

Frequently Asked Questions – Board Input (source: <https://community.icann.org/x/V7XRaW>)

What is the Board’s perspective on whether ICANN, the organization or a constituent part thereof, such as an SO or AC, can be an applicant under any circumstances?

1. Regarding the ICANN organization:

- a. The org currently does not foresee a situation where it would need to apply for the proceeds; and
- b. ICANN maintains legal and fiduciary responsibility over the funds, and the directors and officers have an obligation to protect the organization through the use of available resources. In such a case, while ICANN would not be required to apply for the proceeds, the directors and officers would have a fiduciary obligation to use the funds to meet the organization’s obligations.

2. Regarding ICANN SO/ACs:

- a. SO/AC structures that are not legal entities in their own right, independent of the multistakeholder ICANN structure, would be unable to apply for proceeds as they likely do not meet due diligence requirements as identified in the initial legal and fiduciary concerns memo.
- b. This would not preclude consideration of applications from participants in an SO/AC structure that are also established legal entities outside the multistakeholder model provided:
 - I. The request does not include an activity or project that is or should be covered by ICANN’s operational budget;
 - II. Conflict of interest considerations are met, including but not limited to ensuring that those applying are not part of the evaluation process; and
 - III. All other application criteria are met.

What is the Board’s perspective on the evaluation of applications?

Regarding the evaluation of the applications, the Board notes that an independent panel is an important aspect that should be considered in the CCWG’s recommendations. This panel should be independent and should have appropriate conflict of interest protections built in, in support of the fiduciary duties of ICANN’s directors and officers. The independent panel would assess applications and decide which applications will be successful in securing funding for that year’s tranche. The independent character of the panel would need to be defined and proper controls will need to be put in place to guide the work of the panel (see below for some considerations). The panel’s recommendations would be provided to the ICANN Board for approval of the slate of successful applicants for that year, and the approved slate would then be provided to the persons/entity responsible for distribution.

What role does the Board expect to play in relation to the evaluation of applications?

As previously communicated, the Board will not be taking decisions on individual applications but will instead focus its consideration of the slate on whether the rules of the process were followed by the independent panel. The principles supporting the independent panel should also include consistency over time (i.e., the composition of the panel should always include some panelists of the previous year to build on their experience); and cost-effectiveness (i.e, to focus on the use of auction proceeds to support desired activities and goals, as opposed to administrative costs).

What is the Board's view on how the costs for the administration of the distribution of costs should be covered?

Once a system is set up for distribution, the cost of administering the distribution of the funds will naturally come out of the auction proceeds. As a point of departure, the nominal goal for the overhead is no more than 5%. However, rather than focusing on a specific figure first, the output of the CCWG-AP should include in its proposal the mechanism and/or process for:

- receiving, selecting and distributing the funds;
- overseeing the funded projects;
- properly reporting on the expenditures and projects in order to meet the community's requirements for transparency and accountability.

Does the Board's role change, dependent on the mechanism that is chosen?

The ICANN Board remains responsible for all auction proceeds being appropriately disbursed, even if a third party runs part or all of the process of receiving, evaluating, or disbursing the auction proceeds.

The Board is responsible for acting as trustees of the organization's assets and exercising due diligence to oversee that whatever organization(s) is disbursing assets is well-managed and that its financial situation remains sound. Accordingly:

- Proceeds should be allocated in tranches over a period of years to ensure the Board is meeting its obligations
- The Board has not yet come to a position on whether larger amounts would require Board sign off

The Board is responsible for making sure that ICANN's mission is observed at all points throughout the process, and any disbursement mechanism must have processes and

procedures to ensure that auction proceeds are used in a manner that contributes directly to ICANN's mission.

What is the Board's perspective on global and diversity values in the context of auction proceeds disbursement?

The mechanism selected should be able to evaluate proposals and make, administer, and monitor awards on a global basis in light of ICANN's global role and diversity values. As part of ICANN org's implementation, we expect the mechanism should be supported by a communications plan geared to broad dissemination of information on the existence of and parameters of the program.

What is the Board's perspective on evidence based processes and procedures for evaluation?

The disbursement mechanism should have processes and procedures in place to evaluate and quantify the impact of awards using fit-to-purpose or evidence-based evaluation methodology.

What is the Board's perspective on accountability in the context of auction proceeds disbursement?

The actors that run the mechanism, whether internal or external, should be accountable, and the proceeds should be disbursed to awardees consistent with a written timeline that establishes clear milestones/deliverables for release of project funding and establishes accountability for use/misuse of resources by grant recipients. This includes the ability to course correct or stop funding where issues arise.

How does the Board see the role of ICANN in monitoring and evaluation if part or all of the mechanism is external?

If part or all of the mechanism is external, ICANN should have an established process for monitoring and evaluating the functioning of the funding mechanism and measuring the effectiveness of funded projects.

What is the Board's perspective on transparency in the context of auction proceeds disbursement?

Ensuring adequate/appropriate transparency to the ICANN community and the public on the process, decisions, and status of usage of the proceeds.