**Questions / Approach for addressing input received on Charter Question #4 / Guidance for the Implementation Phase in relation to charter question #4**

Charter Question #4: What aspects should be considered to define a timeframe, if any, for the funds allocation mechanism to operate as well as the disbursements of funds? E.g. The timeframe for the operation of this new mechanism may provide the opportunity for long term support, or for funding to be released in tranches linked to milestone achievements, single or multiple disbursements.

OVERARCHING QUESTION:

As a result of the input provided during the public comment period, should the CCWG reconsider its recommendation that:

Preliminary CCWG Recommendation #6: The mechanism must be implemented to enable the disbursement of the funds in an effective and judicious manner without creating a perpetual mechanism (i.e. not being focused on preservation of capital).

Preliminary CCWG Recommendation #7: Funding should be allocated in tranches over period of years. Tranches may be used to fund large grants over a period of years or to support projects that could be funded in a shorter period.

If yes, why?

If no, why not?

If it is not possible to make this determination at this stage, what input, or information would be necessary to make this determination?

|  |
| --- |
| **Comment #4 (NCSG)** |
| **Suggestion from Commenter** | Rec #6: CCWG to consider potential benefit to having an organization set up in perpetuity (note that there is no disagreement with the mechanism having a sunset date). Rec #7: CCWG to consider providing greater specificity in relation to funding being provided in trances. For example, a public review should be conducted of the mechanism after each quarter of the funds have been allocated |
| **Leadership recommendation** | Check: Whether we want to foresee a provision that would allow an open-ended mechanism model to continue. We believe in principle there’s no need for this because if the situation arises in the future that the CCWG/SO/AC/ICANN ORG/Board consider that this option should be available, it’s easy to do it. Currently we have to consider that it’s in contradiction to our CCWG goals |
| **CCWG Team discussion / agreement** | CCWG is considering a one-off mechanism. If it comes up in the future, the ICANN Board / community can reconsider this decision. No change to be made to the recommendation.  |

|  |
| --- |
| **Comment #7 (Anne Aikman-Scalese)** |
| **Suggestion from Commenter** | CCWG to consider in relation to recommendation #7 that mix of such grants should be determined by a professional grant-making organization. |
| **Leadership recommendation** |  |
| **CCWG Team discussion / agreement** |  |

|  |
| --- |
| **Comment #8 (RySG)** |
| **Suggestion from Commenter** | CCWG to consider implementation that permits continued and efficient allocation of funds that become available in the future, for example by setting up an independent entity to manage these funds or transparently determining how auction proceeds would be allocated prior to the auction.  |
| **Leadership recommendation** | This idea goes against our original goal (identify a mechanism for one-off funding model). Insofar we should not extend our goal but, if supported by the CCWG AP, we can propose to re-evaluate this option after one two review cycles and after one understands better how successful the selected mechanism is. |
| **CCWG Team discussion / agreement** |  |

# Response to Charter Question #4/ Guidance for the Implementation Phase in relation to charter question #4

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **#** | **Comment** | **Contributor** | **Type of change suggested by commenter / Possible action and/or question for CCWG** | **CCWG Response / Action Taken** |
| **Section Summary:** Charter Question #4: What aspects should be considered to define a timeframe, if any, for the funds allocation mechanism to operate as well as the disbursements of funds? E.g. The timeframe for the operation of this new mechanism may provide the opportunity for long term support, or for funding to be released in tranches linked to milestone achievements, single or multiple disbursements.Preliminary CCWG Recommendation #6: The mechanism must be implemented to enable the disbursement of the funds in an effective and judicious manner without creating a perpetual mechanism (i.e. not being focused on preservation of capital). Preliminary CCWG Recommendation #7: Funding should be allocated in tranches over period of years. Tranches may be used to fund large grants over a period of years or to support projects that could be funded in a shorter period. **Overview of Comments:** Some comments express support for Recommendations #6 and #7. Other comments provide additional considerations and suggestions with respect to allocation of funds in tranches. One comment suggests a potential benefit to designing the mechanism in a way that allows the fund operate in perpetuity. |
|  | **Recommendations 6 & 7:** The ALAC is in support of Recommendations 6 & 7 and the correct mechanism and procedures for establishing the size of the tranches, and for how many years. The ALAC is in favor to allocate money according to the time of the project. If there is a collection of projects that will not take a long time to complete, they should go in one tranche while other projects that would take longer can go in a different tranche.See full comment: https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000041.html | ALAC | None (supportive of recommendation) | Support **CCWG Response:** The CCWG appreciates the input provided**Action Taken:** None for the moment[**COMPLETED / NOT COMPLETED**] – [Instruction of what was done.] |
|  | The RrSG supports Preliminary CCWG Recommendations # 3, 4, 6, 9, and 10.See full comment: https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000030.html | RrSG | None (supportive of recommendation) | Support **CCWG Response:** The CCWG appreciates the input provided**Action Taken:** None for the moment[**COMPLETED / NOT COMPLETED**] – [Instruction of what was done.] |
|  | Recommendation # 6: Agree, however, please note that Subsequent Procedures is waiting to see what is recommended and adopted by the Board in relation to Auction Proceeds since the Mechanism chosen could affect policy recommendations related to dealing with Auction Proceeds in the next and any subsequent (or continuous ongoing) rounds.See full comment: https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000035.html | Anne Aikman-Scalese | None (supportive of recommendation) | Support **CCWG Response:** The CCWG appreciates the input provided**Action Taken:** None for the moment[**COMPLETED / NOT COMPLETED**] – [Instruction of what was done.] |
|  | **Preliminary CCWG Recommendation #6** The NCSG understands the rationale behind the preservation of capital not being an aim of the mechanism. In so far as the mechanism can distribute funds responsibly and in alignment with the aforementioned objectives, there should be no effort to preserve the mechanism. In principle, we do not disagree with the mechanism having a sunset date of no more than 10 years from the date of transfer of the last tranche. However, we see there is a potential benefit to having an organization set up in perpetuity fund to advance activities in support of ICANN’s mission funded with interests or returns. **Preliminary CCWG Recommendation #7** The NCSG appreciates this creation of an oversight and accountability mechanism but feels that great specificity is needed. For example, a public review should be conducted of the mechanism after each quarter of the funds have been allocated. This would require that the mechanism remain transparent and accountable at different stages of the process, with time to be corrected. Detailed financial and budgetary reports should be submitted by the mechanism with sufficient time for community review at regular intervals. This would allow the community to advise the Board on whether or not to transfer subsequent tranches.See full comment: https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000034.html | NCSG | CCWG to consider potential benefit to having an organization set up in perpetuity (note that there is no disagreement with the mechanism having a sunset date). CCWG to consider providing greater specificity in relation to funding being provided in trances. For example, a public review should be conducted of the mechanism after each quarter of the funds have been allocatedLeadership recommendationCheck: Whether we want to foresee a provision that would allow an open-ended mechanism model to continue. We believe in principle there’s no need for this because if the situation arises in the future that the CCWG/SO/AC/ICANN ORG/Board consider that this option should be available, it’s easy to do it. Currently we have to consider that it’s in contradiction to our CCWG goals | Concerns  **CCWG Response:****Action Taken:**[**COMPLETED / NOT COMPLETED**] – [Instruction of what was done.] |
|  | The Board welcomes Preliminary Recommendation #6 and #7 on effective and judicious implementation and distribution of proceeds in tranches. See full comment: <https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000024.html> | ICANN Board | None (recommendations #6 and #7 are welcomed) | Support **CCWG Response:** The CCWG appreciates the input provided**Action Taken:**  None for the moment[**COMPLETED / NOT COMPLETED**] – [Instruction of what was done.] |
|  | As recommended by the ICANN Board, funds should be allocated in tranches, and not all at once. . . The ISPCP also expresses support for the Board preference calling for the funds to be disbursed in tranches, and not all at a go. [staff note: text from the original comment contained between the ellipses is included elsewhere in this summary document]See full comment: <https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000029.html>  | ISPCP | None (supportive of recommendation) | Support **CCWG Response:** The CCWG appreciates the input provided**Action Taken:** None for the moment[**COMPLETED / NOT COMPLETED**] – [Instruction of what was done.] |
|  | Recommendation # 7: Agree but the “mix” of such grants according to tranches should be determined by a professional grant-making organization with experience in the grant-making field.See full comment: <https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000035.html>  | Anne Aikman-Scalese | CCWG to consider in relation to recommendation #7 that mix of such grants should be determined by a professional grant-making organization.  | New Idea **CCWG Response:****Action Taken:**[**COMPLETED / NOT COMPLETED**] – [Instruction of what was done.] |
|  | . . . 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. One way that ICANN could achieve this objective is setting up an independent entity to manage these funds, and future funds, with a transparent charter. Additionally, another way ICANN could achieve this would be to transparently determine how auction proceeds would be allocated prior to the auction.[staff note: text from the original comment before the ellipses is included elsewhere in this summary document]See full comment: https://mm.icann.org/pipermail/comments-new-gtld-auction-proceeds-initial-08oct18/2018q4/000036.html | RySG | CCWG to consider implementation that permits continued and efficient allocation of funds that become available in the future, for example by setting up an independent entity to manage these funds or transparently determining how auction proceeds would be allocated prior to the auction. Leadership recommendationThis idea goes against our original goal (identify a mechanism for one-off funding model). Insofar we should not extend our goal but, if supported by the CCWG AP, we can propose to re-evaluate this option after one two review cycles and after one understands better how successful the selected mechanism is.  | New Idea **CCWG Response:****Action Taken:**[**COMPLETED / NOT COMPLETED**] – [Instruction of what was done.] |