CCWG-AP Guide to Goals, Governance, Oversight, and Operations

Goals and Objectives: Questions 13,15
Governance and Oversight: Questions 5-7, 9, 14
Operations: Questions 1-4, 8, 10-12

1. **Goals and Objectives** Questions 13,15

Developing Strategy
Vision, approach, and strategy are the foundational elements to the planning phase of any charitable organization. What is the motivation? What do you want to achieve? Whom do you want to impact? What are the available skills and resources? Start with a clear end goal. Once goals and objectives are set, identification of program areas or specific "buckets" guide the implementation phase of assessment, evaluation, governance and staffing.

Some projects could have "anchor" grants with smaller, ancillary grants, depending on the strategy. For example, the Gates Foundation tackles critical problems in five areas: global health, global development, global growth and opportunity, global policy and advocacy, and US programs. Each program area manages a team and grant portfolio. Other examples: The Walmart Foundation, The William and Flora Hewlett Foundation. (Question 13, 15)

Co- Investment and External Stakeholders
Depending on the strategy and program areas, ICANN could have co-investors who want to partner or invest in all mechanisms.

> **Mechanism one:** ICANN can partner and co-invest as a non-profit. If partnering with a foundation or government entity, the non-profit usually administers the funds.
> Case Study: UBS's Optimus Fund and Development Impact Bonds
> **Mechanism two:** ICANN can partner and co-invest as a non-profit. Either they can directly fund or utilize funds through a DAF to set up a new investment project. Other partners could include philanthropic advisors who cater to specific projects.
> Case Study: Arabella or Rockefeller Philanthropy Advisors
> **Mechanism three:** The ICANN Foundation would grant funds to another investor for partnership.
> Case Study: Skoll and Partners in Health to support national health system in Lesotho
> **Mechanism four:** To be determined

2. **Governance and Oversight** Questions 5-7, 9, 14

When considering governance and oversight, there are two components to weigh: board governance and corporate governance. Board governance oversees performance, strategy, talent, and integrity. Corporate governance infrastructures include planning, operations, reporting and compliance. Charitable organizations of all sizes have governance frameworks. Often, organizations managing $25M+ have a *board of trustees* with an audit and risk committee that ensures adherence to policies, regulatory frameworks and internal audits. This includes the review of code of ethics and conflicts of interest.

Code of Ethics: Within a code of ethics, established protocols defining ethical behavior, ethical leadership, financial transparency in audits, confidentiality etc. Core values can also be defined within this policy. ICANN's position on human rights can also be listed within this document and/or the grant agreement. I have worked with organizations that outline ethics and values, but they have not created a

formal human rights procedure. The World Bank has an excellent resource on Human Rights Assessments. This is reviewed in the grant agreement. (Question 10) Case Study: Mott Foundation

Conflicts of Interest: A conflicts of interest policy is the most important policy of transparency within an organization. The policy, in writing, must be reviewed regularly and should require those with a conflict to disclose the conflict or potential conflict. This includes mentioning the policy at each meeting and submitting a regular questionnaire for records. Board members or advisory members are required to recuse themselves from voting or influencing a decision when in conflict. More importantly, the policy should outline what the organization does when a member is in conflict and/or how conflicts are managed. Additionally, the organization should cultivate a culture of transparency by raising awareness of anything that could be in conflict, as most situations can be nuanced. All officers, employees, or volunteer members must act in the "best interest" of the organization. (Question 14)

A *senior management team* has the delegated responsibility to make day-to-day decisions of risk management and are responsible to implement action plans and report back to the board. They oversee evaluation of impact, strategy development, and grant making procedures.

Program officers report to senior managers and are responsible for delivering specific projects based on goals and objectives of the organization. They provide expertise and knowledge to direct operations.

When working within ICANN, it is important to establish internal controls or firewalls to separate the activities of the charitable department from the organization writ large. Develop internal record keeping, financial controls and communication procedures in conjunction with ICANN protocols. (Question 9)

Committee delegation (Question 6) depends on the governance structure of the mechanism, program areas, and strategic goals of the organization. External advisors can provide perspective and knowledge to consult staff.

Mechanism one: ICANN has a senior management team that reports to the ICANN board. The ICANN board is responsible for policies, regulatory frameworks and internal audits.
Case Study: Medecins Sans Frontiers
Mechanism two: ICANN has a senior management team that reports to the ICANN board. The ICANN board is responsible for policies, regulatory frameworks and internal audits, but is not responsible for the financial compliance of distributing funds.
Case Study: Legatum Fund and Geneva Global
Mechanism three: The ICANN Foundation has a separate board of trustees, management team and program leads. Foundation board reports to ICANN board.
Case Study: MacArthur Foundation
Mechanism four: To be determined
(Question 2,5,7)

3. **Operations** Questions 1-4, 8, 10-12

Primer on Grant making Cycle and Reviews

1. Goals and Governance
   a. Establish Strategic Goals and Program Areas.
   b. Outline program guidelines and eligibility criteria based on goals and mission.
2. Request for Grant Proposals and Record Keeping

a. Create a timeline and Communications plan to request grant proposals, be explicit about guidelines around program areas and mission.
   b. Establish a document system to receive applications.
3. Application form and Process
   a. Create an application form and corresponding scorecard to assess eligibility and metrics of alignment to project area and mission.
   b. Establish Decision makers and procedure to elect grants.
4. Grant Selection
   a. Score successful and unsuccessful applicants
   b. Communications plan in place to notify applicants of outcomes
5. Grant Compliance
   a. Contractual Agreements based on the grant proposal
   b. Financial payment
6. Grant Performance, Measurement and Reporting
   a. Create a reporting structure/questionnaire for grantees
   b. Develop scorecard of measurable results (based on project areas and mission, what is success for this project? How is it measured?)
   c. Establish a dashboard of reporting back to the grantor of project outcomes
   d. Formal Project reports are usually annual submissions, but more informal submissions can be made.
7. Closure of project
   a. Determine the benefits of the project and report back to grantor's board
   b. If successful, does the grantee have the ability to request more funds?

The grant lifecycle establishes criteria and oversight to ensure transparency, accountability and good governance within an organization. When defining principals to guide safe guards at the **program and review stage**, (Questions 1 and 4) it is important to ensure an organization is aligned with the mission of ICANN and the program areas of the organization. Additionally, every organization to which ICANN grants funds must adhere to **specific compliance protocols**:

- United States Internal Revenue Service Review- Has the organization filed the appropriate tax filings
- US Anti-terrorism financing rules (OFAC)
- Organizational Assessment which includes the following:
- *Board oversight:* a list of board members who oversee an organization's operation including conflicts of interest, CEO appraisals, audit of disbursement controls, accounting protocols etc. Review the size of the board and their board meetings. Review attendance, participation and meeting transcripts. Understand board compensation structure.
- *Conflicts of Interest:* No board or staff members should have conflicting interest with the charitable organization; including material benefit personally or business affiliation. This includes arms-length transactions, interested parties involved in board vote, or competitive bids.
- *Effectiveness Policy:* The organization should have a defined mission, and measurable goals and objectives. A board policy to review the organization's performance in achieving its mission and goals. A written performance report will be published.
- *Financial Transparency:* A charitable organization's finances will give insight into its operating procedures. Verify the organization uses majority of its funds toward program expenses and less than 35% towards fundraising efforts. An audited report of financial statements from accredited auditors should be available at all times. You should also have access to expense reporting.

Grant Agreements have their own protocols that provide accountability and transparency. Grant agreement terms would include some of the following:

    - Budget
    - Requirement to go back to the donor for approval if line item allocations have changed more than a certain percentage
    - No political campaign involvement or lobbying
    - Payment requirements
    - Reporting schedule (narrative and financial)
    - Methods of submitting reports
    - Adherence to non-discrimination, diversity, inclusion, or ethical policies
    - Clear milestones of deliverables
    - Donor's ability to monitor and evaluate operations
    - Donor's ability to review grantee records
    - Intellectual property clause, granted warrants the work or if subcontractors or subgrantee
    - Donor must approve the replacement of personnel
    - Donor's policy on subcontractors and subgrantees
    - Grantee's representations and warranties based on status (501c3) and authority (has the corporate power to enter into the agreement to perform obligations)
    - Indemnification clause and compliance with state and federal laws
    - Termination or postponement procedures enabling donor to cancel payment should grantee fail and funds must be reimbursed.
    - No third party benefit, independent parties
    -Severability, no waiver

Grant Size:
With a fund over $200M, it is up to ICANN to determine what is "small" and how quickly they want to disburse funds. In my experience with similar sized funds, $50,000 is the minimum size grant for a grant proposal. (Question 3)

Grant Review:
As the fiduciary and governing body, the ICANN board is responsible for overseeing the funds. Therefore, it is "qualified" for the oversight of the grants. Although they may not be involved in the day-to-day management, the role of the board is to ensure proper management. Senior management and program officers who are responsible for implementing the strategic goals and objectives require expertise and back ground managing charitable funds. (Question 10)

Implementation within the Mechanisms:
No matter the mechanism, the grant cycle procedures would remain the same. The implementation of the cycle may differ.

    Mechanism one: The ICANN team manages all components of the cycle, stages 1-7, including financial payments Case Study: World Wildlife Conservation Grants
    Mechanism two: The ICANN team manages stages 1-4 of the grant cycle, the DAF would manage stage 5, the financial compliance (eligibility review of the grantee organization, financial payment.) Stage 6-7 are still managed by ICANN team. Case Study: OpenPhilanthropy.org
    Mechanism three: The ICANN Foundation team manages all components of the cycle, stages 1-7, including financial payments. Case Study: Ford Foundation
    Mechanism four: To be determined
    (Question 2)

Start Up Costs and Timelines:
Mechanisms 1 and 2 do not need outside council (legal or financial engagement) to establish a department. Although internal ICANN resources are necessary, cost to set up and time to create is controlled. From a professional standpoint, this takes less time and energy, but the conclusion did not assess internal procedures specific to ICANN. (Question 8)

Sunsetting
The sunsetting timeline is based on ICANN's strategic goals and objectives they want to achieve for the funds. By defining "what is success," many organizations will then determine a realistic timeline. (Question 12)