at Regional Internet Governance Forums in Asia, Australia and Pacific	$105,000	NO	ICANN resources do not give the possibility to fund initiatives at non-ICANN events. However, see note #1 and note #6 for funding alternatives.
FY13-002	APRALO (ALAC)	Workshop at IGF 2012 at Baku, Azerbaijan	$30,000	YES	see note #1
FY13-003	NARALO / EURALO	Consumer-Event Focused Outreach	$27,450	NO	Projected FY13 resources do not give ICANN the flexibility to extensively fund initiatives at non-ICANN events.
FY13-015	NARALO (ALAC)	NARALO Toronto Event	$25,000	YES	see note #6
FY13-014	LACRALO (ALAC)	Multi-Day Workshop at LACIGF August 2012	$85,000	NO	Projected resources do not give ICANN the flexibility to fund initiatives at non-ICANN events.
FY13-004	AFRALO (ALAC)	Virtual Capacity building sessions for AFRALO ALSes	$0	YES	see note #6
FY13-005	AFRALO (ALAC)	Workshop at IGF 2012 at Baku, Azerbaijan	$30,000	YES	see note #1
FY13-031	EURALO (ALAC)	EURALO General Assembly during the June 2013 EuroDIG meeting.	$22,000	YES	see note #1
FY13-032	EURALO (ALAC)	EURALO participation in ICANN Studienkreis (12th edition); 23-24 August 2012.	$5,775	NO	Projected resources do not give ICANN the flexibility to extensively fund initiatives at non-ICANN events.
FY13-006	IPC	Funding for an Intercessional Meeting (line item includes all IPC request costs	$50,000	YES	see note #2
FY13-007	IPC	Outreach		YES	see note #3
FY13-008	IPC	Secretariat Services		NO	see note #5
FY13-009	IPC	Support for IPC Officer Travel to ICANN mtgs		YES	see note #4
FY13-010	ISP	Secretariat Services	$15,000	NO	see note #5
FY13-011	ISP	Sponsored attendance at ICANN meetings by ISP & Connectivity Providers from underserved regions.	$6,000	YES	see note #4
FY13-012	ISP	Officer Travel to ICANN meetings	$14,000	YES	see note #4
FY13-013	ISP	Constituency outreach and support for continued participation.	$14,000	YES	see notes #3 & 4
FY13-016	NCSG-EC	NCSG Executive Committee Travel Support	tbd	YES	see note #4
FY13-023	BC	Leadership Development from Developing Countries (enhancing business leaders)	$24,000	YES	see note #6
FY13-024	BC	BC Secretariat Travel	$6,000	NO	see note #5
FY13-025	BC	Outreach and Awareness Events	$12,000	YES	see note #2
FY13-026	BC	BC Officer Travel	$16,000	YES	see note #4
FY13-027	BC	BC Newsletter	$7,500	YES	see note #3
FY13-028	NPOC	NPOC PROGRAMS, PARTNERSHIPS AND COMMUNICATIONS 2012-2013	$76,000	YES	see notes #3 and #4
FY13-029	NCUC	NCUC Event: Bringing awareness and education about ICANN and its activities	$8,250	YES	see notes #3 & 4
FY13-030	NCUC	Outreach to Non Commercial Actors in the Developing World	$10,000	YES	see notes #3 & 4
FY13-017	SSAC	SSAC Annual Retreat 2012	$90,000	YES	see note #6
FY13-018	SSAC	SSAC Meetings at IETF Meetings	tbd	YES	see note #6
FY13-019	SSAC	SSAC Member Travel to ICANN Meetings	tbd	YES	see note #4
FY13-020	SSAC	SSAC Support Staff Travel to ICANN Meetings	tbd	YES	Accounted for in Policy Development staff budget
FY13-021	SSAC	SSAC Administrative Committee Face-to-Face Meetings	$26,300	YES	
FY13-022	SSAC	SSAC Workshop at Internet Governance Forum (IGF)	tbd	YES	see note #1
FY13-033	At Large	ICANN Academy	$56,000	NO	but see note #7

Ref#	Description	Approved Amount	Request Type
Note 1	For FY13, ICANN will establish a fund for IGF-Baku participation. Coordinated by ICANN GP staff, representatives from RALOs and GNSO Stakeholder groups will be invited to contribute to planning ICANN's participation in each event. ICANN proposes to devote 90,000 to that amount for the 2012 IGF. Expenses would include staff coordination time, reception and travel support to the IGF for agreed-upon ICANN travelers.	$90,000	Participation at IGF
Note 2	A number of ICANN communities have proposed funding for intercessional meetings and outreach events in various regions. ICANN believes that this presents potentially valuable opportunities for outreach and capacity building. Before committing to a host of various requests, this two-day January 2013 pilot program (in a hub city) will allow the organization to explore this idea and will serve to gather participants from all non-contract communities. One day of the program will offer communities the opportunity to reach out to prospective members and the second will provide cross-community collaboration opportunities. Expenses would include staff coordination time, and travel support and limited scribing, recording and transcripts.	$150,000	Intercessional Meeting
Note 3	ICANN recognizes the need for outreach. $30,000 in core resources have been added for publications assistance to the PDS budget. Five (5) constituencies* 6000=30,000. These funds will be available for ICANN to arrange printing, translation (up to 2 languages) and shipping of publications to ICANN Public meetings (not content production).	$30,000	Outreach Materials
Note 4	ICANN agrees that in-person leadership participation at ICANN Public Meetings is valuable and that support would offer communities flexibility to use available funds for other matters. ICANN has granted the travel support of 3 officers of the NCSG executive commitee to participate in the F13 ICANN meetings. Also given that there are only two ICANN meetings in FY13, ICANN commits 3 travels slots per each non contracted GNSO Constituency to fund Constituency leadership or their designates' travel to ICANN Public Meetings. Additionally, SSAC request of 5 additional travel support slots has been approved. It is hoped that the funding of additional leadership participation will help promote local outreach where the ICANN meetings are being held, and perhaps provide flexibility in the use of other Constituency funds for more targeted community outreach at other times in the year.	$150,000	Leadership Travel Support
Note 5	Due to a variety of concerns about employment rules and tracking of financial expenses, ICANN is not able to grant these requests for FY13. Individual communities will have to fund these costs directly. It is hoped that relief in a number of other areas will free-up funds for these types of expenses. ICANN commits to looking carefully at this area to see if such arrangements can be funded in future fiscal years.	$0	Secretariat Support
Note 6	ICANN recognizes the need for capacity building for the SO/AC, to that effect ICANN will provide $116,000 of funds to support various face to face meetings and workshops at ICANN meetings, or where appropriate ($75,000 for an APRALO event in Beijing and 25,000 for NARALO event in Toronto and 16,000 for SSAC IETF meriting support). The SSAC annual intercessional will also be funded in FY13 for $90,000 to enable in-depth collaboration and in person meetings to develop SSAC annual workplan.	$206,000	Capacity Building
Note 7	The ICANN Academy concept is still being developed and reviewed within the SO-AC groups and further consensus is ongoing though a process led by ALAC/At-Large. While this process is ongoing, in early anticipation of the direction of the effort, a staff pilot project will be focused on executive training of new SO-AC leaders on ICANN organizations, policymaking and related activities. The pilot would include usage of online tools where possible and an orientation session in Toronto. This pilot project should be seen as a first step in testing the overall concept and providing a basis for a future training program as well as experience to build on for further improvements if deemed necessary.	$40,000	Leadership Training
Total AC/SO approved requests		**$666,000**	

Please go to http://www.icann.org/en/about/planning/ops-budget/community-requests-07mar12-en.htm for full details on each of the FY13 SO AC Budget Requests listed above.