ICANN
Transcription
CCWG Auction Proceeds call
Thursday, 12 April 2018 at 14:00 UTC

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Coordinator: Recording has started. You may begin.

Julie Bisland: Okay great. Thank you. Well good morning, good afternoon and good evening everyone. Welcome to the CCWG New gTLD Auction Proceeds call held on Thursday, the 12th of April, 2018. Attendance for today's meeting will be taken by the WebEx room. If you're only on the audio bridge, would you please let yourself be known now?

Tony Harris: Tony Harris on the audio bridge.

Julie Bisland: Thank you, Tony. Anyone else? Okay, I would like to remind all to please…

((Crosstalk))

Julie Bisland: Oh was that someone else? Okay, I just wanted to remind everyone to please state your name before speaking for transcription purposes and please keep your phones and microphones on mute when not speaking to avoid background noise. With this I'll turn it back over to you, Erika. Please begin.

Erika Mann: Thank you so much, Julie. Hello, everyone and let's have a – move to point 2 on the agenda. Anybody who wants to make an update of conflict of interest

declaration? Okay, that's not the case, then let us move to point 3 of the agenda and I welcome Sarah Berg to us.

Sarah, thank you so much for joining us. Maybe just to give you a little bit of background, I assume you received intensive updates from Marika and our team about our work but just to give you an understanding, we started this work a while ago and we would love to come to a conclusion at our next ICANN meeting in Panama where we at least area ready to deliver some recommendation – key recommendation for public comments. The work then will of course have to continue.

And we are now at a phase where we will have to make up our minds about the – one of the most relevant recommendation which relates to the – what we call a mechanism which you would call outside of our world a model so how to define the funding environment. And this is an important part of our recommendation and we scheduled a few calls with different experts to get their view and their insight. These experts come from different background and they have different experience but we do hope that we get some understanding from their professional experience and their work how we shall approach this topic.

As you know, ICANN is very specific in so far as the money which comes from the auction proceeds. It will have to be – will be given to – in the future to different projects. And there is no experience inside of ICANN because ICANN has never done this before so the question how shall this mechanism be established for the future is an extremely important. Now we do know you have extreme experience in this field, and we would love to hear from your briefly before you start explain – looking into and giving us an introduction on the topic and before we will start questioning you maybe just a short introduction again and into your bio. We have seen this; keep it short just for a reminder.

We had an exchange – and I want to mention this here so that you are fully aware about this – there was an exchange – an email between members of this group and some raised some concern that we – when we announced you so this relates to the work of this particular group and the leadership so particular myself and Ching, who is the cochair of this group and our staff support, we didn't make it explicit in the announcement for the call today that you consult for ICANN with regard – you're a contractor and you advise on strategic development and philanthropic programs.

There is no concern if you do this; it was just a concern that we didn't make this explicit simply because we had the understanding the topic was already in captured in your – in the document which you – when you replied to the questions we sent to you. So I just wanted to be aware about this topic.

Sarah, are you ready to say a few words to your bio and then maybe make an introduction and how you would approach the topic we would love to talk to you about?

Sarah Berg: Yes, thank you so much, Erika.

Erika Mann: Thank you, Sarah.

Sarah Berg: I really welcome the invitation and just thank you so much for inviting me into the strategy session. I hope to be as helpful to you as you navigate this very exciting opportunity. And I'd love to share some insights that I've also shared with the ICANN staff. So I'll be very – hopefully I will be clear in my conflict of interest. I have been contracted to be an educational resource on an advisory basis regarding different charitable entities…

Erika Mann: Can I disrupt you a second?

Sarah Berg: Sure.

Erika Mann: Somebody is typing very loud. Can this person please mute the microphone? It's still going on. Can – Julie, can you look into it and can somebody do – force mute?

Julie Bisland: Yes, I'm looking into it now Erika. Thank you.

Erika Mann: Thank you so much. Sarah, sorry.

Jonathan Robinson: It's Jonathan. Yes, there was a disruption from an open mic but there's also a – Sarah's voice is quite soft and…

((Crosstalk))

Sarah Berg: Okay, I will try to be much louder.

Jonathan Robinson: Okay that's better already.

Sarah Berg: Is that better? Okay.

Jonathan Robinson: Much better.

Erika Mann: Much better. Thank you so much for saying this, Jonathan.

Sarah Berg: Thanks so much.

Erika Mann: Okay, thank you and apologies, Sarah, please go ahead.

Sarah Berg: Of course. So I would like to share a little bit about, yes, that I am advising ICANN staff but hopefully the information that I will share today and glean from you today is very much the same that I have shared in the past so I want to be transparent about that.

As for my background for the past decade I've worked with multigenerational, multinational families of ultra-high net worth so managing all aspects of their complex sophisticated financial lives and this also includes charitable structuring, governance and management and evaluation of their charitable entities. And I've advised nonprofits in strategic planning as well as large multiyear projects and smaller more intimate grants for leveraged impact.

So I've been doing this for some time and I also would like to disclose that I do work for the Pew Charitable Trust currently and that is a global NGO that has had 70 years' worth of grant making experience and working in an evaluative landscape. So hopefully I've fully disclosed that information. I'm happy to answer any questions on that. And then we can dig into the matter at hand.

Erika Mann: Yes, I recommend we dig into the matter and…

Sarah Berg: Great.

((Crosstalk))

Erika Mann: …give us a short introduction about your approach to the topic and feel totally open if you like to talk about how you, you know, what kind of recommendation you made to the ICANN management as well.

Sarah Berg: Wonderful. Well with that I'd like thank you initially for your thorough and thoughtful questions. As I said earlier, you really have an opportunity to shape and create something with lasting impact. And at this juncture I'd like to share some best practices that I've experienced in my work before you even choose the best mechanism. And in that also entails a couple of more questions for you.

So when you're thinking through this fund distribution, it sounds as if the amount of funds is still in play but regardless it's really important to consider

your resources, your objectives, your levels of control, the competence and the cost. And these are five important components that I think you all are considering and thinking through but I really want to highlight those because even though you are in a unique sudation with the funds and how you are set up, most non-fundraising charitable organizations often have only one original investment. And they are structured to sunset.

So this is actually very common. And you can outline that within any mechanism that you use but I'd really like to touch on a couple of other resources that you all should be considering when you're thinking about the great opportunity that you have in front of you.

First of all it's time, it's energy and input, it's the expertise that you're using, it's the connections and ties of who are your current partners and potential partners? And this is something that you're doing currently right now; you're asking a host of experts to give their input. And then it's also money. So money is just one small component of what you should be considering when you're thinking about all of the resources that you have.

In my commentary I do showcase that temporary funds, even though that may sound short, that's not necessarily a short timeline. It's very relative and when you're thinking about your funding structure you most likely will not be sending out $200 million tomorrow. So there needs to be a thought in place of how you're going to disburse those funds and how they would be prudently invested. So within my commentary I do share, if you decided to sunset, by 2030 you would – and you had a fund of $200 million, you would have a period of 12 years to deliver granting programs or whatever you all decide, you're still looking at a budget of about $21 million that you would disburse each year.

So I give that to you as a little bit of a backdrop of thinking about what are the resources that you want to use, how you want to structure those resources and then who are the people at the table that you want to bring to push that

mission forward? And that brings me into my next point of really defining objectives.

So I've heard a little bit about the ICANN mission and being able to clearly define that mission of your governing body but it's really also important to say what is important within that mission of what you want to fund? So I ask a couple of questions here that I think is really important for you all before you even get into the mechanism because it's the mission and the objectives that are going to drive how you structure the rest of your projects.

So a couple of questions, when you're considering your mission, what are your goals, objectives, steps and scope of work? And how do you consider success? What are the roles that ICANN wants to play within the charitable Internet landscape? You know, there are a variety of organizations that I think you all have highlighted but as a leader, within this environment, what role do you want to play and utilizing all of your resources of time, energy, expertise, money and connections, what is your specific role and how do you want to play out your mission?

And then I would also add on that, what are the needs that you as an entity are seeing within this environment? Are there gap measures that need to be made that are not being addressed because there aren't the resources applied? What is the change that you do want to make and what do you not want to fund?

I'm going to pause here a little bit and just give you two examples. If you go to a really large organization, say the Gates Foundation, you can go onto their Website and they will showcase what they fund, why they fund it and what they will not fund. If you go to a much smaller organization, and I'm going to pick on the Ben & Jerry's Foundation, Ben & Jerry's in the US is an ice cream company, they are very specific about what they fund within the state of Vermont, which is their original state, and then the limit of costs that they

manage. So I just give those to you as two examples of what other organizations are funding and what are not.

And then lastly, for your group, for your team, you are investing time, energy and investment into this process so what would make you happy with your progress? Obviously you will have a plan and you've got a great work plan set out, but for you individuals, what will make you feel happy with your progress that you are making a leveraged impact? And what is that impact and how do you want to measure it?

So those are a couple of questions that hopefully you call can have a robust conversation around because I think that that is really what's going to drive all other elements of the decision making that you will make in the future. It also will give insight into the level of control that you want to have over that fund disbursement.

So taking into your objectives, who has the fiduciary responsibility to govern and oversee there funds' distribution? Is it your ICANN Board? Is it another Board that has to still answer to ICANN Board? Who are those decision makers? And then how do you bring in the multi-stakeholder culture of ICANN that's represented? I really understand how important it is to have all voices heard and to have great contributors into this work and this is what you're doing right now.

But how do you want that culture to be represented in the fund disbursement? And those are components that I think are really going to drive what mechanism you do use at the end of the day. And when it comes to that control, who are the leaders managing that control? So depending on the types of grants and the structures of the fund, it's important for ICANN to engage experts in the field of enabling efficiencies of scale and mitigating reputational risk. So you have a fund risk, you also have a reputation risk so ensuring that you have good leaders who are involved and invested with that control component is really critical for you to consider.

I think that you're also doing that when you're bringing in other experts and learning from them. And so I think this learning session hopefully is really helpful to you because I know it's been helpful to me in other situations.

Lastly, when you're looking at competence, I want to highlight types of investment projects that you do have. You could – in my outline I do share a couple of types of investment projects. This is where you would come up with a problem, you would see a need to address that problem and then you bring internal experts within your organization and others to really lead an implementation of an investment. Now this is very different from a granting structure, it is really kind of taking a lead on pushing impact forward.

In a granting structure, you still have similar due diligence requirements, but you are actually then seeding that money to another organization to follow through on that project. So those are two core elements of how funds do get disbursed. I often offer other opportunities, there's a lot of creativity right now within the charitable environment of co-funding, of partnering with other mechanisms such as a donor advise fund or even doing seed investments. So these are things that you want to consider once you've already taken a look at your objectives, your competence, and your funding disbursement.

Now, I will lastly touch on the biggest thing that everyone likes to focus in on but oftentimes is the most important and the least important and that's costs. So when you're using resources of your time, talent, treasure and ties, especially when you're looking at competence and risk and the role that you play within your specific technical environment, your costs are going to be very different. And oftentimes when you're looking into charitable organizations there's direct costs and there's indirect costs, so those direct costs are really related to the specific activities that you're using whether it's grant management personnel, expert due diligence, implementation, and then there's all the other indirect costs which are just as important in terms of

having a building or an administration to manage and house your audit contracts and your accounting and the travel.

I'm happy to share more on that but those costs are truly related to how you utilize your objectives, your projects and where you want to leverage that impact. I will say, and this has been my experience over and over again, that if you do not hone in on your objectives, on your mission of what you will and will not fund, it's very easy to increase your costs because you then are no longer as focused as you could be to leverage economies of scale.

So I would really encourage you to focus in on what's most important to you at the end of the day and then take a look and parcel out what are those specific costs that are important to the organization. I'm happy to share a little bit about administrative expenses. I know that that's always a concern and that's often what drives a conversation but it can be least important sometimes relative to the impact that you want to drive. Some organizations utilize a 5% cost of an annual operating budget, but not always, it can be higher than that based on the needs, the mission and the impact of the organization.

So hopefully I've shared a little bit about what is important. I know that I did not go into specific details and questions that you did have on your mechanisms. But hopefully answering some of these questions will give you a broader perspective. And I'm happy to answer any questions or thoughts.

Erika Mann: Thank you so much, Sarah, for the very informative and detailed approaches to very complicated environment. I would love to see you want to raise a question, I do have the problem, and I put this in the chat room, that I can't see who is raising hands or I can't find it on my screen. So I will need your help here. Julie or Marika, or Joke, can somebody tell me who is raising hands?

Julie Bisland: Erika, currently no one has a hand raised.

Erika Mann: Oh okay, thank you so much. Then let me…

((Crosstalk))

Erika Mann: Yes.

Julie Bisland: John just raised his hand – John Levine.

Erika Mann: Okay, John, please go ahead.

John Levine: Thank you. And thank you for this interesting presentation. ICANN is a very peculiar nonprofit, I mean, they are nonprofit because they lessen the burdens of (unintelligible) and in their normal operations they do not make grants, they do not do relief or anything like that. And as I'm sure you know, this pile of money is sort of – it appears much – basically by accident, nobody expected it. And we don't expect it to happen again.

So there is this – I'm wondering how do we address the tension between needing enough structure to give away this very large pile of money but keeping in mind that this is a one-off and ICANN needs to get back to its normal, you know, basically it needs to deal with this and then get back to its normal operations which are – which have nothing to do with making grants. I mean, any thoughts about that?

Sarah Berg: Sure. That is a great question. I would say that a lot of organizations can be very much in a similar position where they have quote, unquote on-off disbursement where they need to spend funds to charitable organizations, but the structure is actually still the same. I recognize that you have a different mission in what you want to do day to day, oftentimes families or other nonprofits are in the same place where they have a vision of what they want to do and it's not necessarily a charitable space.

But it still is – has the same ideals of a sunset provision where no more funds are coming in but you still need to create a structure that's going to be efficient, effective and driving the impact that you do want to make. So it's not that atypical. Did I answer your question?

John Levine: I mean…

((Crosstalk))

Erika Mann: Apologies, the – we are using a new technology, this WebEx, we worked with Adobe in the past and the – to monitor the system is not as easy as Adobe was so you will hear some disturbance and sometimes silence, it's not silence because we don't know what you ask, just silence because we can't find the right button or whatever so apologies for this. John is saying, "Great question and answer my point." So I wonder who is next – wants to raise a question? If nobody is we have a bunch of questions to ask. Okay.

((Crosstalk))

Erika Mann: Yes, please, just let me know who it is.

Julie Bisland: Right now no one. Go ahead.

Erika Mann: No one. Okay thank you so much. Sarah, I wanted to come back to one point you raised which I think we are struggling with and you might be able to guide us a bit and this is the question which you said it's important that – or let me approach it in a different way. You understand that we are confined by ICANN's mission, which is quite narrowly defined. And which does not allow us to support at least if we understand that's what we are going to do does not allow us to support many charitable projects so it relates to our mission.

And then you said something interesting which I believe you are right, so you said it's important to define within this – within the area of projects we can –

which fall within the mission statement, we shall look into how define a more narrow scope. So I'm pretty sure you had experience from different advising different firms or different families on how to do this. So what would be your advice how to define such kind of scope environment?

Sarah Berg: Sure, thanks Erika. I think the mission that you have is a great mission. I would actually step back and say given the mission that you have, what are the gaps that you are seeing? Where are the specific need within the landscape that you're working? And you all are the experts, you're seeing certain areas that may be underfunded or specific issues that may not have the attention that it needs.

Where are those problem points? And focus in on those problem points and explore what that looks like and see if you can come up with certain specific funding areas and they may be completely new. And that's why I said it's really important to figure out, maybe it's completely new and there's no one else in the space and you see a way that you can actually meet that need because of the resources that you have. So I would really take a look at saying where are the pressure points within your landscape within the mission and how can you meet and answer those needs?

Erika Mann: Thank you, Sarah. Elliot, please.

Elliot Noss: Can you hear me okay?

Erika Mann: I do, yes. I hope the others as well.

Elliot Noss: Okay. Based on Sarah's comments and you know, and the fact that we are setting the frame for this process, you know, we're not the, you know, were not the group that is actually awarding, it feels like that suggests we should be a little bit more specific, a little bit more directive around the type of awards that make sense then, you know, I think we've been thinking about to

date. You know, it feels like it's more incumbent on us to set the guardrails around the awards.

Sarah, do you understand sort of the distinction between what this cross community working group is supposed to have as output and, you know, the actual group that'll be making the awards? You know, was that sort of run through with you in some detail?

Sarah Berg: Sure, Elliot, I understand…

Erika Mann: Just a second.

((Crosstalk))

Erika Mann: We have some strange noises. Thank you so much. Elliot, you may want to repeat your last point.

Elliot Noss: Sarah, did you hear it?

Sarah Berg: Yes, I think so. And, Elliot, if I understand the whole purpose of your group is to convene and advise to the Board how disbursement of funds should occur. So from what I understand you are not making any decisions as to who will receive the funds, what that process will look like but in order to create and give good advice it is important to think about who's in that landscape and what would that even look like given your constraints and the role that you play within your environment. Is that accurate?

Elliot Noss: Yes, that's great. I think you know, that's helpful. I feel like anything that I would say on top of that would, you know, start to actually get into our work as opposed to, you know, kind of your advice so I'll save it. Thank you very much.

Erika Mann: Can I get an indication of somebody else is waving their hand?

Kavouss Arasteh: Yes, this is Kavouss. I have not yet connected but it am on bridge – audio bridge.

Erika Mann: We can hear you, Kavouss. Feel free to raise your question. Oh please, somebody, okay, Kavouss please.

Kavouss Arasteh: May I go ahead with my question or come…

((Crosstalk))

Erika Mann: Yes, please. No go ahead. Go ahead.

Kavouss Arasteh: Yes, the type of the questions – the first questions, is already - is – or are in reply to all questions. Are those questions that Sarah raised is already documented, is available to look at that one because she asked two major questions, I don't think that we could reply to that immediately what is – what would be the situation so we would like to know whether these are already documented. This is comment 1.

And comment 2 is that I think the type of the organization now we're proceeding becomes more and more complex. At the end of the day we may have spent considerable amount of this fund to organize and to manage the fund. Are we on the right direction? Thank you.

Sarah Berg: Thank you, Kavouss. I can – I'm not quite sure if the doc – if my questions have been documented other than they are within my responses.

Erika Mann: Maybe, Kavouss, Sarah, maybe. This is Erika. We will send this to you again. So Sarah actually replied to the questions which we have sent, if you remember, to all of the external experts, so there you will find the answers to your first question. And we will send this to you again. I know it's sometimes

difficult to follow all these constant email exchanges. And the second question, I think Sarah is about to address to you.

Sarah Berg: Yes, you were talking about the complexity of the organization. Right? I think the complexity really is driven by the certain resources and constraints that you have. And oftentimes that really plays into your objectives, your control and the competence that you're looking at. And I think sometimes the more elements of people who have authority can sometimes make that more complex. But it really does depend on your objectives and that you want to do and how you measure impact.

Erika Mann: I do believe we have the next on our list is, let me check quickly, it's Tony. Tony, please.

Tony Harris: Yes. Thank you. Sarah, I was very impressed with your presentation particularly I liked the way you set out the core elements. And my question is very simple, one of the core elements was levels of control, which is something I think is fundamental in this whole project. And I wonder if you would venture an opinion of which mechanism which we are considering would probably be best suited considering that we will have to implement levels of control. You might want to comment on that. Thank you.

Sarah Berg: Sure. There is lots of ways to look at measures of control. I do comment that the fiduciary responsibility to govern and oversee that distribution, so whomever is responsible for signing that tax return, for having overseeing a financial audit, that's where a lot of the control occurs. And, you know, I'm not quite sure how that's structured within ICANN other than I do know that it's the Board and the governing body has the final say and the responsibility.

So the question I guess I would ask would be what does that look like within this scenario and what's the Board's engagement no matter what mechanism you use does it go to a foundation? If you had a foundation the ICANN Board would still be involved and maybe have a couple of Board members on a

foundation Board, then you would have two levels of governance and oversight and that may be required for your group that would have independence and oversight.

You could move all the money to another granting organization that would oversee all of the grants. You would no longer have financial control over the funds but you would have all granting control over the funds. So it really depends. I don't really want to open Pandora's Box, but it really depends on for you all who makes the final decision and who is finally responsible and what is their role that they are playing? So that's one.

Two, you all have a very strong multi-stakeholder culture and how is that represented within the mechanism with which you use? Obviously just because you're a multi-stakeholder –I noted in the notes here – just because you're a multi-stakeholder doesn't mean that every multi-stakeholder receives funds, right? I get that. But it is still how do you reflect that culture and ensure that that is an important component within your organization and how is that included? And that could be a part of the evaluation team, someone comes in from multi perspectives and makes those decisions and you can set that up fairly easily in any of the mechanisms that you have.

Tony Harris: Thank you.

Erika Mann: Thank you. Do we have somebody in the queue? This is Erika. Just asking the question whether somebody is in the queue and wanting to raise a question? It looks like Kavouss, so Kavouss, can you talk?

Kavouss Arasteh: Hello?

Erika Mann: Kavouss, do you want to – oh there you are. Please go ahead.

Kavouss Arasteh: Yes, I said that I wish where are these questions raised by Sarah on whether it is pertinent to the decisions that we have made in respect of the type of the

organization that they want to have in other words, whether we have totally would like to have external supervision, internal supervision, administer of that, whether those questions are within the framework of the pattern that we have already discussed. Thank you.

Sarah Berg: Thank you, Kavouss. From what I hear, you're having more questions about the costs and how the mechanisms are set up. Essentially there are varied levels of costs that are involved. You're going to have some pretty constant costs regarding management of the funds, you're going to have management of an audit and the governing component. Given that you're a global organization, you are going to have other costs that are involved that are ICANN-specific regarding travel and translation and some of those pieces that are not important to consider that are regardless of mechanism.   So I do want to be specific about that.

There are costs involved in creating a foundation. If you were to create that foundation in the United States, there are legal costs to draft those documents, there's legal costs to ensure that it goes through a governing body to be approved by the IRS. But those are setup costs, those aren't necessarily continuing costs. And I think it's important for you all to consider what the setup costs would be versus the long term costs. And as I say before, if you have like I said, $200 million that number could change, or it would be less.

You're still looking at an operating – an operating budget of $21 million a year if you were to sunset it at 2030, how would you use those funds? How would you use that $21 million? How much will be granting? And then what are the costs going to be involved to manage those grants appropriately and be audited and governed by your control component appropriately?

It looks like Kavouss, it sounds like you want a guestimate of a cost of the most complete and thorough control. You know, I would love to answer that question, it really depends on the levels of control that are within ICANN and

then also the types of projects that you are working on. To give you a little bit of understanding of a grant cycle, oftentimes you are going to request proposals, you're going to go through what that proposal is going to look like, you're going to implement that proposal and then you have to evaluate it to ensure that you've made the impact that you want.

So those are costs that you have just within a normal grant cycle. And then what are those specific ICANN costs? So unfortunately I can't give you a specific number.

Marika Konings: Erika, are you still with us? This is Marika. Looks like your line is muted.

Alan Greenberg: It's Alan. She's been asking to have it unmuted for a while in the chat.

Marika Konings: Erika, I think we can hear you again.

Erika Mann: Good. Wonderful. Somebody needs to check this function because we have this quite frequently that suddenly the system freezes and then it's forced mute. So I don't know when we – this call is over, I think we need to send to the tech team a short note that somebody needs to look into it because that's not typical for WebEx, so something is wrong here. Apologies, Sarah.

Somebody else in the queue would love to raise a question?

Alan Greenberg: It's Alan. I think I'm the only one…

((Crosstalk))

Erika Mann: Alan, please go ahead.

Alan Greenberg: Thank you very much. I'd like to make an observation, not really a question. I think Sarah started off with some really important things and she pointed out that if we're going to succeed we really need to be clear about what we're

trying to accomplish with these funds and how we're going to recognize success. And I think that's something that we have talked around but we haven't made it quite as clear.

The challenge is certainly going to be that our mission for the funds is largely constrained by our operational mission. And when asked how we address that, Sarah said, well, look for gaps in our operational mission that perhaps these funds can be used for. And I think that's a really interesting way of looking at it. The challenge I see is if we identify gaps in our operational mission we are then constrained to give the money away to someone else to fix those problems. And I don't see how that's possible. So I see we have a real conflict in how we use the money effectively and how we state what we're going to want to do with it which is constrained by the mission and yet it's not clear how others are going to help us really address that.

And I'm not sure Sarah is going to have any answers to that but I think it's the – this conflict that we're dealing with that is making some of our job really difficult and I think we're going to have to eventually tackle – figure out how are we going to address this. Thank you.

Sarah Berg: If I could respond, Alan?

((Crosstalk))

Sarah Berg: Oh sorry, go ahead.

Erika Mann: No, no, thank you so much. Please, go ahead.

Sarah Berg: I think you make a really great point. Sometimes you see gaps and then feel obligated to fund them or there may not be anyone in the space who are meeting those needs. And I think the great opportunity for you all is to say if there's no one in that space how do we create that or how do we fund that? So are there areas in which you could create something new? And that is

where the funds could go. Now you may want to include someone else to oversee it and manage it, a great trusted partner, but that's a wonderful opportunity for you all.

If I could give you a little bit of insight into the Pew Charitable Trust, that's really what they did. They actually went from a private foundation to a public organization nonprofit because they wanted to no longer grant funds completely, they wanted to take on some of their projects for their own to meet specific needs that they felt like they could do better than other organizations. It's a large NGO but you too have substantial funds and that's something that you all could consider in the landscape of options.

Oh sorry, I'm going to try to be more – hopefully – I can be louder, can you hear me?

Erika Mann: Much better, Sarah. I just wanted to – this is Erika – I just wanted to say the same. Some are having difficulty and sometimes apparently it is disrupted as well your connection so somebody would be great if somebody could look into it so that we have a stable connection for you.

Can I get an indication who is next and who would love to raise a question or make a point, a comment?

Kavouss Arasteh: Kavouss.

Erika Mann: Kavouss, please.

Kavouss Arasteh: Yes, in reply to the question that I raised, could Sarah give us a guestimate of the most complete procedures or mechanism and the least one? She replied that it depends on the type of budget. Which budget? Budget of the (unintelligible), budget of the fund, budget of ICANN, budget of the controlling organization, what budget? She says that it depends type of the budget. Which budget she refer to? This is point 1.

And point 2, Erika, please note that this new system is not very effective. We are struggling really. We have to find a better solution. Thank you.

Sarah Berg: Thanks…

((Crosstalk))

Erika Mann: Give me a second, Sarah. Kavouss, we will do this. We are all worried about the system so we are talking, Sarah, about the technical system which we are using which we are all struggling with and you experienced this. Thank you so much for your patience. With regard to the first question, just to give you a little bit of background as well, we had a long discussion in this group and this is what Kavouss is partly referring to, about the cost factor.

And we had a discussion how much is actually – and you mentioned the number as well, 5% should go into administrative costs. But we are split on this one and so there's a belief it can be much lower and some are saying it might be much higher. So the question more is to you, you know, how to frame it, how to frame this correctly.

Sarah Berg: Thank you so much for bringing this up. When I reference the budget, I'm actually referencing the fact that your budget is going to depend on your objectives. If you decide what is considered success and how you make leveraged impact within this group, that will then decide how you utilize the funds and how the oversight of those funds play. So if you're creating a new project that's going to really deliver on impact and what you consider success…

Erika Mann: Sarah, give us a second. We have a huge disruption. Somebody needs to mute please the mic. Okay, apologies.

Sarah Berg: No worries. If you define success in a specific way and you have a project that will deliver success and impact in a way that you've defined, your costs may go up but you are still delivering on your impact. So a lot of charitable organizations are trying to get away from the specific 5%, or 3%, or 15% and really focus in on the impact that you are making because oftentimes if you only focus on the percentage you may not be delivering the impact and success that you originally wanted.

So I'm sorry that I'm not able to give you a specific amount, given the global components – I know that when I've experienced more global organizations, it is more costly because you have more travel, you have other aspects that are involved. But that should not be the driving force.

Erika Mann: Is there a possibility because I'm certain that two items which come up the identification of gaps and the budget, if we feel like we would love to come back to you in the near future that we can do this, I believe you would appreciate it and probably your contractual arrangement with ICANN would not prohibit you to do this.

Sarah Berg: Of course.

Erika Mann: Thank you so much. Next is John.

John Levine: Yes, thank you again. I'd like to circle around back to the point that Alan brought up and, you know, and pick again at ICANN's extremely peculiar charitable purpose. I mean, ICANN is a charity because it lessens the burden to government which specifically means that ICANN does something that used to be done by a government contractor. And unlike any other charity I've ever met, ICANN's mission is purely operational. I mean, their – ICANN's job is to oversee identifiers.

And everything they do is continuing. You know, if we identify a gap in the oversight it's not something that can be – if there's a gap in the oversight it

needs to be something that's solved, you know, on an ongoing basis forever, you know, and it's not like, you know, like here's a disease we can cure or something.

And I'm also, I mean, I take your point about how Pew changed its mission and, you know, and I think Pew does wonderful stuff. But this is exactly what a lot of us are afraid that ICANN might do which would – mission creep for ICANN would be bad. I mean, ICANN has a very narrow mission, ICANN has had a lot of trouble sticking to its mission, you know, and I think a lot of us are trying to figure out how can we deal with this large pot of money in a responsible way without getting distracted from the mission and without basically without mission creep that distracts us from what ICANN is supposed to be doing?

Sarah Berg: May I respond? Thank you so much, John, for clarifying the mission of ICANN. And this is something maybe you all need to dig into and say sure, there's gaps in these areas, it's not necessarily the specific gaps as taking a look at themes. And maybe for this organization it's figuring out what seed money can go into another aspect that's forming on the horizon that ICANN can invest in but not necessarily have to manage.

And to speak to Pew, they actually select projects that can be done within five years. So they have 40 different topic areas that they're looking at and they're researching and sometimes it's funding research. Then it isn't necessarily a scope creep, it could be saying we want to do this for a certain period of time, we'll fund it for a certain period of time and if it doesn't succeed or meet your criteria of success and impact, then you no longer fund it.

I hope that…

Erika Mann: Thank you, Sarah. This is Erika. Do you want to continue? Apologies.

Sarah Berg: Oh no.

Erika Mann: Okay. Elliot, I believe I have you next here and please confirm because apparently Marika did not see it so just please confirm that my understanding is correct.

Elliot Noss: Yes, can you hear me?

Erika Mann: Yes, I hear you perfectly well. Can I just make a brief technical comment? There's a little box – a box (unintelligible) it's send to and then on the right side you can click on it and you have different options. So it would be great if you would click on All Participants because then our staff team can see the chat comments as well. Thank you so much and apologies, Elliot. Back to you.

Elliot Noss: Yes, I'm sorry. I had All Attendees, not All Participants…

Erika Mann: Yes, I make the same mistake, Elliot. Yes.

Elliot Noss: So I have two things, Sarah, if I could? The first – so I'll ask them – I'll let you answer and then I'll ask the second if that's okay with Erika. The first is you made the comment that the expenses were somehow related to the type of impact or scope of impact that we wanted to have. You gave one example of travel, which is not really relevant here because ICANN, A, has travel in, you know, sort of built in, we all go to these meetings, or a number of us do; and B, because we are able to operate virtually quite effectively. Is there anything but travel that you could sort of highlight as an example of where expenses relate to impact?

Sarah Berg: Thanks, Elliot. Yes, the expenses that you would incur, you know, there's the administrative expenses that would be involved in sort of staff compensation, the types of the grants that are made. There's the travel that is involved in – and when I mean travel there's travel involved in the specific projects that you're utilizing that ICANN, from what I would understand, would not

specifically fund. So if you are granting something of a project in Mozambique, you're going to have travel expenses related to projects and evaluation of going to Mozambique and ensuring that that grantee is actually doing that. And that's kind of what I'm trying to get at.

Elliot Noss: Okay.

Sarah Berg: There's also, yes, go ahead, sorry.

Elliot Noss: No please, go ahead.

Sarah Berg: There's also the monitoring and types of reporting structures and the implementation of a specific project. So those are sometimes – those are baked into the direct grant but then there's also other indirect costs like I had said, what's the executive oversight, are there meetings and travel for those who make decisions and maybe that's around the ICANN tri-annual meeting. But those are still costs that have to get built into the budget for an annual (unintelligible).

Elliot Noss: So you know, I guess that raises two bits for me, I think that, you know, I get that example – your Mozambique example. You know, my guess is that in our case more often than not, you know, we'd be looking at, you know, a software team in Mozambique commits to GitHub or something like that, you know, it's not sort of building a well in a village. So I think I understand what you're saying. You know, that may or may not be relevant for us.

The second part is I mean, do you have any empirical data or quantitative view that show that expenses and expense ratios are positively correlated with impacts?

Sarah Berg: Not positively correlated with impact. I do have lots of data on sort of the size of foundations in the United States and globally and what their expense ratios are. And they do run in the 5%-10% space. And I know from my background

that's kind of what I'm always looking for when I'm evaluating other organizations.

Elliot Noss: Yes, do you have any of that that's itemized as opposed to aggregated? Because I mean, those numbers seem shockingly high in our context, to me. And I'd love to be wrong but, you know, I sort of want to be wrong at a data level. In other words, I'm open to being wrong but I'd like to be wrong at, you know, I totally get for some organizations that being possible or even likely; for us I just struggle with it. So, you know, any detail you can provide there is super helpful.

Sarah Berg: Yes, be happy to share some data.

Elliot Noss: That's great.

Sarah Berg: But the industry standard is 5%-10%.

Elliot Noss: Yes, and the second thing I wanted to kind of get your input and feedback on and thanks for that first bit, is you know, we have a really strange dynamic in the context of ICANN where you know, John was talking about both the nature of the mission and, you know, a strong broadly held desire to keep ICANN the organization on mission and to not have mission creep. You know, there's been a lot of debate in this group about how constrained or not we have to be by the ICANN mission. And, you know, we talk about, you know, do we have to be strictly within the mission or can we be in service to the mission in a broader sense, sort of the language we use.

I'm interested in if you know of situations where there, you know, like this where this is going to be some granting body that's inside of a larger organization where the activities of the granting body might take a broader view of mission than the organization itself would?

Sarah Berg: Yes, I can't speak to ICANN so I want to make that very clear.

Elliot Noss: Yes, sure.

Sarah Berg: But there are other organizations that perhaps have a supporting organization and they only focus on some element. I know other bodies that I've worked with a new organization was created that still had the same mission but maybe broader. But that also was creating an entire new entity with an entire new governing board and then having boards – people who sat on the main board and sort of the subsidiary board for a specific focus that maybe wasn't implicitly implied within that organization. So that's doable but obviously it has to be a separate entity.

Elliot Noss: That's great. Thank you very much.

Erika Mann: Thank you so much. This is Erika. Sarah, this is a topic which I would imagine we will have to look into the last one Elliot raised in more depth in the near future. If we have a follow up question I'm certain we can come back to you and you might provide us with more detailed answer to this one? Is this correct? Thank you so much.

                  I have Kavouss and then can I get an indication if somebody else wants to raise a question? Okay, Kavouss please.

Kavouss Arasteh: Hello?

Erika Mann: Yes, Kavouss, we can hear you.

Kavouss Arasteh: Yes, thank you very much. I think we are very much complicating the issue. There is currently only $330 million. I think we may come up with a sort of mechanism that have more than 20% of costs for management, for control, for the provision which is not justifiable. Perhaps for ICANN is the first time to have this sort of thing that other people not in this name of action but other names have billions of dollars of money and they don't have such a

complicated and complex procedure and mechanism and management and control and supervision.

So we need to have an idea that the most perfect, if there a perfect one, what would be the cost of the entire management, control and supervision? I don't want to be told that it depends on my budget. Take whatever approach you want. If it more than X percent it is not acceptable, this doesn't mean anything that we have this and we spend 50% of that for the money and of that? This is not practical. This is my question. Thank you.

Sarah Berg: Thank you so much, Kavouss. I do want to clarify my comments a little bit. I was no – by no means implying that you would 20%-50% of costs and then it depended on your budget. It depends on your objectives and what you want success and impact to be. And I had just said the industry standard is 5%-10% but looking at what you consider success and then building on what that process looks like.

I currently work for a very large NGO, very complicated and is managed in a lot of sophisticated investments on the granting side and on the research side. And I have to say it's quite complex and the reason why it's quite complex is because they want the impact and their success to shine and they've put a lot of thought and process around what their objectives are and what their approach is. And I would say that that's fairly successful. So we obviously are trying to operate on a lower budget and that's fairly industry standard. So I hope I can clarify that and allay any fears that I would be ever suggesting a 20%-50% perspective.

Erika Mann: Sarah, looking if somebody else is waving their hands. Somebody on the phone?

Marika Konings: This is Marika. Elliot's hand is still up or – oh just went down.

Erika Mann: Elliot? It's down, Elliot? Okay. Sarah, I do believe we have a good understanding and you helped us to rethink some of our key points which we still have to discuss and I like to thank you very much. Before you drop just stay a second on the line because we – Julie would need to check the telephone lines which we see on the screen and we can't identify the persons behind it, just for record purpose. Julie, would you love to do this?

Julie Bisland: Sure. It looks like we have – I know Call in User 1 is connected to the audio bridge so for everyone's information. Call in User 3 has an xxx-xxx-0052, who's number does that belong to?

((Crosstalk))

Julie Bisland: Who was it? I'm sorry.

Xavier Calvez: Xavier Calvez.

Julie Bisland: Oh okay thank you. Thank you. And next phone number is – it just says "anonymous" I don't have a phone number to go along with that. How about xx – xxx-533-2932? Who's number is that please? The phone number ending in 2932?

Becky Burr: Oh sorry, that's Becky Burr.

Julie Bisland: Becky Burr, okay thank you Becky. Okay so I have one unknown phone number. It's showing up as anonymous. Is there anyone on audio only who hasn't been identified yet?

((Crosstalk))

Erika Mann: It seems to be (unintelligible) that's why I see. She's saying she's on the audio bridge and then I see Nadira, somebody is making the point that it could be Nadira.

Julie Bisland: Okay.

Erika Mann: Nadira, do we have you on the phone? Can you say if it's you? She's writing
                  yes.

Julie Bisland: Okay so it is here. Okay great. I have that noted. Thank you. Everyone else is
                  identified. Thank you, Erika.

Erika Mann: Wonderful. Thank you so much. Somebody just said "hello" who was it? Can
                  we just – can this person please identify himself?

Tony Harris: Yes, this is Tony Harris. I'm on the WebEx and also on the audio bridge on
                  the phone bridge.

Julie Bisland: I have you noted, Tony. Thank you.

Tony Harris: So is my line giving you any problems? I'll hang up.

Julie Bisland: No, it is not. Thank you.

Tony Harris: Okay thank you.

Erika Mann: Tony, we were just trying to identify the names behind certain phones
                  numbers so that we have everybody on record. And I think we have all
                  identified Julie, is this correct? So we have Nadira and (unintelligible) as well
                  on the audio bridge apparently.

Julie Bisland: Yes, that's correct.

Erika Mann: Are you fine, Julie? Good, thank you so much. Okay, sorry for this. I just
                  wanted to be sure that your phone line is not maybe showing on the audio
                  bridge. So let me thank you so much again, we are very grateful for your

participation today and for the advice and information you have given us. And we appreciate and particular that you so open that we can come back to you again if we have some more questions. Thank you so much.

Sarah Berg: It was my pleasure to be with you all.

Erika Mann: Wonderful. Have a good day.

Sarah Berg: Thank you.

Erika Mann: Thank you so much. So with this, still Erika on the phone. Marika, I'd like to turn to you because looking forward to the confirmed next step and next meeting, let me stay a second with next steps because we had quite a lively exchange by email concerning two topics so one related to the preamble question and another one related to the question whether ICANN shall be allowed to participate in (unintelligible) funds in the future for particular projects.

Now I just would love to hear because it's too short, we have only 12 minutes left so I don't think so we should look into a debate and a discussion now, and I sent an email would be great so if you would have a look at this email concerning these two points, so I think we should continue our discussion until next week by email. But I would love to have an understanding from Marika, she has a better overview than I do about our next meeting and how much time we will have to discuss this topic maybe at our next session that's really next week. Marika, to you.

Marika Konings: Yes, thank you very much, Erika. So our next meeting is scheduled for Thursday the 19th of April at 1400 UTC, our regular time. We have a confirmation that (Mark Dehova) from the European Investment Bank will be our guest speaker for that meeting. However, he will only be able to join at 1430 UTC so we'll definitely have the first 30 minutes of the meeting to

discuss some of the topics that were outlined by Erika in her message to the list earlier today.

Erika Mann: And do we need to discuss as well next time, Marika, this is Erika, do we need to discuss as well the upcoming meetings in Panama and how we want to design it? Or can we postpone this to one of our next calls?

Marika Konings: Yes, this is Marika. And ICANN briefly update people about that as well. The deadline for submission for high interest topics is today so we've worked with the GNSO leadership to get a request submitted for this group to organize a high interest topic session. Again, that's based on our current planning to have initial report published prior to the Panama meeting in conjunction with a webinar which would then be used to kind of, you know, just brief people on what is in the report so that the high interest topic session could really focus on, you know, any open questions that are identified in the initial report as well as any feedback or input people want to provide on the recommendations that re in there.

I think we may have a little bit more time to plan that but the first step now is really to get it in as a request so that the SO/AC planning committee can evaluate it and decide, you know, whether or not to give the group a slot to discuss this topic. Of course before we get to our initial report there's still a number of steps we need to go through as a group before we're able to prepare a report of which of course these exchanges with external experts are an important part.

I think you know, one question that I would like to raise, you know, we've had already, you know, had a meeting today with Sarah, we had a previous discussion with, you know, with Nominet and ICANN and the next meeting we'll have an exchange of views with the EIB. Of course we got as well additional written input that is available on the wiki as I've shared the link with you earlier in the chat.

So I think that the question that we're getting to is you know, with all that input that has been provided, does that give you enough information to make an assessment on which of the mechanism is – mechanisms is the preferred approach to move forward with because that basically after our call next week that will be the next step I think as we outlined in the work plan one possible approach would be to use a kind of – a ranking system through in the form of a survey in which everyone could express their views on, you know, which of the mechanisms that we've identified is best suitable to meet, you know, the objectives and criteria set out by the CCWG as well as meeting legal and fiduciary requirements.

So I think it's important for everyone to start thinking about whether or not sufficient information is available and if not you know, what else is needed or should be done for the CCWG to make that determination which of course is an important aspect of the initial report.

Erika Mann: This is Erika. Thank you so much, Marika, for this update. We do have an exchange about a few topics in the chat room so Marilyn is raising the question if we are reopening the topic about the preamble. I hope we don't have to do this, Marilyn, and this was the point I made in the email which I sent with the recommendation how to deal with it. And she is supporting the point concerning a – what is it called, a high level discussion at our next meeting in Panama. And I believe Elliot is supporting this as well.

Plus Marilyn is raising the point that we need to debate the topics and not just have exchanges with expert. Couldn't agree more but we have to go through these series of exchanges with experts and I believe they are hopefully interesting for this group and give us more insight and being more informed and then I hope we will have the chance afterwards for this discussion.

Marika, for our to do list following up what Marilyn said and for the – if I understand this right by Elliot, we need to review our work plan just to check that we have after the – after our exchange next week with the European

Investment Bank, that the call afterwards that we foresee sufficient time to have a discussion about all these various discussions we had with experts and how to carry this then forward which relates to your question which you – to your point which you just brought up that we – we are now at the phase where we'll have to take a decision as early as possible about a recommendation for the ideal mechanism.

Anybody want to make a point concerning the things we just discussed? Marilyn is saying she can't raise her hand. She might have the same problem as I do so somebody needs to look into this. I can't raise my hand neither, Marilyn.

Marilyn Cade: Sorry.

((Crosstalk))

Erika Mann: Go ahead.

Marilyn Cade: I magically figured out how to raise my hand after being motivated. Thank you, Erika. It's Marilyn Cade speaking. I'm not going to dwell on this but I'm going to say that I think we may have to add another call into our schedule where we talk through whether we have enough facts or we only have enough opinions.

And I'm sorry to be so adamant about this but I have set up two NGOs and dealt with the consequences of doing that. And most people don't really understand the complexities of – I've also supported a global corporation's foundation. There's a lot of complexities here that I think we just need to talk about. And that would, I think, Erika, I think that's – and staff, I think that would require a dedicated call to just enable us to talk to each other about what we've learned. And my preference would be that we have a dedicated call to do that.

Erika Mann: This is Erika. Understood, Marilyn, I fully support you. That's why I mean, we need to – Marika and I we need to review the work plan and just we may have to adopt the work plan. Marika, can we ensure that when you send around the transcript for this call today that we attach again the work plan so that everybody can see it and for right now the next call will be – the next week will be the call with the European Investment Bank person and then I would recommend that the call thereafter we will try to have this exchange with Marilyn is recommending, which I believe we need to have.

                But if we can't do it the week thereafter, then we have to do it at least in two weeks' time or in three weeks' time. So let's review the work plan. And Marilyn, I promise you we will pick this point up because I fully support you and we will make a recommendation when we will schedule our – when we recommend to schedule the call about how we you know, how we discuss the topic and how we want to – what kind of recommendation we want to make and on what kind of basis. And we need to identify as well as you rightly say, if we still have knowledge gaps which we have to fulfill.

                Having said this in a little bit complicated and tired way, just show me in the chat room if you don't disagree.

Marika Konings: Erika, this is Marika. I have my hand up…

Erika Mann: Yes.

Marika Konings: …but I don't know if you can see it. So I just wanted to note that the link to the work plan I already posted that in the chat. I think as everyone is aware, you know, we are in a very tight timeline to meet our goal of publishing an initial report by Panama. At this stage there's very little room to add additional calls. It would mean then going to either longer calls or adding additional calls in the different weeks. But I would like to encourage everyone as well, we do have a mailing list so, Marilyn, if you can identify, you know, those specific issue you want people to talk about why not start those conversations on the

mailing list and start engaging in that way, that may then also give a better sense of, you know, what time is needed to, you know, talk about it or what information needs to be gathered in order to determine whether something is fact or opinion. But at the same time, you know, the number – there are different mechanisms that the group can look at and, you know, make a determination at the end of the day some of that will presumably be people's perspectives or opinions on what they believe is best based on the information that is provided.

So again, I think, you know, it's important if everyone is committed to meeting the deadline and the work plan that, you know, those conversations start on the list and are very clear about what is needed to be able to get to that next step.

Erika Mann: Thank you, Marika. But Marika, I think it's an important topic and we will have to identify potential gaps and we need to have this exchange. So let the two of us review the work plan, let's see if we can free some time somewhere else. I'm pretty sure we have done so far pretty good so let's review it together and then let's make a recommendation to this group. But for right now just for everybody, next call – this is our next expert next Thursday same time and the person who will be with us (Mark Dehova), he is an expert from the European Investment Bank.

And I have recommended it if you remember because I worked with him and one of the largest capital funds which exists which was at the time when I reviewed it with him €10 billion – euros not dollars, €10 billion. And he has extremely good expertise in working with the European Commission who is having the oversight to some degree about the work the European Investment Bank is doing. And I thought it good to have a discussion with somebody who works in the – in a corporation with another entity because this was one of our questions shall ICANN maybe look for what was such a model. So that's why I thought he is a good person to talk to.

We will send you the – as always the summary of our exchange today with Sarah Berg and the last topics we discussed. Anything I have forgotten to mention? No? Okay, with this have a great day and we talk to you soon. And Marika, let's have a quick follow up on the Skype. Thanks so much. Take care. Bye everybody.

Julie Bisland: Thanks, everyone. Today's meeting has been adjourned. (Leo), can you please stop the recordings? And everyone have a good rest of your day. Thank you.

END