

Staff Report of Public Comment Proceeding

Proposed Final Report of the New gTLD Auction Proceeds Cross Community Working Group

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Public Comment Proceeding

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Staff Report
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Section I: General Overview and Next Steps

This Public Comment proceeding sought to obtain input on the proposed Final Report of the new gTLD Auction Proceeds Cross Community Working Group (CCWG). The CCWG is tasked with providing guidance on a framework to disburse the funds generated from auctions of last resort in the 2012 application round of the new gTLD Program.

Following review of Public Comments submitted, the CCWG will finalize its report for submission to its Chartering Organizations.

Section II: Contributors

At the time this report was prepared, a total of twelve (12) community submissions had been posted to the forum. The contributors, both individuals and organizations/groups, are listed below in chronological order by posting date with initials noted. To the extent that quotations are used in the foregoing narrative (Section III), such citations will reference the contributor's initials.

Organizations and Groups:

Name	Submitted by	Initials
APNIC Foundation	Sylvia Cadena	APNIC
Centrabit doo and Centrabit AG	Carl Lundström	CD & CAG
Registries Stakeholder Group	Sam Demetriou	RySG
Business Constituency	Steve DelBianco	BC
Registrar Stakeholder Group	Zoe Bonython	RrSG
Intellectual Property Constituency	Anne Aikman-Scalese	IPC
Non-Commercial Stakeholder Group	Rafik Dammak	NCSG
At-Large Advisory Committee	ALAC Support Staff	ALAC
ICANN Board	ICANN Board Support Staff	Board
Security and Stability Advisory Committee	SSAC Support Staff	SSAC

Individuals:

Name	Affiliation (if provided)	Initials
Judith Hellerstein	At-Large	JH
Jimmy		J

Section III: Summary of Comments

General Disclaimer: This section intends to summarize broadly and comprehensively the comments submitted to this public comment proceeding but does not address every specific position stated by each contributor. The preparer recommends that readers interested in specific aspects of any of the summarized comments, or the full context of others, refer directly to the specific contributions at the link referenced above ([View Comments Submitted](#)).

The new gTLD Auction Proceeds CCWG sought input on its Proposed Final Report which included a series of revisions included since the Initial Report was published for public comment:

- Section 4.1: The descriptions of the mechanisms have been updated to focus on the elements that matter most to the CCWG's decision-making and to reflect additional input received from the ICANN Board and ICANN org. The proposed Final Report also reflects the CCWG's expected recommendation in relation to the mechanism, based on an indicative poll conducted amongst the CCWG members and participants.
- Section 5.1: Response to charter question 1 and corresponding recommendations regarding selection of the mechanism(s) have been updated to reflect further deliberations in the CCWG since publication of the Initial Report.
- Section 5.1: Response to charter question 7 and corresponding recommendations and guidance for the implementation phase have been added regarding the establishment of an Independent Project Applications Evaluation Panel, regardless of the mechanism implemented.
- Section 5.2: Responses to charter questions 3, 5, and 10 now include discussion of considerations specific to mechanism C, in addition to mechanisms A and B. In the Initial Report, only considerations related to mechanisms A and B were provided in these responses, as these were the two most favored mechanisms at the time that the Initial Report was published.
- Section 5.2: Response to charter question 9 and corresponding recommendations have been updated to state that applicants and other parties should not have access to ICANN accountability mechanisms to challenge a decision from the Independent Project Applications Evaluation Panel to not approve an application.
- Section 5.3: Response to charter question 6 and corresponding guidance for the implementation phase has been updated to reflect that the CCWG discussed the possibility of using a "basket" approach to distributing funds and recommended further consideration of this approach during the implementation phase following input from the Board.
- Section 5.4: Response to charter question 11 and corresponding guidance for the implementation phase has been updated to reflect that the CCWG considered recommending the creation of two panels for the purposes of conducting reviews of the mechanism, but based on Board feedback, decided that the details about the review panel(s) should be established in the implementation phase.
- Annex C: Guideline #5 in Annex C has been updated to include input from the Board that auction proceeds should not be used to fund and supplement ICANN's operations, including existing or terminated programs, and should not be used for any applicant's ordinary operations.

- Annex D: Clarification has been provided that inclusion in this list not a guarantee of funding for projects that are designed to be identical or similar to examples included in Annex D.
- Annex E: New Annex: Glossary added.

Input provided through the public comment period focused on three questions posed by the CCWG for community input:

- Do you support the CCWG's recommendation in relation to the preferred mechanism(s)? If no, please provide your rationale for why not.
- Do you have any concerns about the updates the CCWG has made, as listed above, in response to the Public Comment forum? If yes, please specify what changes concern you and why?
- Is there any further information you think the CCWG should consider, that it hasn't considered previously, in order to finalize its report for submission to the Chartering Organizations?

Please see the "Section Summary" text at the top of each of the tables on the following pages for additional summary of the comments by topic.

Section IV: Analysis of Comments

General Disclaimer: This section intends to provide an analysis and evaluation of the comments submitted along with explanations regarding the basis for any recommendations provided within the analysis.

It is the role and responsibility of the CCWG to analyze and evaluate the input received and determine what changes, if any, are to be made to the report and proposed recommendations. In order to follow that analysis and evaluation, please see the CCWG's workspace:

<https://community.icann.org/x/iBmJBw>

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Question #1 for Public Comment

#	Comment	Contributor
Section Summary:		
<p><u>Question #1 for Public Comment:</u> Do you support the CCWG's recommendation in relation to the preferred mechanism(s)? If no, please provide your rationale for why not.</p> <p><u>Overview of Comments:</u> Responses provided different perspectives on the CCWG's recommendation in relation to the preferred mechanism(s). Some responses stated that they support the CCWG's approach of recommending two possible mechanisms to the ICANN Board. Some comments stated that mechanism A was their preferred mechanism. Other comments expressed that mechanism B was preferred. One comment expressed that mechanism C was preferred. Some comments offered additional considerations to take into account as a final decision is made on the mechanisms.</p>		
1.	Although I support the plan to recommend to the Board the first 2 ranked mechanisms, for the Board to decide, however I think the report should disclose how much support each of the two most supported mechanisms received so it is clear which one received more support. It is also critically important is that the Board respects/follows the 3 objectives defined by the CCWG for the use of funds without deviation or modification as listed in section 4.4 and the clarifications provided to the last objective; the criteria listed for selection as described in section 4.5 and the recommendations were consensus was reached as well as the guidelines for implementation described in the report. A clear directive from the Board about adhering to the guidelines and criteria will be paramount for a smooth implementation process.	Sylvia Cadena, APNIC Foundation
2.	I appreciate the opportunity to comment on the second report on the gTLD Auction Proceeds. I have been following this issue closely. While I think that Mechanism C, a separate Foundation is the best one, I can understand that it brings extra costs and many of the same advantages are available with Mechanism B. I strongly believe that having an external department working with an internal department within ICANN is the best choice. Selecting an external organization that has been working in the field of grant disbursal is the best option as this group will have much experience in selecting select projects, disbursement of funds, control of the progress of each project and could hit the ground running while an internal department will take time to get set up and go ahead at running speed. In Mechanism B clearly defined roles and responsibilities will be negotiated between ICANN org and the chosen non-profit to ensure how these roles are carried out operationally. These roles and responsibilities will be contractually based and binding. Additionally, once the money has been spent, then the contract with the external group can be terminated.	Judith Hellerstein, submitted in her individual capacity

	<p>The ICANN staff assigned to this assignment are fewer and are likely to have additional responsibilities already in ICANN so can go back to doing just those responsibilities.</p> <p>Mechanism B is the most cost-effective solution and leaves to ICANN the responsibilities of supervising financial control and administrative processes. Additionally, once the money has been spent, then the contract with the external group can be terminated. The ICANN staff assigned to this assignment are fewer and are likely to have additional responsibilities already in ICANN so can go back to doing just those responsibilities. If at any time, ICANN is unhappy with the evaluations of this external group, another group could be selected to take over this role.</p> <p>In Mechanism B, a suitable existing non-profit organization would already have applicable safeguards in place. A legally binding contract with a non-profit will ensure that the independence of the selection and allocation of resources for identified projects is maintained. Furthermore, once the money has been spent, the contract with the external group can be terminated. The process of terminating hired staff is an expensive and time-consuming prospect</p> <p>Mechanism A would require an internal (not small) organization to disbursement of funds and the possibility of a conflict of interest is very high. It will also come at a cost, which I feel is much higher in the long run than hiring an external organization as envisioned in Mechanism B. In Mechanism A, ICANN Org could use the Auction funds to run their department according to what they determined was the level of expenditure required with no external oversight. While in Mechanism B, there is external oversight.</p> <p>I think independence from ICANN Org needs to be our primary concern. I feel that under Mechanism A, there are issues of transparency, trust, accountability, and assurance that funds will not be used for purposes other than the chosen projects and any minimal administrative costs the administration of these funds. Mechanism A also could also create a conflict of interest when funds that are earmarked for philanthropic purposes could possibly be used to support ICANN activities, where budgets exceed their original expectations.</p> <p>I also support the creation of a standing committee -renewable at each round of projects and that projects should not be able to request more than 10-20 % of the available funds in each tranche. This will increase the diversity of the projects that are selected. We feel that this approach will allow for increased transparency and accountability.</p>	
3.	<p>Discussion</p> <p>During much of the CCWG Auction Proceeds duration, the ALAC Members and Participants have taken widely disparate positions on which mechanism to select, with support for Mechanisms A, B and C. Ultimately, those in favor of Mechanism C shifted to Mechanism B. There was significant debate on which to finally select. Among the issues noted were:</p>	ALAC

	<ul style="list-style-type: none"> • Mechanism B required outsourcing but did not specify exactly what functions would be outsourced (over and above the requirement for all Mechanisms to utilize an independent Evaluation Panel). Moreover over the course of the CCWG discussions, different Members had expressed varying beliefs as to what functions would be outsourced. • Mechanism A allows outsourcing if viewed as advantageous, and in fact ICANN often outsources parts of its responsibilities which are not core to overseeing its Bylaw-mandated responsibilities. Thus Mechanism A could end up being comparable to Mechanism B, but provided more management flexibility in deciding how the varying aspects of the project would be carried out. <p>ALAC Decision</p> <p>While several Members of the ALAC Auction Proceeds team originally preferred Mechanism B where ICANN worked with a non-profit organisation already adept in the evaluation, selection and the allocation and distribution of grant funds, CONSENSUS WAS ARRIVED AT FOR Mechanism A. The ALAC notes that presumption of the independent panel, with no connection to or control by either ICANN Org or the ICANN Board (preferably contracted to a suitable non-profit or a set of experts in the field of grant selection and allocation) is a CRITICAL part of this decision and the ALAC would strongly object and withdraw support if that condition changes.</p>	
4.	<p>In our comments on the CCWG's Initial Report, the RySG did not express a preference for an individual mechanism, but rather offered some suggestions for the principles that the chosen mechanism should follow. We were encouraged to see that some of those recommendations were reflected in Recommendations #5 and #6 of the Final Report, which describe conflict of interest provisions and auditing requirements, respectively.</p> <p>At this point, the RySG still does not have a strong preference for the specific mechanism, and therefore does not oppose the CCWG's Recommendation #1.</p>	RySG
5.	<p>The BC recommends that the final report be amended to require an independent feasibility study to compare the costs of mechanisms A and B and to ensure that the empowered community retains oversight of the disbursement of the auction proceeds.</p> <p>The BC is concerned that mechanism A will result in increased costs to ICANN. This concern stems from the requirement in mechanism A that ICANN org build internal resources to choose the grant recipients, in addition to administering the grant making process. We believe that CCWG recommendation #9 supports the proposition that the solution chosen should be cost effective. The BC also notes that on page 12 of the Final Report, ICANN org has provided input that mechanism A (and C) will require increased staffing. Further, the Board's input, as set out in paragraph 4.6 on page 16 of the Final Report emphasizes the need for an "efficient...mechanism" and "[p]reservation of resources, both of which support, at a minimum, the independent feasibility study proposed by the BC.</p>	BC

The BC's recommendation is based on the following financial and operational considerations in mechanism B:

- Mechanism B leverages the knowledge of experts in the grant making process, and does not require that expertise to be developed, or acquired, by ICANN org.
- Mechanism B provides ICANN with greater flexibility since it can be scaled up and scaled down quickly. This benefit is important since auction proceeds are limited. Because of this, there will not be a continuing need to have internal staff dedicated to the administration of the disbursal of auction proceeds. Current ICANN staff have the expertise to administer the organizational aspects of Mechanism B.
- Mechanism B provides greater organizational distance between ICANN this helps mitigate risk of an arm-in-arm transaction.

The BC is also **concerned that the final recommendation does not contain sufficient detail to ensure that the empowered community retains the ability to oversee ICANN's proposed budget and the disbursement of the auction proceeds.** In particular, the Empowered Community should retain its ability to enforce accountability mechanisms related to items in the ICANN budget that are proposed to be allocated to grant making activity. The Final Report should also clarify that any changes to the bylaws needed to implement the report are not intended to strip the Empowered Community of its budgetary authority. . .

. . . We believe sending the grant money to a third party professional grant-making organization reflects a much better arm's length practice in terms of risk management. We also note that ICANN has made it clear that
(a) it does not abrogate oversight responsibility within its limited mission and
(b) it will only be releasing portions of the Auction Proceeds in "tranches" over time.

6. **The RrSG prefers mechanism A** as set forth in Recommendation #1 and offers specific comments regarding the following proposed mechanisms and other CCWG Recommendations.

Proposed Mechanisms A-C

1. Mechanism A (Internal ICANN Department) and Mechanism B (ICANN + External Organization)

RrSG

	<p>Both Mechanisms A and B would require the creation of a new department within ICANN Org to perform work that is clearly outside the scope of ICANN Org's mission. ICANN's mission is clear: "to ensure the stable and secure operation of the Internet's unique identifier systems." The RrSG fails to see how grant management falls within that mission.</p> <p>Further, ICANN Org's expertise does not lend itself to grant management. While the CCWG points to ICANN Staff's ability to support public relations, external content, audit, legal, and investment activities, the RrSG suggests that this may be a significant assumption in at least some areas, as the (for example) legal and investment issues ICANN Org must address today are substantially different from that of a grant funding organization. The synergies that could be created by using Mechanism A or B in no way override the fact that these activities are not within ICANN Org's mission.</p> <p>The RrSG would also like to point out that ICANN Org's current mission requires significant work effort from the ICANN Board, ICANN Org, and the entire ICANN community - a work effort that is already strained to maximum capacity and requires continued focus.</p> <p>Although the RrSG has some reservations about creating another department within ICANN org (and the resulting concerns over inefficiencies or mission creep), if it is done so in a planned and time-limited manner with direct community oversight, Mechanism A is the preferred option of the RrSG. For the reasons detailed below for Mechanism C, the RrSG does not support Mechanism B.</p> <p>2. Mechanism C (ICANN Foundation)</p> <p>While Mechanism C would involve creation of a new charitable structure separate from ICANN and additional upfront costs, this option, above all others, most lends itself to protections against self-dealing and will ensure measures are taken to avoid conflict of interest. The very separate mission of this grant management work requires separate governance. Additionally, given the temporary nature of the auction proceeds, having a separate structure will make closing down the structure a more simple process. For example, part of the structure of this separate entity could be that employees are contracted for X period of time and must have expertise in Y. Employees of the new structure should not be current or prior ICANN employees.</p> <p>The RrSG, however, has concerns that Mechanism C could become a permanent institution, running the risk that it could be subject to capture, bloat, and waste. It should not be a permanent institution, and any recommendation for this should ensure proper safeguards to avoid these undesirable outcomes.</p>	
7.	<p>The Proposed Final Report Recommendation #1 states that the CCWG is expected to recommend that the Board select a mechanism from the two "ultimately" top ranked mechanisms determined by the CCWG. An informal poll of the CCWG resulted in the two mechanisms being Mechanism A (An internal department within ICANN that disburses funds in accordance with the CCWG recommendations regarding an Independent Evaluation</p>	IPC

	<p>Panel) and Mechanism B (An internal department within ICANN contracting with an existing non-profit organization administering the grant-making as determined by the recommended Independent Evaluation Panel.) As between these two mechanisms, the IPC favors Mechanism B in that this structure will provide easier start-up costs, more expertise in grant-making (expert non-profit organization), ease of “sunsetting” the grant-making process when the capital in the Auction Proceeds Fund is depleted, and far less need to hire additional staff for grant-making purposes, which is likely the single largest expense associated with this effort. Mechanism B provides the opportunity for competitive bidding to supply the grant-making administration services and does not require ICANN to develop this expertise in-house.</p>	
8.	<p>CCWG-AP MECHANISM RECOMMENDATIONS</p> <p>The ICANN Board will not be indicating a mechanism preference at this stage; however, it welcomes the CCWG-AP's approach to provide the Board with two mechanism recommendations for consideration. Upon receipt, the Board will review the recommendations in line with the Board Principles and will rely upon ICANN Org in appropriate collaboration with the implementation shepherds from the CCWG-AP on the details needed to work to provide feasibility information and other implications for both mechanisms. This will be provided to the ICANN Board so that it can carefully consider and make an informed decision upon the eventual mechanism.</p>	ICANN Board
9.	<p>NCSG comments on the initial report, indicated that mechanism C - A new charitable structure, ICANN Foundation be created which is functionally separate from ICANN org for autonomy purposes, which would be responsible for the allocation of auction proceeds, was a more preferable but for purposes of respecting the consultative processes that led to the final report, NCSG now supports Mechanism B - An internal department dedicated to the allocation of auction proceeds is created within the ICANN organization which collaborates with an existing non-profit. We would further recommend that the selected organisation must be as neutral as possible with experience working with global projects and diverse communities.</p>	NCSG
10.	<p>a) The interests of the internet users are not met by ICANN exaggerated taxing of users. Positivt technical development will occur with or without 20 MUSD in to your organization.</p> <p>b) The fact that the proposition does not even primarily serve ICANN but the monetary interests of a few monopolist corporations imply corruption. It should be your first priority to avoid behaviour that implies corruption.</p>	Carl Lundström, Centrabit doo and Centrabit AG
11.	No, I believe that there's no cause to raise prices, and it will only serve to hurt everyday people.	Jimmy

Question #2 for Public Comment

#	Comment	Contributor
Section Summary:		
<p><u>Question #2 for Public Comment:</u> Do you have any concerns about the updates the CCWG has made, as listed in Section 1 above, in response to the public comment forum? If yes, please specify what changes concern you and why?</p>		
<p><u>Overview of Comments:</u> A number of comments expressed support for the revisions provided. Comments offered additional considerations regarding:</p> <ul style="list-style-type: none">• Target level of overhead associated with the selected mechanism• Whether ICANN org or its constituent parts could be a beneficiary of auction proceeds• Language in recommendation #7 regarding access to Accountability Mechanisms• Additional consultation with the community at ICANN67		
1.	<p>I support the modifications proposed, in particular the establishment of an Independent Project Applications Evaluation Panel. I also would like to emphasize that although the CCWG didn't reach consensus about the maximum overhead to use for the administration / management of the program it self, as the CCWG didn't have realistic cost estimations, it is crucial that the management of the grants -independent of the mechanism- is conducted efficiently on a maximum of 10 to 15% of the auction proceeds pool, so that at least 85% of the funds in the auction proceeds pool directly benefit the community projects selected. That is really key to make sure no matter what the mechanism selected is, the community benefit remains the most important aspect of funds allocation. That should include staff, operational support, platforms and processes for decision making.</p>	Sylvia Cadena, APNIC Foundation
2.	<p>I agree with the CCWG-Auction Proceeds decision on Recommendation #2. I strongly believe that there needs to be an Independent Project Applications Evaluation Panel to review and evaluate all proposals. The Panel's responsibility will be to evaluate and select project applications. I am also in strong agreement that neither the Board nor Staff will be making decisions on individual applications. Members of the Independent Project Applications Evaluation Panel should not be selected based on their affiliation or representation but instead selected based on their grant-making expertise, ability to demonstrate independence over time, and relevant knowledge. I also strongly support of Recommendation #3 and agree with how the CCWG-Auction Proceeds has defined the objectives of new gTLD Auction Proceeds fund allocation</p> <ul style="list-style-type: none">• Benefit the development, distribution, evolution and structures/projects that support the Internet's unique identifier systems;	Judith Hellerstein, submitted in her individual capacity

	<ul style="list-style-type: none"> • Benefit capacity building and underserved populations, or; • Benefit the open and interoperable Internet (see Annex C of the report for the complete definition of this statement) <p>I also support recommendations 4 through 6 and recommendations 9-12.</p> <p>On Recommendation 8, I do not believe that ICANN ORG should be able to participate in Auction Proceeds but I am not as clear on whether one of the representative bodies within one of the ICANN Constituencies, if they are legal entities in their own right, or whether an ALS which exists in its own right as a legal entity can submit a request provided that all applications meet the stipulated conditions and requirements, including legal and fiduciary requirements.</p>	
3.	<p>At Large agrees with the CCWG-Auction Proceeds decision on Recommendation #2. As we strongly believe that there needs to be an Independent Project Applications Evaluation Panel to review and evaluate all proposals. The Panel's responsibility will be to evaluate and select project applications. We are in strong agreement that neither the Board nor Staff will be making decisions on individual applications. Members of the Independent Project Applications Evaluation Panel will not be selected based on their affiliation or representation but will be selected based on their grant-making expertise, ability to demonstrate independence over time, and relevant knowledge.</p> <p>We are also in support of Recommendation #3 and agree with how the CCWG-Auction Proceeds has defined the objectives of new gTLD Auction Proceeds fund allocation.</p> <ul style="list-style-type: none"> • Benefit the development, distribution, evolution and structures/projects that support the Internet's unique identifier systems; • Benefit capacity building and underserved populations, or; • Benefit the open and interoperable Internet (see Annex C of the report for the complete definition of this statement) <p>At Large also supports recommendations 4 through 6 and recommendations 9-12.</p>	ALAC

	<p>On recommendation 7, we believe it should read “Must not have access” instead of “should not have access” we are requesting this change because, in practice, ICANN ORG generally adheres to IETF RFC 2119 which states that the word “Must” or the terms “Required” or “Shall”, mean that the definition is an absolute requirement of the specification. However, “Should” or the adjective “Recommended”, mean that there may exist valid reasons to ignore a particular item, but the full implications must be understood and carefully weighed before choosing a different course.</p> <p>On Recommendation 8, we do not believe that ICANN ORG should be able to participate in Auction Proceeds but we are not as clear on whether one of the representative bodies within one of the ICANN Constituencies, if they are legal entities in their own right, or whether an ALS which exists in its own right as a legal entity can submit a request provided that all applications meet the stipulated conditions and requirements, including legal and fiduciary requirements.</p>	
4.	<p>The RySG does not have concerns about the updates the CCWG has made. We appreciate the additional detail and information around each of the mechanisms in sections 4 and 5, and support the inclusion of the recommendation around establishing an Independent Project Applications Evaluation Panel. The latter accords with our earlier comments on the CCWG’s Initial Reports.</p>	RySG
5.	<p>The BC is pleased to comment on the Proposed Final Report of the new gTLD Auction Proceeds CCWG and hereby commend the Working Group for the dedication put into the work leading to the production of the proposed Final Report. The BC notes that the CCWG has already recognized that Bylaws must be amended to eliminate Request for Reconsideration and Independent Review Panel from the available remedies to challenge grants. These are amendments to Fundamental By-Laws and which should require Empowered Community approval. . . With respect to risk management, we note in the report as recommended that the funds, which are to be dispersed using an Independent Expert Panel as evaluators, may not be used for matters currently covered in the ICANN budget.</p> <p>[Staff note: text contained between the ellipses above addresses the mechanisms under consideration and is therefore included with the BC’s comments in response to question #1]</p>	BC
6.	<p>The IPC notes that the community has been extremely busy with other matters during the period between the last public comment on the CCWG Auction Proceeds work and this proposed Final Report. The IPC would encourage the CCWG to review the Proposed Final Report with the public at ICANN67 in Cancun in order to obtain further public input from members of the community and the public generally before finalizing the Report.</p>	IPC

7.	NCSG has no other concerns regarding the updates made by the CCWG.	NCSG
8.	Yes, they do not rectify the above-mentioned two problems.	Carl Lundström, Centrabit doo and Centrabit AG
9.	I believe that raising the price of .com domain registration will adversely affect people like me who want to own their own place on the internet, but can't afford exorbitant fees.	Jimmy

Question #3 for Public Comment

#	Comment	Contributor
Section Summary:		
<p><u>Question #3 for Public Comment:</u> Is there any further information you think the CCWG should consider, that it hasn't considered previously, in order to finalize its report for submission to the Chartering Organizations?</p>		
<p><u>Overview of Comments:</u> Comments provided additional suggestions regarding:</p> <ul style="list-style-type: none">• Disbursement of auction proceeds to ICANN Org or its constituent parts• Future “re-activation” of the mechanism if and when additional proceeds need to be allocated• Potential feasibility study for the different mechanisms• Clarification of text regarding review of the mechanism• Considerations for choosing a partner organization, if the selected mechanism foresees selecting such a partner organization		
1.	I believe the discussions from the CCWG were comprehensive and provided clear guidance for the implementation of the selected mechanism. It is really important that during the implementation, this report, the deliberations of the CCWG and its recommendations are followed and the implementation team/process does not modify the objectives and follows all guidelines and recommendations.	Sylvia Cadena, APNIC Foundation
2.	Regarding Recommendation #8, the RySG believes that the disbursement of auction proceeds should not exclude ICANN Org or its constituent parts as a potential beneficiary. There are a number of initiatives that ICANN Org or its constituent groups may wish to pursue that meet all of the stated criteria, and therefore should not be barred wholesale from submitting proposals.	RySG
3.	Whichever mechanism is chosen, ICANN Org should ensure that the mechanism is maintained so it can be re-activated if and when additional proceeds need to be allocated.	BC
4.	The Registrar Stakeholder Group (RrSG) is pleased to comment on the Proposed Final Report of the new gTLD Auction Proceeds Cross Community Working Group. However, the RrSG notes that the changes between the initial report and the proposed final report do not incorporate the feedback the RrSG provided in December 2018. The comments from the RrSG provided at that time still apply. The RrSG would like to reiterate its remarks from its previous comment: The RrSG generally supports CCWG Recommendation #2, but with the qualifiers addressed below regarding CCWG Recommendation #8. The RrSG	RrSG

supports CCWG Recommendations # 3, 4, 6, 9, and 10.

Community Involvement

The role of the community in the disposition of new gTLD proceeds is only implied in this document and is a significant missing element. We strongly believe that a representative group from the ICANN community should be the group responsible for reviewing and approving grants under this program and should also play a significant role in the follow-up review of the program.

Further, the role of ICANN Org in any of the approaches should be limited to oversight of the grant-making process in order to ensure compliance with laws and with ICANN's mission.

Our view on which of mechanisms A-C should be employed is fully informed by the above belief and our comments below, preferring mechanism AC should be read in that light.

Mechanism A could be structured to accommodate the appropriate role of the community, but it would create more risk of ICANN Org controlling, rather than overseeing, the process.

CCWG Recommendation #5

While the CCWG has not yet come to agreement on whether ICANN Org or a constituent part thereof should be a beneficiary of some of the auction proceeds, the RrSG strongly discourages the CCWG from allowing use of any auction proceeds for ICANN Org or a constituent part thereof.

CCWG Recommendation #8

While we understand and support the notion of capacity building and supporting underserved populations, we do not feel it is appropriate for ICANN Org or a constituent part to make determinations regarding which underserved populations are in need, or where they think capacity building is needed. Rather, representatives of underserved populations should approach the ICANN Foundation regarding a request for funds and/or the need for capacity building.

Need for the CCWG to ensure the role of the community

	<p>We view the CCWG charter as necessarily dealing with who should be reviewing grants and who should be choosing which projects to fund. As noted above, this is implied, but not express, in the initial report.</p> <p>We feel strongly that this should be the ICANN community.</p> <p>This is a significant omission in the initial report. We believe this should either be made clear in a subsequent draft or, if there is not clarity on this point, then the existing CCWG should reconstitute for a brief period, we suggest no less than three and no more than six months, to settle this matter. It is the most important element of the whole project in our view.</p>	
5.	<p>The IPC notes that on page 12 of the Proposed Final Report, the CCWG has referred to an expectation that the ICANN Board may conduct a feasibility study which will provide further detail comparing the Mechanisms. In this regard, the IPC believes that the CCWG Auction Proceeds should either (a) obtain authorization to conduct the feasibility study itself with active participation from CCWG members or (b) elevate this idea to the level of Implementation Guidance since the feasibility study would provide cost information regarding each of the Mechanisms, and especially the projected cost and availability of administrative services from Mechanism B expert non-profit organizations. The IPC understands that this information was not developed by the CCWG during its deliberations. The IPC also notes from page 17 of the report, third paragraph of Section 4.7, that only 14 of the 23 members appointed by the Chartering Organizations participated in the poll designed to express a preference for one of the Mechanisms. If more cost and feasibility information were available, voting members would be in a better position to indicate a preference before the Report is finalized. In this regard, the IPC recommends that the feasibility study be conducted with deliverables that take specific note of industry best practices in grant-making. This general principle is contemplated by the "Guidance for the Implementation Phase" on page 7 of the Proposed Final Report and should be a specific deliverable in connection with the recommended feasibility study.</p>	IPC
6.	<p>BOARD PRINCIPLES AND CORRESPONDENCE</p> <p>The ICANN Board is appreciative of the inclusion of the Principles set out in the Board's correspondence of 30 May 2018 in the Proposed Final Report and the formal correspondence list in Section 4.6. The Board is supportive of the CCWG's direction that this input will be "provided to the implementation team to ensure they are familiar with this input and the Board's guidance on a number of aspects."</p> <p>The Board notes that this will be of particular importance for those items on which the Board provided input that the CCWG-AP decided to defer to the implementation team for consideration.</p> <p>The Board appreciates that some of these items are called out in footnotes for the implementation team, including the following pieces of Board input:</p> <p>-In relation to "Basketing of Goals" the CCWG outlined in a footnote (Page 30 & 31 of the Proposed Final Report) for the implementation team to review the following Board input:</p>	ICANN Board

"The CCWG requested the Board's input on "whether it would be beneficial to recommend that auction proceeds are divided into segments and distributed to grant recipients in a series of "baskets," each "with a different programmatic focus" and if the Board sees any risks or has suggestions related to this approach. The Board believes that the concept of "basketing" should be deferred. While "basketing" could be worthwhile as a tool to achieve specific goals and objectives that appear to be underrepresented within the program, this should be considered in a review of the program, rather than as a limiting factor upon the first launch of applications. Seeing the initial range of applications and interest that comes in without the limitations of basketing will help identify and refine communications and outreach needs for future tranches. The Board also reiterates its recommendation, contained in its submission to the Draft Report Public Comment Period, that the CCWG continue to refine the Goal and Objectives in relation to ICANN's Mission."

- In relation to Annex C Guidance for Proposal Review and Selection (Page 43 of the Proposed Final Report) the CCWG included a footnote with the following Board input. This will also need to be reviewed by the Implementation Team:

"The Board previously expressed its view that auction proceeds should not be used to fund and supplement ICANN's operations, including existing or terminated programs. Closely related, the Board feels that auction proceeds should not be used for any applicant's ordinary operations and that a project, that is within ICANN's mission, funded by auction proceeds that is intended to continue to operate into the future should be able to demonstrate that the program will be self-sustaining in the out years. So, for example, if an organization applies for funding to create a new program, the applicant should demonstrate that it will not be dependent future receipt of additional auction proceeds in order to maintain continued operations of the program."

CCWG RECOMMENDATION #13 ON REVIEWS

The ICANN Board welcomes this updated recommendation reflecting the Board's previous input provided on 29 September 2019, following requests from the CCWG-AP. The Board encourages the CCWG to further highlight the annual reviews as a lean "check-in" on the process. The Board expects the eventual processes to support all Board principles, in particular those related to "Board Due Diligence," "Preservation of Resources and Use of Existing Expertise," "Evidence-Based Processes and Procedures for Evaluation," "ICANN Monitoring and Evaluation," "Accountability," and "Transparency."

In addition, the Board notes the existing use of the term "Reviews" in ICANN nomenclature and encourages the CCWG-AP to consider alternative expressions for these processes, if possible. Alternatively, the CCWG may wish to add additional clarification that these are not part of ICANN's Organizational and Specific Reviews processes.

In this vein, it may also be useful for the CCWG-AP to consider adding guidance to the implementation team that any review processes for the Auction Proceeds work need to be cognizant of existing community deadlines, workloads, and the on-going Reviews cycles currently in process.

7.	There needs to be representation diversity in decision making involved with the appointment of an existing organisation as in Mechanism C or Mechanism	NCSG
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	B.	
8.	Without competition, there's no alternative I can turn to to register my .com domain.	Jimmy

Additional Comments

#	Comment	Contributor
Section Summary:		
<u>Responses to Question:</u> Are there any other comments or issues you would like to raise pertaining to the proposed Final Report?		
<u>Overview of Comments:</u> Additional comments provided input on:		
	<ul style="list-style-type: none">• Ensuring future availability of the mechanism• Suggested clarification of text regarding access to Accountability Mechanisms• Next steps following completion of the CCWG's work	
1.	The RySG would like to reiterate the following comment that it submitted in response to the CCWG's Initial Report: "Lastly, we think that the CCWG should be implemented in such a way that permits continued and efficient allocation of funds that become available in the future. This would support ICANN's commitment to transparency and consistency."	RySG
2.	Regarding CCWG Recommendation #7 on page 5 of the proposed Final Report, the IPC agrees that grants should be final and should not be subject to being overturned via appeals mechanisms. Understanding that this will require a change to ICANN's Fundamental ByLaws, the IPC recommends that the language of Recommendation 7 be revised to clarify that the appeal mechanisms should not apply to applications for grants which are "approved" in addition to stating that they will not apply to a grant application that is "not approved". The concern is that persons other than grant applicants may have standing to object to making a particular grant, e.g. on Human Rights or other grounds contained in ICANN's ByLaws or Core Values. This risk may be higher where grant-making administration is maintained inside the ICANN organization as contemplated by Mechanism A. Finally, the IPC believes this Recommendation should be express in stating that nothing in the Recommendation is intended to modify the rights of the Empowered Community in relation to the overall Budget with respect to the proposed line item for Auction Proceeds grants. Separately, many thanks for all the hard work by this CCWG to date and especially to Leadership and ICANN staff.	IPC
3.	The ALAC appreciates the opportunity to comment on the second report on the gTLD Auction Proceeds. ALAC participants have been following this issue closely and have discussed these issues internally prior to the issuance of this report. We discussed each of these mechanisms among the participants and member of this working group resulting in the following positions.	ALAC

4.	<p>The ICANN Board welcomes the Proposed Final Report of the Cross-Community Working Group on the New gTLD Auction Process and congratulates and commends the members and participants in this group, alongside the Co-Chairs Erika Mann and Ching Chiao, on their efforts to reach these final stages of its work.</p> <p>The Board appreciates the continued collaborative approach adopted throughout the CCWG's work. In the spirit of this collaboration, the Board welcomes the opportunity to participate again in this second round of Public Comment and offers the below input in response.</p> <p>As with the previous Public Comment submission, this review is not exhaustive, but is intended to provide some key considerations from the Board for the CCWG's review. As the Board Liaisons to the CCWG-AP, we will of course be available to expand on any of these items during upcoming CCWG-AP meetings, if considered useful by the group and its Co-Chairs.</p>	ICANN Board
5.	<p>Background</p> <p>This Public Comment provides consensus comments from the ICANN Security and Stability Advisory Committee (SSAC) on the Initial Report of the New gTLD Auction Proceeds Cross- Community Working Group (CCWG).</p> <p>Per its role, the SSAC focuses on matters relating to the security and integrity of the Internet's naming and address allocation systems. This includes operational matters (e.g., pertaining to the correct and reliable operation of the root zone publication system), administrative matters (e.g., pertaining to address allocation and Internet number assignment), and registration matters (e.g., pertaining to registry and registrar services). The SSAC engages in threat assessment and risk analysis of the Internet naming and address allocation services to assess where the principal threats to stability and security lie and advises the ICANN community accordingly. The SSAC has no authority to regulate, enforce, or adjudicate.</p> <p>Context</p> <p>SSAC has a dual role in making these comments as both an Advisory Committee (AC) that has actively participated in the New gTLD Auction Proceeds CCWG and as the AC chartered to advise the ICANN Board, ICANN Organization, and ICANN Community on matters of Security and Stability. The outcome and ultimate success of the New gTLD Auction Proceeds we believe will impact the ability for the ICANN Organization to support and promote its core commitment to preserve and enhance the administration of the Internet identifiers (not just the DNS but also IP addresses) and the operational stability, reliability, security, global interoperability, resilience, and openness of the DNS in a fiscally responsible and accountable manner at a speed that is responsive to the needs of the global Internet community.</p>	SSAC

	<p>General Comments on the Report</p> <p>The SSAC recognizes the considerable efforts of the New gTLD Auction Proceeds CCWG to provide guidance for a framework to disburse the funds generated from new TLD auctions. The SSAC does not object to any of the 12 recommendation in the report but feels that it is unfortunate that they were not able to be more specific, especially in regard to the exact mechanism to be employed. Nevertheless, the SSAC supports the finalization of this report following the Public Comment period so that the work of the CCWG can be concluded.</p> <p>The SSAC has made comments in recent correspondence and consultations with the ICANN Board that have delved into process issues that have negatively impacted community-wide reviews and cross-community working groups. The SSAC notes that, based on observations of this CCWG provided periodically by the group along with inputs from our designated representatives who participated on it, the length of time taken for the CCWG to conduct its work is regrettable and many processes were not optimal and should not be repeated. This falls into the pattern of other volunteer work groups gathered from across the ICANN community that are driving issues like volunteer burn-out, ICANN Org overload, and recommendations that are not crisp and actionable. The SSAC will look to incorporate further details and examples of the issues identified in this particular CCWG in future comments on ICANN cross-community efforts of all types that are currently being discussed within the ICANN community.</p> <p>Recommendation 1: The SSAC recommends that, following the completion and submission of the CCWG's report, the next step in the process be to have an outside expert with a demonstrated track-record in designing funding programs review the report, comment on its finding and recommendations, and use it as a basis to inform the Board on the design of a grant making process for the auction proceeds that implements grant making best practices. This step should be undertaken before the Board formally considers the CCWG's Final Report as its advice would assist the Board in its consideration of the CCWG recommendations.</p> <p>The SSAC wishes to thank the New gTLD Auction Proceeds CCWG for the opportunity to comment on their report.</p>	
6.	NCGS would like to thank you for the opportunity to contribute to this discussion. We hope you will find our contributions and recommendations helpful and we are open to further discussions regarding the final report on the New gTLD Auction Proceeds CCWG final report if needed.	NCSG