

## Objective of Fund Allocation (Charter Question #2)

**Background:** As part of its deliberations on charter question #2 (As part of this framework, what will be the limitations of fund allocation, factoring in that the funds need to be used in line with ICANN's mission while at the same time recognising the diversity of communities that ICANN serves? This should include recommendations on how to assess whether the proposed use is aligned with ICANN's Mission. Furthermore consideration is expected to be given to what safeguards, if any, need to be in place), the CCWG agreed that it would need to achieve at a minimum preliminary agreement on the overall objective(s) for fund allocation before moving into the next phase of its deliberations. Input was obtained through a number of surveys as well as subsequent discussions via mailing list and during meetings. Based on this, the following draft is currently under consideration.

### Draft under consideration:

#### Specific objectives of new gTLD Auction Proceeds fund allocation are:

- Benefit the development, distribution and evolution of the Internet's unique identifier systems;
- Benefit structures or projects that directly support the Internet's unique identifier systems;
- Benefit capacity building and underserved populations, and;
- Benefit the Open Internet. [Note, the definition of Open Internet is subject to a separate conversation]

New gTLD Auction Proceeds are expected to be allocated in a manner consistent with ICANN's mission.

### Comments received to date:

#### Structure of draft

From Alan Greenberg: I think the bullet points are fine, but I have a hard time justifying why the first and third ones even fit under "benefit the development, distribution and evolution of the Internet's unique identifier systems". I would far prefer if the bullets were examples of objectives and we use words from the mission to constrain them. I do understand that if we are not careful we could endanger our tax status, and ensuring that this does not happen is important. But I think we also have a moral obligation ensure that subject to not harming ICANN, we use the funds to have the greatest possible impact. By having the mission of ICANN as a constrain and not the objective, we have a chance of doing that.

From Sylvia Cadena: So glad you point this out, Alan. As I mentioned before, I really think that when the text of the objective was changed from what was originally shared on the survey, the change is really quite detrimental to what the fund will be able to achieve. The survey prioritize an objective to "benefit the development, distribution and evolution of the Internet" which can have qualifiers under the bullet points will provide additional information for applicants to prepare their applications. In most cases, when a fund opens a call, applicants have to explain how their project fit into the objectives of the program. Most times, applicants are required to be aligned with some (not all) of the descriptors used, including what elements of the "open Internet" definition that accompanies this process.

#### **Internet vs. DNS vs. unique identifier systems**

Carolina Caeiro: I think the language around unique identifier systems works well. I would even add some direct reference to infrastructure, for instance: "The overall objective of the allocation of the new gTLD Auction Proceeds is to benefit the development and evolution of the Internet's Unique Identifier Systems and Internet infrastructure." I would add that if we shift from just DNS to a more

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comprehensive objective framed around unique identifier systems, the word "distribution" in the original text (I think it read something like "development, distribution and evolution of DNS") makes less sense and can be excluded.

James Gannon: internet infrastructure is well outside of ICANNs remit

Elliot Noss: this would be true if we were talking about ICANN the corporation's day-to-day operating activities. it may not (and I hope is not) true with respect to the work of this CCWG.

Sylvia: the phrase use on the survey was referring to "the Internet" not "the DNS" and we provided answers and priorities based on that. Changing the text after the responses were provided will indeed change how many of us prioritize those answers and then the results of the survey are no longer reflecting what we thought about those objectives.

Sylvia: Checking the ICANN's glossary [https://www.icann.org/resources/pages/glossary-2014-02-03-en\[icann.org\]](https://www.icann.org/resources/pages/glossary-2014-02-03-en[icann.org]) this is the definition of unique identifiers: "ICANN and its community coordinate and collaborate on the systems of unique identifiers used on the Internet. There are various types of unique identifiers, with commonly known types including domain names, Internet protocol addresses, autonomous system numbers and port numbers. ICANN seeks to facilitate the security, stability and resiliency of these unique identifiers to enable the proper functioning of the Internet."

I would like to know what are the CCWG thoughts on how Internet standards are part of the objective then? If we follow how the ICANN mission statement includes it, it says "in service of its mission" [https://www.icann.org/resources/pages/governance/bylaws-en/#article1\[icann.org\]](https://www.icann.org/resources/pages/governance/bylaws-en/#article1[icann.org]) and that ICANN works with standards development bodies, but not sure how it is then reflected into the objective on the mind map, which has not dropped the ideas/suggestions about supporting the IETF, for example. There were suggestions in some of the previous surveys and charter questions documents collected before that supported that idea, but if the objective does not allow for standards to be supported, are we really ok to exclude that all together? I really hope not... I've always value how the 3 communities (names, numbers and standards) work together to make the Internet work, have having much needed funding for technical projects available for these 3 communities is really something that this fund can be used to make a difference about how the Internet evolves and grows.

Alan Greenberg: We certainly are not going to fund a new backbone network in a country, but there are other things that are technically infrastructure that may well be in our remit. I will give one example. I believe that Internet Exchange Points (IXPs) can make a crucial difference in strengthening a city or country's Internet along with the potential to improve performance and decrease costs. And with a low cost: benefit ratio. At least in Africa, and probably other parts of the developing world, IXP are view by the local RIR as a critical part of building the regions's capacity. And if something is strongly supported by an RIR, I believe it implicitly is in ICANN's remit. I will address the overall subject in my next message, but I think it is absolutely necessary that we do not limit ourselves purely by the name of an area, but carefully see if we can link it to ICANN in a viable way to ensure that we get the most benefit from these funds. If the only projects that we fund are things that ICANN could have done itself if it had more money, then I believe we will miss a golden opportunity to make a real difference. I am glad to see that in this version, we have replaced reference to the DNS with the wider reference to unique identifiers which includes the addressing community. And since we are wholly dependent on the protocol community for much of what we do, and they are one on of the IANA customers, they should be included as well. It is the entire ecosystem within which ICANN functions that we should be striving to target, and not some narrow subset that ICANN does in its "day job".

Sylvia Cadena: On your comment about the IXP, I agree that support to actually set up IXPs is needed. In APNIC's case we have been supporting quite a lot of IXPs in the Asia Pacific region,

but our support for the most part, does not go the actual infrastructure purchase, but the development of capacity, design, community engagement, etc. The investment in actual equipment can be quite small, compared to what is needed on the development of capacity for management and operation and the support network of people that support the idea to actually succeed. It is very similar with the support for CERTs we have been working on over the past few years, not much goes towards equipment, but to support the development of the skills and the leadership of those managing them on the day to day basis.

I do not think that having an objective that says “the Internet” will not be in any way, a challenge to ICANN’s tax status. There are financial mechanisms that allows for Mission Related Investments to be used to build a portfolio of projects or organizations that has ICANN mission as a start. Tides (in Boston) could provide advice. See MRIs [https://www.tides.org/i-want-to/invest-with-values-further-my-mission/make-an-mri-or-pri/\[tides.org\]](https://www.tides.org/i-want-to/invest-with-values-further-my-mission/make-an-mri-or-pri/[tides.org]) and check the fees [https://www.tides.org/i-want-to/invest-with-values-further-my-mission/open-an-invested-donor-advised-fund/\[tides.org\]](https://www.tides.org/i-want-to/invest-with-values-further-my-mission/open-an-invested-donor-advised-fund/[tides.org]) for administration (as an example) will be lower than 1%. If we could get advice from experts about investment mechanisms, such as donor advise funds, MRI, or others, I am sure this group will be more comfortable knowing that the objective of the fund does not have to be the ICANN mission to the letter, that it can be a bit broader, and still very much aligned with its mandate.

*Options for the CCWG to consider:*

1. Should the language refer to unique identifier systems as currently proposed, in line with the language used in ICANN’s mission statement, or DNS or Internet, both of which were used in earlier versions?
2. Should Internet infrastructure be referenced or is this considered to be out of scope?

**Too narrow?**

Elliot Noss: With respect to the reordering, I feel strongly that it is quite limiting and effectively answers the question that we discussed in Johannesburg taking up with ICANN legal. Apologies that I was not there last week and I am not sure if it came out of that discussion.

Alan Greenberg: Elliot, I am confused by your comment. "quite limiting" sounds negative to me (although perhaps you meant it as a good thing), but "effectively answers" sound rather positive. So I am not sure if you are happy with the overall statement or not.

Elliot Noss: our CCWG, in my view, can and should go outside of the mandate that is acceptable for the ICANN organization and community itself. to answer Alan’s question, I was using the word “effectively” in the sense of “for all intents and purposes” i.e. by framing the mind map in this way we were simply concluding on the narrow construction point.

Alan Greenberg: On the objectives, I could not be on the call last week, but I find the overall objective (to benefit the development, distribution and evolution of the DNS) FAR too limiting, and in fact I have a hard time reconciling the first and third sub-objectives with the main one.

**Options for the CCWG to consider:**

1. Are there example projects that were identified as part of the survey that would not fall within the objective as currently formulated and as such the objective should be broadened?
  2. If current formulation is considered too narrow, how should it be broadened while factoring in ICANN’s legal and fiduciary requirements?
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Note, in addition the CCWG will need to review and consider the examples that have been provided in order to confirm that they meet the objectives as preliminarily agreed or not. Once that exercise has been completed, the CCWG will also need to confirm consistency with ICANN's mission, per the legal and fiduciary requirements.

