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SAN JUAN – GAC Discussion: Auction Proceeds  
Tuesday, March 13, 2018 – 16:15 to 16:45 AST  
ICANN61 | San Juan, Puerto Rico

CHAIR ISMAIL:                    Maybe as we wait for Olga to come back, maybe we can have her slides on the screen for the sake of time. And we can also say hi to Thomas -- and thank you for attending the GAC meeting. Thomas Schneider, we're thanking you for attending the GAC meetings and welcoming you.

So now we miss the audience, but anyway. Welcome, everyone. This is GAC session 27 on auction proceeds scheduled at 16:15 for 30 minutes on Tuesday, March 13th.

So this is an update from the cross community Working Group on auction proceeds. We have already Olga participating and maybe also Kavouss and other members and Erica, co-chair of the cross community group on auction proceeds with us, and without any further delays, Olga, please.

OLGA CAVALLI:                    Thank you, Manal. I think almost everyone left but me. Welcome the co-chair of the cross community Working Group on auction proceeds, Miss Erica, she has been a member of the

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board of ICANN and presently a member of the GNSO and a good friend, we speak in German sometimes.

So the idea is I will present you the update about the work of the cross community Working Group where the GAC is a chartering organization, been participating with other colleagues. What I did is I have used the fantastic PowerPoint been done by the -- of the cross community working group and added additional information given by members of the board that interacted with us on a session on Monday -- Sunday? Sunday, so that's the idea.

So for those of you that are not so familiar with this group or new to the GAC, the auction are a mechanism still in place to resolve strings contention. So this is some money involved that goes to a fund. So significant funding has been gathered together as a result of several auction, which is quite an amount, \$233 million United States dollars. So this money has been gathered there and the community started discussing how to deal with these funds. They started to talk about this in ICANN 52, there was a charter for the first community Working Group, submitted to all the SO and AC's and then there was this cross community Working Group that commenced deliberations early last year in January of 2017. I personally participated in the early stages and then asked the GAC if I could be a member of the cross community working group representing GAC.

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If you have any questions, please raise your hand and I will be happy to answer. Can we go to the next one, please. Thank you. So what is the objective of the cross community working group, what are the goals? 26 members and 45 participants and 36 observers and there was a charter established and had designed by the group, and the objective is develop proposal on the mechanism, it's to allocate the new gTLD auction proceeds, to allocate these finds. Part of the proposal is expected to review the scope of the fund allocation, due diligence requirements, to uphold accountability and proper use of the funds, how to deal with directly related matters such as potential or actual conflict of interest.

Important to say that the group is not saying who will get money and which kind of projects will be funded. The group is working on funding a scope, final location and the mechanism. So the group will not be making determination on particular uses of the proceeds, which projects, which organization will get the funds. That will be part of another stage of work that will be which structure will be established. Questions? Thoughts? Our famous chair is here. Hello Thomas. Next one? Can we move to the next slide. Julia, can we move to the next slide? Thank you so much.

So there are constraints to have in mind about what these funds should be used or mechanism should have in mind. Any activity

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or use related with them should be consistent with ICANN mission and what is set in the bylaws. Of course privacy benefit concern as 501c3 organization, ICANN cannot provide its funds towards the private benefit of individuals. I imagine this is related with how the organization is constituted. Must not be used for political activity. Shouldn't be used for lobbying activities. Can we move to the next one.

Conflict of interest, making decisions without conflict of interest is paramount. Prohibited from benefitting insiders to ICANN. Procedural concern[reading] [refer to slide]

Financial and fiduciary concerns: [reading] [refer to slide]

Just read it as it is, I would not be able to know all this language by heart. I remember that my dear friend translators told me I am speaking very fast. Thank you for telling me that. So these are the legal and fiscal constraints that the mechanism should have in mind. Quite formal some of them. Let's go to the next one please, which I think is the next important for the moment. Different stages of the work of this cross community working group. I won't go into much detail. Now the working group is in stage 4, working on determining the mechanism most potential to meet the cross community working group expectation as well as conform with legal and fiduciary constraints as mentioned in the previous slide.

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The next stage is answering some questions about the mechanism that has the most potential and then consensus on this mechanism. You have in the PowerPoint I shared with you previously, I think it was yesterday night, you have the link to the charter and the link to the cross community work space where you have all the information and background about this working group.

So about the mechanism, which I think is perhaps of more interest on this background I gave you. The CCWG identified a number of external experts to help inform its consideration of the 4 possible models that have been identified to date.

A new ICANN Proceeds Allocation Department created as part of ICANN organization. This is one possible mechanism. Another one, new ICANN Proceeds Allocation Department created as part of an ICANN organization which would work in collaboration with an existing charitable organization. So a department within ICANN that could work with an existing charitable organization. This is the second option. The third option, a new structure, totally new structure created, for example, ICANN foundation, and the fourth options established entity or entities foundation or fund used ICANN could organize the oversight of process to ensure mission and fiduciary duties. So a different established entity outside ICANN.

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So these four options are the different possible mechanisms that could be used for allocating the funds. And 24 external experts knowledgeable about these issues have been requested to respond to a questionnaire. And there are some answers received so far, and you can review five of them in that link and as new answers are arriving, they will be posted in that wiki.

And the cross community is analyzing how to review all that information now, and I think there's a call for volunteers, right? So I will go to the next one, which I think there has been an exchange about this issue and these ideas with the ICANN board. Can we go to the next one, please.

Thank you. And this is a summary of what was discussed and the exchange of information with some members of the board present in the meeting on Sunday. It was Martin [indiscernible] Becky [indiscernible] the board shouldn't be prescriptive or taking over the mechanism or telling what to do to the cross community working group and about the mechanism. They expressed whatever the amount should be. They were of the idea that it should be assigned in [indiscernible] not all at once. Perhaps in a period of two or three years' time, that the process and the mechanism should be efficient and effective, that expertise and skill to minimize the overhead. So it goes not that it goes mainly to the community. [reading] [refer to slide] disbursements should be done with clear milestones, have

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procedures in place to quantify the impact of the award. Understand how the auction proceeds make the world a better place and ICANN must be process to monitor this funding mechanism towards transparency. I think I tried to summarize what was discussed in the meeting on Sunday, so this is the work so far of the cross community Working Group. We expect to receive more answers from experts. They will be analyzed, and the idea would be to decide which of the four mechanism that I just showed to you could be used to allocate the funds. This is more or less where we are now. Maybe, Erica wants to add something about my comments.

ERICA:

Thank you, Olga, I think you covered it well, for your GAC colleagues, we had a long discussion because the [indiscernible] will be to support auction proceeds will have to support ICANN's mission so we had a long exchange. This is what you referred to when the board finally came back to us. So the dispute, should it be only what falls within ICANN mission? Can only these kinds of projects be supported in the future or could there be a little broader understanding the projects which are supporting the mission, can we least evaluate it as well and then maybe finance in the future. And the board came up with the recommendation to use a definition in service of ICANN's mission, which is similar to supporting ICANN's mission, which is a bit broader

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understanding than only saying only what falls within -- a small margin, but I think it's an important margin.

OLGA CAVALLI: Questions, comments, doubts? Yes, you have the slides and there is a reference to the wiki and to the charter of the cross community Working Group, and there is much more detailed information.

CHAIR ISMAIL: Yes, thank you very much, Olga, and thank you, Erica. The point you made is very important and actually has answered the question I had before even asking it. Because I used to participate to the Working Group but not anymore unfortunately, and at the time I was participating we were discussing the funds shouldn't go to day-to-day operation of ICANN, but at the same time it has to be within ICANN's mission. So it was really a very narrow range here that could benefit from the auction allocation. So in service, those key words are very critical, and they have their meaning, so thank you.

ERICA: One more addition which might be interesting to you all, and this is that we are very hopeful we can finalize the working, what Olga just showed you, the various stage hopefully until Panama,



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and then our idea is hopefully, very careful here, but we are hopeful that we can together then draft a recommendation which would go out for public comments afterwards. So that's our goal.

CHAIR ISMAIL:

Perfect. So any comments or remarks from GAC colleagues? Okay. Then the slides were crystal clear. Thank you for the presentation, and thank you for the update, and thanks to GAC colleague. So this conclude the GAC section on auction proceeds. We will have a 15 minute break, which may be slightly more now. But we will reconvene at the hour, and please be on time. We will be meeting the Board in the following session. Thank you.

[BREAK]