

**Questions / Approach for addressing input received on Charter Question #1 / Preliminary Recommendation #1 / Guidance for the Implementation Phase in relation to charter question #1**

**OVERARCHING QUESTION:**

As a result of the input provided during the public comment period, should the CCWG reconsider its recommendation that:

*“The CCWG recommends that either mechanism A (A new ICANN Proceeds Allocation Department is created as part of ICANN Org dedicated to grant solicitation, implementation and evaluation) or mechanism B (A new ICANN Proceeds Allocation Department is created as part of ICANN Org which would work in collaboration with an existing charitable organization(s)) is designed and implemented to allow for the disbursement of new gTLD Auction Proceeds. In addition to options A and B above, the CCWG welcomes community input on mechanism C, under which an ICANN Foundation is established. Mechanism C involves creation of a new charitable structure separate from ICANN which would be responsible for solicitation and evaluation of proposals, and the disbursement of the funds but which will be required to adhere to the principles/ICANN core mission in its purpose and allocation of auction proceeds as grants and to maintain a close oversight relationship by ICANN. Based on the input received in response to the public comment period on this report and further deliberations by the CCWG taking into account these public comments, the CCWG may make changes to this recommendation in the Final Report. For example, the CCWG may be in a position to further narrow down its recommendation and identify a single preferred mechanism. Alternately, if after reviewing and deliberating on input received through public comment, the CCWG does not reach agreement on a single preferred mechanism it could recommend multiple options to the ICANN Board for further consideration. The ICANN Board will make a final decision on the path forward leveraging the CCWG’s recommendations and work”*

If yes, why?

If no, why not?

If it is not possible to make this determination at this stage, what ~~input~~input, or information would be necessary to make this determination?

<b>Item-Comment #1 (José Alberto Barrueto Rodríguez)</b>	
<b>Suggestion from Commenter</b>	CCWG to consider conducting cost-benefit analysis to determine which mechanism would be most efficient and effective, in addition to meeting the CCWG criteria
<b>Leadership recommendation</b>	Consider whether further work should be undertaken on the cost-benefit analysis for the different options. <u>The cost-benefit analysis should include what efficient and effective means.</u>
<b>CCWG discussion / agreement</b>	<u>The CCWG discussed what does "effective and efficient" mean? At the same time some questioned whether a cost-benefit analysis would provide 'real' answers that would facilitate the CCWG's decision on a mechanism. Note that an initial analysis of the different mechanisms was carried out by CCWG that could be further elaborated on, possibly as a result of input provided by ICANN Org.</u> <u>CCWG AGREEMENT #1: Request ICANN Org to carry out a cost-benefit analysis of the different mechanisms that would analyze the cost in relation to the estimated benefits.</u>

<b>Item-Comment #2 (Mary Uduma)</b>	
<b>Suggestion from Commenter</b>	CCWG to consider examining option C in further detail, but with option B remaining the priority.
<b>Leadership recommendation</b>	<ul style="list-style-type: none"> <li>- Define process on how to re-evaluate mechanism A, B and C:</li> <li>- Main concern: ensure sufficient operational independence while supporting the mission/bylaws,</li> <li>- Request further input from ICANN Org (and maybe Board) to be able to distinguish clearer between B and C,</li> <li>- Request written input from SOs/ACs to get their input concerning this topic.</li> </ul>
<b>CCWG discussion / agreement</b>	<u>The CCWG discussed that various comments had expressed different viewpoints in relation to their preference for mechanism A, B and C. Furthermore, it was raised how community involvement fits into the recommendations – would it look the same, regardless of which mechanism is chosen, or would it be different depending on the mechanism. How appropriate would it be for the community to have an advisory role, especially if the communities they hail from are likely to submit applications for funding? Leadership suggested to request input from various groups to obtain input, but this was not supported by all as appointed members serve in the role of reflecting the perspectives of the appointing groups.</u> <u>CCWG AGREEMENT #2: Further explore and define what role, if any, the ICANN community should play in the review and evaluation of proposals. CCWG to take note of any other comments that will help inform this exploration.</u>

<b><u>Item Comment #3 (ISPCP)</u></b>	
<b>Suggestion from Commenter</b>	CCWG to consider enhancing option A with review of applications for funding to be reviewed by a panel of experts from the ICANN community and a professional project manager to be assigned by ICANN.
<b>Leadership recommendation</b>	<p>Discuss option on how to set-up community oversight:</p> <p>Potential options:  Option I) (ISPCP):</p> <ul style="list-style-type: none"> <li>- Review, evaluation of application done by a panel ICANN community (review panel receives financial support and is supported by ICANN ORG,</li> <li>- Implementation is overseen by a professional project manager (assignment approved by review panel).</li> </ul> <p>Check: The Leadership Team believes that this option might only work in coordination with Mechanism A).</p> <p>Option II)</p> <ul style="list-style-type: none"> <li>- Independent application evaluation, review and implementation process,</li> <li>- BUT: Community advisory committee,</li> <li>- Community evaluation process after 2 years to check whether the whole process is functioning or whether changes are needed.</li> </ul> <p>The Leadership believes that this option can be implemented in supporting Mechanism A, B and C.</p>
<b>CCWG discussion / agreement</b>	<a href="#">See CCWG Agreement #2</a>
<b><u>Item Comment #4 (Judith Hellerstein and Maureen Hilyard)</u></b>	
<b>Suggestion from Commenter</b>	CCWG to consider concerns expressed in relation to mechanism A (conflict of interest, ability for ICANN Org to request additional funds)

	CCWG to consider a hybrid model of Mechanism B that retains the cost-efficiencies offered by the ICANN Board for governance and payments by ICANN's Finance Section, alongside the establishment of a separate independent structure (either within or outside of ICANN) to cover the tasks related to applications and contractual relationships with ICANN
<b>Leadership recommendation</b>	<ul style="list-style-type: none"> <li>- Define more clearly 'independence' and 'cost efficiency' constraints to understand whether A, B or C mechanism cannot support these key principles.</li> <li>- Evaluate whether a Hybrid Model of Mechanism B is worth exploring and whether such a model will support 'independency' and 'cost-efficiency' better.</li> <li>- Check whether a stronger - as currently defined - Board 'control' intervention model is needed.</li> </ul>
<b>CCWG discussion / agreement</b>	<p><u>The CCWG considered whether option B should be re-evaluated in light of this input.</u></p> <p><u>CCWG Agreement #3: For now, CCWG will keep all three options open (A, B and C) and will re-evaluate at the end of the review all public comments and further input requested whether any of the mechanisms should be eliminated from consideration.</u></p>

<b>Item #5 <u>(ALAC)</u></b>	
<b>Suggestion from Commenter</b>	<p>If Mechanism B is chosen, the ALAC recommends that any external organization working with ICANN will publish a conflict of interest policy that clearly addresses all the elements of the funding process, follow proper procedures on accountability and transparency, and be in accordance to its obligations with ICANN.</p> <p>(ALAC remains divided about the best mechanism to choose)</p>
<b>Leadership recommendation</b>	Check whether 'conflict of interest' for potential third-party operators need to be strengthened beyond the current recommendations.
<b>CCWG discussion / agreement</b>	<u>CCWG Agreement #4: The group to formulate questions to ICANN Org or Board to ask for further clarifications, based on leadership recommendations.</u>

<b>Item #6 <u>(RrSG)</u></b>	
<b>Suggestion from Commenter</b>	CCWG to consider ICANN community involvement and responsibility in relation to reviewing and approving grants as well as follow-up review of the program.

	<p>CCWG to consider limiting role of ICANN Org to oversight of the grant-making process.</p> <p>(RrSG does not support mechanisms A or B, would prefer mechanism C)</p>
<b>Leadership recommendation</b>	<ul style="list-style-type: none"> <li>- Define a process to allow community engagement <a href="#">and community advise</a></li> <li>- <a href="#">Define a process for review, approval and evaluation in reviewing and approving grants and in evaluating the process.</a></li> <li>- Please check whether point 3) is capturing potential options.</li> <li>- Check as well if ICANN Org mode of interventions is limited</li> <li>- in all mechanism - to the 'grant making process in order to ensure compliance with laws and with ICANN's mission."</li> <li>- Check: Can separate governance be ensured for all mechanism or only for few? "The very separate mission of this grant management work requires separate governance."</li> <li>- Check: is an ICANN independent funding structure it making easier to shut- down the operation in the future? "Additionally, given the temporary nature of the auction proceeds, having a separate structure will make closing down the structure a simpler process."</li> </ul>
<b>CCWG discussion / agreement</b>	<p><u>CCWG discussed that it may be difficult for the community to evaluate grants and make judgements, noting that conflict of interest potential would be very high. Need to consider the difference between advising in an independent process and being engaged in the process. It might be appropriate for the community to be involved in an advisory role, but not in the actual evaluation and/or decision. It was pointed out that the European Commission has very detailed and strict guidance for review and evaluation by independent evaluators. The criteria that the evaluators need to analyze each proposal are developed by experts. Maybe it should be considered if that is the appropriate role for the community – to develop the evaluation criteria which are then applied by independent evaluators? See also CCWG Agreement #2.</u></p>

<b><u>Item Comment #7 (BC)</u></b>	
<b>Suggestion from Commenter</b>	<p>CCWG to consider extensive exploration of mechanisms B and C. Both should be equally explored in sufficient detail to understand and clarify risks and opportunities to ICANN.</p> <p>(BC does not support mechanism A)</p>

<b>Leadership recommendation</b>	The topics raised by BC are overlapping with ISPC (point 3) and RrSG (point 6).
<b>CCWG discussion / agreement</b>	<a href="#">See previous discussion.</a>

<b>Item #10 <a href="#">(RySG)</a></b>	
<b>Suggestion from Commenter</b>	<p>CCWG to give further consideration to which mechanism best reflects the goal of promoting transparency and accountability.</p> <p>CCWG to consider whether distribution of funds should be limited to charitable organizations or whether there are also other types of organizations, such as, for example, an unincorporated committee, which could perform this function.</p>
<b>Leadership recommendation</b>	<ul style="list-style-type: none"> <li>- Check how “goal of promoting transparency and accountability” criteria can get enhanced beyond the language captured in the current set of recommendations.</li> <li>- Check: is there support to enhance the current set of recommendations to allow non-charitable organizations to join forces with ICANN ORG?</li> <li>- -Check: Could ‘an unincorporated committee, might be formed from stakeholders,” become a partner to ICANN Org? (Mechanism B) - Legal check needed!</li> </ul>
<b>CCWG discussion / agreement</b>	

## Response to Charter Question #1/Preliminary Recommendation #1/ Guidance for the Implementation Phase in relation to charter question #1

#	Comment	Contributor	Type of change suggested by commenter / Possible action and/or question for CCWG	CCWG Response / Action Taken
<p><b>Section Summary:</b></p> <p><u>Charter Question #1:</u> What framework (structure, process and/or partnership) should be designed and implemented to allow for the disbursement of new gTLD Auction Proceeds, taking into account the legal and fiduciary constraints outlined above as well as the existing memo on legal and fiduciary principles? As many details as possible should be provided, including any implementation guidance the CCWG may have in relation to the establishment of this framework as well as criteria for the selection / ranking of potential funding requests.</p> <p><u>Preliminary CCWG Recommendation #1:</u> The CCWG recommends that either mechanism A (A new ICANN Proceeds Allocation Department is created as part of ICANN Org dedicated to grant solicitation, implementation and evaluation) or mechanism B (A new ICANN Proceeds Allocation Department is created as part of ICANN Org which would work in collaboration with an existing charitable organization(s)) is designed and implemented to allow for the disbursement of new gTLD Auction Proceeds. In addition to options A and B above, the CCWG welcomes community input on mechanism C, under which an ICANN Foundation is established. Mechanism C involves creation of a new charitable structure separate from ICANN which would be responsible for solicitation and evaluation of proposals, and the disbursement of the funds but which will be required to adhere to the principles/ICANN core mission in its purpose and allocation of auction proceeds as grants and to maintain a close oversight relationship by ICANN. Based on the input received in response to the public comment period on this report and further deliberations by the CCWG taking into account these public comments, the CCWG may make changes to this recommendation in the Final Report. For example, the CCWG may be in a position to further narrow down its recommendation and identify a single preferred mechanism. Alternately, if after reviewing and deliberating on input received through public comment, the CCWG does not reach agreement on a single preferred mechanism it could recommend multiple options to the ICANN Board for further consideration. The ICANN Board will make a final decision on the path forward leveraging the CCWG’s recommendations and work.</p> <p><u>Guidance for the Implementation Phase in relation to charter question #1:</u> The input provided in response to this charter question is expected to help inform the implementation of the mechanism that is ultimately selected.</p> <p><b>Overview of Comments:</b> Different views were expressed with respect to the mechanisms presented in response to Charter Question #1. No responses advocated for Mechanism D. A number of responses favor Mechanisms B and C, with some comments supporting Mechanism A. Commenters provided considerations for further discussion if an ICANN Department is created to support fund allocation.</p>				

1.	<p>The selection of one of these mechanisms must depends on the cost-benefit analysis and in addition to determining which of them would imply greater transformations and the estimation which of them would have a better result of efficiency and effectiveness, including in the number of criteria identified by the CCWG.</p> <p>See full comment:  <a href="https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000023.html">https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000023.html</a></p>	José Alberto Barrueto Rodríguez	<p>CCWG to consider conducting cost-benefit analysis to determine which mechanism would be most efficient and effective, in addition to meeting the CCWG criteria.</p> <p><b>Leadership recommendation:</b>  Consider whether further work should be undertaken on the cost-benefit analysis for the different options.</p>	<p><b>New Idea</b> (note, some of this work was undertaken in the analysis provided by Sarah Berg)</p> <p><b>CCWG Response:</b></p> <p><b>Action Taken:</b></p> <p><b>[COMPLETED / NOT COMPLETED]</b> – [Instruction of what was done.]</p>
2.	<p>My understanding is that CCWG-AP aim is for comments to focus more on the recommended mechanism options, I believe option C needs much more examination, I will advise that Option B should be priorities.</p> <p>In reviewing the mechanisms, option B and C seem to be the most independent approach, while still consistent with ICANN core mission, they avoid opportunities for too much internal influence by members of the community.</p> <p>In as much as the Board has a fiducial responsibility, either option will limit the demands on the ICANN Board, who are not elected/appointed as experts on development grants, but to ensure the ICANN core mission is fulfilled.</p> <p>Managing a grants award/oversight/evaluation program would increasingly result in demands for unique skills on ICANN staff. I think Staff and Board need to be focused on the core mission and activities. An external independent manger approach would protect ICANN from other kinds of liability as well as limits the time demands on staff and Board. . .</p>	Mary Uduma	<p>CCWG to consider examining option C in further detail, but with option B remaining the priority.</p> <p><b>Leadership recommendation:</b></p> <ul style="list-style-type: none"> <li>- <b>Define</b> process on how to re-evaluate mechanism A, B and C:</li> <li>- Main concern: ensure sufficient operational independence while supporting the mission/bylaws,</li> </ul> <p>- <b>Request</b> further input from ICANN Org (and maybe Board) to be able to distinguish clearer between B and C,</p> <p>- <b>Request</b> written input from SOs/ACs to get their input concerning this topic.</p>	<p><b>Concerns</b></p> <p><b>CCWG Response:</b></p> <p><b>Action Taken:</b></p> <p><b>[COMPLETED / NOT COMPLETED]</b> – [Instruction of what was done.]</p>

	<p>. . .I think it would be more efficient to place the management of the funds in the hands of experts that understand the process, procedures and risks associated with such program.</p> <p>[staff note: text from the original comment contained between the ellipses is included elsewhere in this summary document] See full comment: <a href="https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000025.html">https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000025.html</a></p>			
3.	<p>Of the two preferred mechanisms, the Internet Service Providers and Connectivity Providers Constituency (ISPCP) would support mechanism A, with the following conditions:</p> <ul style="list-style-type: none"> <li>● Review of applications for funding to be reviewed by a panel of experts from the ICANN community – one panel member from each of the SO/ACs who did not participate in the Working Group (WG) . There must be new faces, and we should not carry over ex-WG participants. The ICANN Board must also designate two members for this panel. The Review Panel is to receive support from relevant ICANN Org staff. Once program is launched and applications begin to arrive, the Review Panel members receive a monthly stipend to ensure time dedication and fair compensation for their time.</li> <li>● A professional Project Manager should be assigned by ICANN (with approval of the review panel members) to oversee the implementation of awarded funded initiatives and lead the ICANN Org department dedicated to the administration of allocating funding.</li> <li>● The ISPCP considers this proposed arrangement as one that preserves all proceedings within the ICANN environment, and avoids the complexities of working with an outside entity.</li> </ul>	ISPCP	<p>CCWG to consider enhancing option A with review of applications for funding to be reviewed by a panel of experts from the ICANN community and a professional project manager to be assigned by ICANN.</p> <p>(ISPCP would support mechanism A)</p> <p><b>Leadership Recommendation:</b></p> <p><b>-Discuss</b> option on how to set-up community oversight: Potential options:</p> <p>Option I) (ISPCP): -Review, evaluation of application done by a panel ICANN community (review panel receives financial support and is supported by ICANN ORG,</p>	<p><b>New Idea</b></p> <p><b>CCWG Response:</b></p> <p><b>Action Taken:</b></p> <p><b>[COMPLETED / NOT COMPLETED]</b> – [Instruction of what was done.]</p>

	<p>See full comment:  <a href="https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000029.html">https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000029.html</a></p>		<p>-Implementation is overseen by a professional project manager (assignment approved by review panel).</p> <p><b>-Check::</b> The Leadership Team believes that this option might only work in coordination with Mechanism A).</p> <p>Option II)          -Independent application evaluation, review and implementation process ,          -BUT: Community advisory committee,          -Community evaluation process after 2 years to check whether the whole process is functioning or whether changes are needed.</p> <p>The Leadership believes that this option can be implemented in supporting Mechanism A, B and C.</p>	
<p>4.</p>	<p><b>Recommendation 1:</b>          While Mechanism One could be seen as the most convenient choice for the distribution of auction proceeds for community use from the ICANN perspective, we have a concern that ICANN's administration of these funds could create a conflict of interest when funds that are earmarked for philanthropic purposes could possibly be used to support ICANN activities, where budgets exceed their original expectation.          Our main concern is that Mechanism One may make it easier for ICANN Org to request additional funds from</p>	<p>Judith Hellerstein and Maureen Hilyard</p>	<p>CCWG to consider concerns expressed in relation to mechanism A (conflict of interest, ability for ICANN Org to request additional funds)</p> <p>CCWG to consider a hybrid model of Mechanism B that retains the cost-efficiencies offered by the ICANN Board for governance and payments by</p>	<p><b>New Idea Concerns</b>  <b>CCWG Response:</b>  <b>Action Taken:</b>  <b>[COMPLETED / NOT COMPLETED]</b> – [Instruction of what was done.]</p>

<p>Auction Proceeds to cover Operating Expenses or additional money for the Reserve fund if sufficient constraints are not in place. Although the ICANN Board has already been decided that a fixed amount of the money from the Auction Proceeds fund will be used towards the Reserve Fund, we are more comfortable with this knowledge that the rest of the money needed to replenish the reserves is coming from savings made by ICANN Org. This issue sets off other alarms for us, however, since they are not related to auction proceeds, they will not be discussed here. . . .</p> <p>. . . We are in agreement with the ICANN Board that there is a strong need to have an independent selection process. As such, we cannot support Mechanism One as it currently exists. We believe that Mechanism One is not the appropriate choice as it could result in a conflict of interest for ICANN to be the manager and distributor of Auction Proceeds funds. Without an independent authority, ICANN auctions could be construed as a mechanism purposely created to provide income for ICANN and that it could encourage potential abuse within any subsequent round/s of new gTLDs.</p> <p>We suggest a hybrid model of Mechanism Two that retains the cost-efficiencies offered by the ICANN Board for governance and payments by ICANN's Finance Section, alongside the establishment of a separate independent structure (either within or outside of ICANN) to cover the tasks related to applications and contractual relationships with ICANN. Following the criteria, goals and objectives set by this CCWG, this separate but autonomous operation would be formed to more objectively and legally attend to the receipt of global applications as well as to make the decisions related to project selections and the allocation of funds. We believe that once contractual, monitoring and evaluation arrangements are formalized, projects could then</p>		<p>ICANN's Finance Section, alongside the establishment of a separate independent structure (either within or outside of ICANN) to cover the tasks related to applications and contractual relationships with ICANN</p> <p><b>Leadership recommendation:</b></p> <ul style="list-style-type: none"> <li>- Define more clearly 'independence' and 'cost efficiency' constraints to understand whether A, B or C mechanism cannot support these key principles.</li> <li>-Evaluate whether a Hybrid Model of Mechanism B is worth exploring and whether such a model will support 'independency' and 'cost-efficiency' better.</li> <li>-Check whether a stronger - as currently defined - Board 'control' intervention model is needed.</li> </ul>	
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	<p>be passed to the ICANN Board for endorsement so that assigned payments could be made by ICANN Finance.</p> <p>This model would allow the ICANN Board and Org to maintain their fiduciary and governance roles and also allow the ICANN Board to retain some level of control of key processes. ICANN has had experience of a similar “external” mechanism, and we believe is better informed about establishing this new hybrid model for this activity, based on lessons learned of this earlier process. This new organisation would be time-framed and could have its own contracted personnel to manage the administration as well as to monitor projects that are assigned - completely outside of ICANN's mandated responsibilities.</p> <p>[staff note: text from the original comment contained between the ellipses is included elsewhere in this summary document]</p> <p>See full comment:  <a href="https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000027.html">https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000027.html</a></p>			
5.	<p><b>Recommendation 1:</b> After many discussions among ALAC Members and Participants to the CCWG: Auction Proceeds, the ALAC remains divided about the best mechanism to choose. The poll conducted among the At-Large members and participants highlighted that a plurality of people preferred Mechanism A, or a variant of it, over the other mechanisms, with Mechanism B finishing a strong second. If Mechanism B is chosen, the ALAC recommends that any external organization working with ICANN will publish a conflict of interest policy that clearly addresses all the elements of the funding process, follow proper procedures on accountability and transparency, and be in accordance to its obligations with ICANN.</p>	ALAC	<p>If Mechanism B is chosen, the ALAC recommends that any external organization working with ICANN will publish a conflict of interest policy that clearly addresses all the elements of the funding process, follow proper procedures on accountability and transparency, and be in accordance to its obligations with ICANN.</p>	<p><b>Concerns</b></p> <p><b>CCWG Response:</b></p> <p><b>Action Taken:</b></p> <p>[ <b>COMPLETED / NOT COMPLETED</b> ] – [Instruction of what was done.]</p>

	<p>See full comment:  <a href="https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000041.html">https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000041.html</a></p>		<p>(ALAC remains divided about the best mechanism to choose)</p> <p><b>Leadership recommendation:</b></p> <p>-Check whether 'conflict of interest' for potential third-party operators need to be strengthened beyond the current recommendations.</p>	
6.	<p>The RrSG does not support the CCWG-preferred mechanisms (either A or B) as set forth in Recommendation #1 and offers specific comments regarding the following proposed mechanisms and other Preliminary CCWG Recommendations.</p> <p><b>Community Involvement</b></p> <p>The role of the community in the disposition of new gTLD proceeds is only implied in this document and is a significant missing element. We strongly believe that a representative group from the ICANN community should be the group responsible for reviewing and approving grants under this program and should also play a significant role in the follow-up review of the program.</p> <p>Further, the role of ICANN Org in any of the approaches should be limited to oversight of the grant-making process in order to ensure compliance with laws and with ICANN's mission.</p> <p>Our view on which of mechanism A-D should be employed is fully informed by the above belief and our comments below, preferring mechanism C should be read in that light. Mechanism A could be structured to accommodate the appropriate role of the community, but it would create</p>	RrSG	<p>CCWG to consider ICANN community involvement and responsibility in relation to reviewing and approving grants as well as follow-up review of the program.</p> <p>CCWG to consider limiting role of ICANN Org to oversight of the grant-making process.</p> <p>(RrSG does not support mechanisms A or B, would prefer mechanism C)</p> <p><b>Leadership recommendation:</b></p> <p>-Define a process to allow community engagement in reviewing and approving grants and in evaluating the process.</p> <p>Please check whether point 3) is capturing potential options.</p>	<p><b>Concerns</b></p> <p><b>CCWG Response:</b></p> <p><b>Action Taken:</b></p> <p>[ <b>COMPLETED / NOT COMPLETED</b> ] – [Instruction of what was done.]</p>

<p>more risk of ICANN Org controlling, rather than overseeing, the process.</p> <p><b>Proposed Mechanism A-D</b></p> <p><b>1. Mechanism A (Internal ICANN Department) and Mechanism B (ICANN + External Organization)</b></p> <p>Both Mechanisms A and B would require the creation of a new department within ICANN Org to perform work that is clearly outside the scope of ICANN Org’s mission. ICANN’s mission is clear: “to ensure the stable and secure operation of the Internet’s unique identifier systems.” The RrSG fails to see how grant management falls within that mission.</p> <p>Further, ICANN Org’s expertise does not lend itself to grant management. While the CCWG points to ICANN Staff’s ability to support public relations, external content, audit, legal, and investment activities, the RrSG suggests that this may be a significant assumption in at least some areas, as the (for example) legal and investment issues ICANN Org must address today are substantially different from that of a grant funding organization. The synergies that could be created by using Mechanism A or B in no way override the fact that these activities are not within ICANN Org’s mission.</p> <p>The RrSG would also like to point out that ICANN Org’s current mission requires significant work effort from the ICANN Board, ICANN Org, and the entire ICANN community - a work effort that is already strained to maximum capacity and requires continued focus.</p> <p>For these reasons, the RrSG strongly discourages the selection of either of these mechanisms.</p> <p><b>2. Mechanism C (ICANN Foundation)</b></p>		<p>-Check as well if ICANN Org mode of interventions is limited - in all mechanism - to the ‘grant making process in order to ensure compliance with laws and with ICANN’s mission.”</p> <p>- Check: Can separate governance be ensured for all mechanism or only for few? “The very separate mission of this grant management work requires separate governance.”</p> <p>- Check: is an ICANN independent funding structure it making easier to shut- down the operation in the future? “Additionally, given the temporary nature of the auction proceeds, having a separate structure will make closing down the structure a simpler process.”</p>	
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	<p>While Mechanism C would involve creation of a new charitable structure separate from ICANN and additional upfront costs, this option, above all others, most lends itself to protections against self-dealing and will ensure measures are taken to avoid conflict of interest. The very separate mission of this grant management work requires separate governance. Additionally, given the temporary nature of the auction proceeds, having a separate structure will make closing down the structure a more simple process. For example, part of the structure of this separate entity could be that employees are contracted for X period of time and must have expertise in Y. Employees of the new structure should not be current or prior ICANN employees. As a result, the RrSG recommends the selection of Mechanism C.</p> <p><b>3. Mechanism D (External Entity)</b></p> <p>Mechanism D is not a viable option if the required entity is not readily available. See full comment: <a href="https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000030.html">https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000030.html</a></p>			
7.	<p><b>Comment regarding Selection of Mechanism(s)</b></p> <p>The BC strongly prefers a mechanism that is external to ICANN for allocation/distribution/oversight of the projects funded by auction proceeds. We recognize that Options 2 or 3 would involve oversight by ICANN’s Board and an adequate opportunity for an advisory capacity drawn from the ICANN community and independent experts.</p> <p>We do not support Mechanism 1, which calls for establishing a new department within ICANN. This mechanism raises numerous concerns, including:</p>	BC	<p>CCWG to consider extensive exploration of mechanisms B and C. Both should be equally explored in sufficient detail to understand and clarify risks and opportunities to ICANN.</p> <p>(BC does not support mechanism A)</p> <p><u>Leadership Team notes:</u></p>	<p><b>Concerns</b></p> <p><b>CCWG Response:</b></p> <p><b>Action Taken:</b></p> <p>[ <b>COMPLETED / NOT COMPLETED</b> ] – [Instruction of what was done.]</p>

<p>the lack of expertise in existing staff;</p> <p>proposed use of existing ICANN resources to take on tasks in addition to their day to day accountability to ICANN org;</p> <p>potential perceptions that ICANN org, ICANN Board, or ICANN community members could influence the selection and oversight of projects that need to be fully independent from such influence; and</p> <p>under Option 1 all grants will appear on ICANN's tax returns, adding to the complexity and potentially contributing to questions about ICANN's not for profit status.</p> <p>We do not believe that full exploration of risks, including reputational risks, have been explored.</p> <p>Sunsetting of a mechanism is inherent in all options, raising questions about ICANN adding staff with the considerable benefits of salary/benefits, and then having to either repurpose them into ICANN, or provide exit benefits. Projects are often multi-year in nature, so do not fit into ICANN's fairly structured financial reporting as a not for profit public benefit corporation.</p> <p>The BC is concerned that an internal mechanism within ICANN is both a diversion from the Board and key staff core activities and responsibilities and also adds additional requirements of expertise that are not central to ICANN's core mission.</p> <p>We therefore support extensive exploration of Options 2 and 3. Both should be equally explored in sufficient detail to understand and clarify risks and opportunities to ICANN. To date, sufficient examination of these two options has not been undertaken. Focusing on only these two options will</p>		<p>- The topics raised by BC are overlapping with ISPC (point 3) and RrSG (point 6).</p>	
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	<p>enable a more informed examination of issues, risks, and implications.</p> <p>We do not support further exploration of Mechanism 4. See full comment: <a href="https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000031.html">https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000031.html</a></p>			
8.	<p><b>Preliminary CCWG Recommendation #1</b></p> <p>The NCSG supports Mechanism C, as an independent ICANN Foundation with its own Board of Directors would be more accountable than the other proposed Mechanisms. See full comment: <a href="https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000034.html">https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000034.html</a></p>	NCSG	None (Support for mechanism C)	<p><b>Support</b></p> <p><b>CCWG Response:</b> The CCWG appreciates the input provided, and notes the support for mechanism C.</p> <p><b>Action Taken:</b> None at this moment</p> <p>[ <b>COMPLETED / NOT COMPLETED</b> ] – [Instruction of what was done.]</p>
9.	<p>Recommendation # 1: Of the two mechanisms preferred by the CCWG, only Mechanism B affords the opportunity for ICANN to separate the process of awarding funds from (1) internal conflicts of interest with stakeholder groups and (2) ICANN appeal mechanisms that would normally apply to a decision to award funds such as Request for Reconsideration and Independent Review Panel. In order for ICANN to be seen as an effective organization in the world community, it must separate itself from accusations of bias toward stakeholders, especially those which provide operating income to the organization. If an award is potentially going to be made to any ICANN stakeholder group member, that award must be independently evaluated in order to be respected in the ICANN community and in the world telecommunications community. While suggestions of an independent Panel are helpful, these would not remedy the appearance of conflict if an award is made to a member of a stakeholder group or constituency when ICANN staff itself is involved in administering applications and grants of funds. Therefore, the only means</p>	Anne Aikman-Scalese	None (Support for mechanism B)	<p><b>Support</b></p> <p><b>CCWG Response:</b> The CCWG appreciates the input provided, and notes the support for mechanism B. The CCWG is committed to ensuring that the use of new gTLD Auction Proceeds is consistent with ICANN’s Mission as set out in the ICANN Bylaws. ICANN has a proven commitment to accountability and transparency in all of its practices.</p> <p><b>Action Taken:</b> None at this moment</p> <p>[ <b>COMPLETED / NOT COMPLETED</b> ] – [Instruction of what was done.]</p>

	<p>of ensuring that grants may safely be awarded to a member of a stakeholder group would be to place the grant-making process outside the ICANN organization. Further, the ICANN organization does not have professional staff in the grantmaking arena and staff is therefore exposed to numerous pitfalls in rules, regulations, and best practices standards applicable to such organizations. Thus, placing the grant-making inside the ICANN organization not only poses a risk of diverting ICANN from its Mission as stated in the ByLaws, but also exposes the organization to additional risk of claims and liability. Mechanism B is thus the preferred mechanism and a contractual agreement with a third party with professional and legal expertise in administering grants should afford additional safety to ICANN from (a) legal claims, (b) professional blunders of inexperienced staff, (c) formal filings for Requests for Reconsideration and Independent Review Panels and (d) claims from the wider world telecommunications community of impropriety in grant-making or the appearance of impropriety.</p> <p>See full comment:  <a href="https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000035.html">https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000035.html</a></p>			
<p><b>10.</b></p>	<p><b>Preliminary CCWG Recommendation #1</b></p> <p>The CCWG’s Preliminary Recommendation #1 presents three potential structures. We think that the structure that is chosen should reflect the goal of promoting transparency and accountability. If a division is created within ICANN, the principles of accountability that were expressed in the recommendations of the Initial Report should be incorporated to ensure that the operations and decisions of the division are fully transparent and consistent with the principles set forth by the CCWG.</p>	<p>RySG</p>	<p>CCWG to give further consideration to which mechanism best reflects the goal of promoting transparency and accountability.</p> <p>CCWG to consider whether distribution of funds should be limited to charitable organizations or whether there are also other types of organizations, such as, for example, an unincorporated</p>	<p><b>Concerns</b></p> <p><b>CCWG Response:</b></p> <p><b>Action Taken:</b></p> <p>[ <b>COMPLETED / NOT COMPLETED</b> ] – [Instruction of what was done.]</p>

<p>Additionally, any organization that coordinates the distribution of funds should not be limited to charitable organizations. It is impossible to determine at this point whether the best organization to fulfill the goal were a non-charitable organization. An unincorporated committee might be formed from stakeholders to direct the best use of the funds, and unduly restricting the use of the funds could lead to inefficient use of the funds in the future.</p> <p>See full comment: <a href="https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000036.html">https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000036.html</a></p>	<p>committee, which could perform this function.</p> <p><b>Leadership recommends:</b></p> <p>-Check how “goal of promoting transparency and accountability” criteria can get enhanced beyond the language captured in the current set of recommendations.</p> <p>-Check: is there support to enhance the current set of recommendations to allow non-charitable organizations to join forces with ICANN ORG?</p> <p>-Check: Could ‘an unincorporated committee, might be formed from stakeholders,’ become a partner to ICANN Org? (Mechanism B) - Legal check needed!</p>	
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