| **Board Letter Main Points** | **CCWG Comments / Questions** |
| --- | --- |
| First, to confirm what I think is already well understood, the Board has chosen Asha Hemrajani and Becky Burr as the Board liaisons to the CCWG-AP.  Both are experienced, thoughtful, conscientious and committed to working constructively with the CCWG-AP.  We have set up an internal process to keep the Board informed and to channel any thoughts we have through Asha and Becky. |  |
| Second, although I think it’s been mentioned more than once already, we mention again this process presents important legal and fiduciary constraints in relation to ICANN’s 501(c)3 status and the fiduciary responsibility of the ICANN Board of Directors and Officers. It is important that all those participating in this effort are well-aware of these limitations and I encourage careful review of the [Legal and Fiduciary note](https://community.icann.org/display/CWGONGAP/Legal+and+Fiduciary+Constraints+Related+Materials) that was submitted to the Drafting Team by the ICANN legal and finance teams as well as any ongoing notes/recommendations that ICANN staff may provide to the CCWG in the course of the CCWG’s work. |  |
| Third, with respect to the cost of operation of the CCWG-AP, we emphasize the importance of the following items in supporting a successful, responsible, and productive process for all involved: |  |
| * The CCWG has to be run as a project with proper budget and schedule.  This should be based on a plan for the working group. |  |
| * The auction proceeds remain curtained off until the next phase, i.e. an approved plan for distribution of the proceeds.  The CCWG-AP is funded out of the ongoing budget. | From Sylvia**:** ICANN staff and our CCWG chairs have indicated that there is no budget associated to the CCWG activities, for meetings or external advice. However, an advisor has been hired and the 2 items above mentioned make it clear that there is in fact a budget allocation, and as such it is appropriate to have a plan. Can you please clarify what activities might be covered under this? That will help the group to come up with ideas and support the development of a working plan. Will the development of the working plan be lead by the co-chairs? Or how that plan is supposed to be organized? |
| * Once a system is set up for distribution, the cost of administering the distribution of the funds will naturally come out of the auction proceeds.  As a point of departure, the nominal goal for the overhead is no more than 5%.  However, rather than focusing on a specific figure first, the output of the CCWG-AP should include in its proposal the mechanism and/or process for: * receiving, selecting and distributing the funds; * overseeing the funded projects; * properly reporting on the expenditures and projects in order to meet the community’s requirements for transparency and accountability. | From Seun: Regarding “"As a point of departure, the nominal goal for the overhead is no more than 5%." Does that gives some direction/expectations on what the cost of administering the "AP" should try not to exceed? If yes I think it's a good one as I am a fan of judicious utilisation of the funds towards the actual projects as much as possible (or if no, I then think it will be good to have such mindset). It's something to take note as we develop the various mechanisms/processes required.  From Sylvia:Although having a low percentage for management seems like a great idea, that was in fact one of the questions tasked to the CCWG to work on. What is a reasonable overhead or administration costs percentage. As that entirely depends on what kind of mechanism is in place, and what reporting mechanisms and monitoring tools are in place, I think it is very premature to call on a specific number at this stage.  The 3 main activities listed above are clearly steering the conversation towards a grant mechanism, which might be one of many financial mechanisms that are available to make use of the funds without jeopardizing the tax exempt status. These was, once again, one of the questions for the CCWG to deliberate, based on some expert input around financial mechanisms available. For each of those, there will be different requirements and considerations so it is important not to get set on a grants for project support as the mechanism of choice, as there might be other mechanisms to explore. |
| Fourth, the CCWG-AP must cast a wide net, not limited to just the existing SO and AC structures. | From Sylvia:My understanding is that this refers to the participants and observers of the group, which are a considerable number. |
| Fifth, the focus should be on general principles and objectives. Choices of specific projects will be made in the next phase. | From Sylvia**:**  Again, the mention of projects might limit the options available. It is important for the CCWG to consider all the different options to allocate the funding, that do not necessarily imply that ICANN allocated grants to projects. |
| Sixth, to avoid conflicts of interest, there should be clear separation of those deciding general direction, those choosing specific projects and those receiving the funds. | From Daniel Dardailler: The need for separation is obvious between the granters and the grantees, but those deciding on the general directions, the strategic plan, have no reason to be excluded from either becoming experts in project proposal evaluation, or being authors of specific proposals themselves. The strategic plan in the large R&D framework programs of the EC for instance, are always done by EU experts in the field (who else can analyze the right future strategy?), in public forum, through consensus, and this doesn't prevent them from applying later on, or being an expert in specific calls to judge proposals. The rationales are that the general directions are always consensual and general enough to encompass many potential project domains, in each directions. This CWG is tasked to come up with general directions for the funding, in a way that does good for the Internet and that is more or less (TBD) aligned with the ICANN mission. Clearly, the people capable of solving this equation are already experts in ICANN and Internet goodness, or they wouldn't be here, so it's very likely that they are already doing the sort of job the auction funding will help.  And if we ask them to leave the CWG for this reason, they'll have to be replaced with folks that may have no idea of what is good for the  Internet and ICANN, since they don't practice.  Can we clarify this point?  From Mathieu Weill: I have the same question as Daniel's, regarding the sixth statement.  Does that relate to the proposed framework our group will recommend, or to the way we organize our deliberations?  From Sylvia: Absolutely. That is why the Drafting Team divided the work in 3 clear phases. One to draft the charter, one for the CCWG to seek answers to those questions and provide recommendations, and a final one for final allocation of funds. The memo raises this point, as if there was a possibility for the CCWG to make funding allocations, which we are not tasked to do. I believe this comment creates confusion among members and participants of the CCWG, which is unnecessary. |