

May 30, 2018

Erika Mann, Co-Chair
Ching Chiao, Co-Chair
Cross Community Working Group on New gTLD Auction Proceeds (CCWG-AP)

RE: Request for Input from ICANN Board from Cross-Community Working Group on New gTLD Auction Proceeds (CCWG-AP)

Dear Erika and Ching,

Thank you for your email of May 11, 2018 requesting Board input on the various mechanisms currently under discussion in the Cross Community Working Group on New gTLD Auction Proceeds (CCWG-AP) and the potential use of an expert to assist in this work.

We appreciate the work to date of the CCWG-AP and of your leadership in this effort. This is an important endeavor and we appreciate this additional opportunity to provide input and do so in the spirit of constructive collaboration.

In our roles as Board Liaisons to the CCWG, we brought this request to our Board Colleagues, as to ensure our response reflects a broader "sense of the Board". Below is the Board's feedback for the CCWG's further consideration.

The Board discussed the four mechanisms under consideration by the CCWG. We appreciate the request for input on any initial Board preferences; however, we feel that there is currently not sufficient detail for us to be able to accurately assess each model in line with the Board's fiduciary obligations. While we cannot indicate preference at this stage, in order to support your work, we wanted to outline the principles that the Board will use in evaluating the eventual models so that you have them as a reference in continuing your conversations.

When evaluating the CCWG's recommendations, the Board will examine the proposals against defined principles, including:

Overarching Fiduciary Obligations and Responsibility for Funds

- ⦿ 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.

Board Due Diligence

- ⦿ 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

ICANN's Mission

- 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

Effective and Efficient Process of Selection and Proposed Mechanism

- The CCWG-AP should strive to keep costs associated with establishing or selecting a disbursement mechanism as low as possible. The disbursement mechanism selected should be simple, effective and efficient, with appropriate skills, expertise, and scale to minimize overhead, minimize risks, and maximize the impact of auction proceeds

Preservation of Resources and Use of Existing Expertise

- The CCWG-AP should work to identify models and processes that uphold the preservation of existing resources, either external or internal, and should draw on existing expertise to the extent available

Global and Diversity Values

- 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

Evidenced-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

Accountability

- 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

ICANN Monitoring and Evaluation

- 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

Transparency

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

In response to the question about whether the group should narrow down the mechanism options for public comment, the Board suggests that there should be more work on creating common understanding and providing additional definition of the mechanisms in advance of public comment. We also suggest that the CCWG-AP might wish to consider the importance of independence in evaluations, such as through the use of an independent panel.

In relation to the question on whether the CCWG should seek professional input on the mechanisms, the Board supports the use of an expert to provide some general description of the different forms that the mechanisms might take. However, some of the items reflected in your communication are details that are more appropriate for ICANN org to develop during the implementation of accepted mechanisms and may not be the best use of expert resources at this stage.

Thank you for the opportunity to provide input at this stage. We look forward to our continued dialogue on this effort. If there are other items of input that would be helpful to inform this process, please let us know.

Best wishes,



Becky Burr and Maarten Botterman
ICANN Board Liaisons to the CCWG-AP