CCWG on New gTLD Auction Proceeds (CCWG-AP) Final Report

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GNSO Council Meeting – ICANN68
24 June 2020
The CCWG was tasked with developing a proposal(s) for consideration by its Chartering Organizations on the mechanism that should be developed in order to allocate the new gTLD Auction Proceeds.

- The Chartering Organizations are all of the SO/ACs: Address Supporting Organization (ASO), the At-Large Advisory Committee (ALAC), the Country Code Names Supporting Organization (ccNSO), the Generic Names Supporting Organization (GNSO), the Governmental Advisory Committee (GAC), the Security and Stability Advisory Committee (SSAC), and the Root Server System Advisory Committee (RSSAC).

- The CCWG submitted its Final Report to Chartering Organizations for their approval at the end of May 2020.
Recommendations: Mechanisms for Allocation of Auction Proceeds

The Final Report discusses three possible mechanisms that the CCWG considered for allocation of auction proceeds:

- **Mechanism A**: An internal department dedicated to the allocation of auction proceeds is created within the ICANN organization.
- **Mechanism B**: An internal department dedicated to the allocation of auction proceeds is created within the ICANN organization which collaborates with an existing nonprofit.
- **Mechanism C**: A new charitable structure (ICANN Foundation) is created which is functionally separate from ICANN org, which would be responsible for the allocation of auction proceeds.

Initially, the CCWG also considered a fourth option, mechanism D, in which an established entity is used for the allocation of auction proceeds. The CCWG determined that mechanism D was not a viable option.

The Final Report includes the following recommendation with respect to the mechanisms:

“The CCWG recommends that the Board select either mechanism A or mechanism B for the allocation of auction proceeds, taking into account the preference expressed by CCWG members for mechanism A. . .

As part of its selection process, the ICANN Board is expected to apply the criteria outlined by the CCWG. . . The CCWG strongly encourages the ICANN Board to conduct a feasibility assessment which provides further analysis of the recommended mechanisms, including costs associated with each mechanism. . .”
In addition to making a recommendation about the mechanism(s) for allocation of auction proceeds, the Final Report includes recommendations on the following topics, among others:

- **Independent Projects Evaluation Panel to consider and select projects** to receive funding, regardless of the mechanism chosen.

- **Objectives** of fund allocation:
  - Benefit the development, distribution, evolution and structures/projects that support the Internet’s unique identifier systems;
  - Benefit capacity building and underserved populations, or;
  - Benefit the open and interoperable Internet

- **Safeguards** to ensure that legal and fiduciary constraints are respected, conflict of interest provisions, and auditing requirements.

- **Existing ICANN Accountability Mechanisms cannot be used** to challenge decisions on individual applications.
• The selected mechanism must be implemented in an **effective and judicious manner** without creating a perpetual mechanism (i.e. not being focused on preservation of capital). Disbursement should be staged in **tranches** over a period of years.

• **Two types of reviews** are recommended:
  • **Internal review** step as part of the standard operation of the program, occurring at the end of each granting cycle or at another logical interval. Purpose: to ensure that the program is operating as expected in terms of processes, procedures, and usage of funds.
  • **Broader, strategic review** may be an appropriate element of program implementation, occurring less frequently. Purpose: examine whether the mechanism is effectively serving overall goals of the program and whether the allocation of funds is having the intended impact.

**Out of scope for the CCWG**: Any recommendations or determinations with regards to specific funding decisions, including specific organizations or projects to fund or not.
Consensus Designation and Minority Statement

• The CCWG Chairs designated the level of support for the Final Report and recommendations as having **Consensus**, “a position where a small minority disagrees, but most agree.”

• One **Minority Statement** was submitted, by the Commercial Stakeholder Group. The CSG highlighting two issues in its Minority Statement:
  
  • “In light of the final polling results, the CSG questions the stated preferential status afforded to mechanism A (An internal department dedicated to the allocation of auction proceeds is created within the ICANN organization).”
  
  • “One CSG Constituency, namely the IPC, specifically **strongly opposes mechanism A** as posing unreasonable risk to ICANN. Accordingly, as a pre-condition to forming an internal ICANN grant allocation department of any kind, the Board should refer the matter to the Board Risk Committee (BRC) for further assessment.”

• In the final poll, seven members recommended mechanism A as their preferred mechanism, four members ranked mechanism B as their preferred mechanism, and three members ranked mechanism C as their preferred mechanism. One member did not state a preference, commenting that the CCWG should not recommend a mechanism.
Questions?