

ICANN BOARD PAPER NO. 2022.06.12.1b

TITLE: ICANN Purchase of IMRS Servers

PROPOSED ACTION: For Board Consideration and Approval

EXECUTIVE SUMMARY:

In January 2022, ICANN's Engineering & IT (E&IT) function began working on a project to expand the global presence of ICANN Managed Root Servers (IMRS) by adding a total of four copies of the main IMRS as ICANN-operated and managed clusters: two in Africa, one in Asia, and one in Europe. These locations were selected based on criteria established by ICANN's Office of the Chief Technology Officer (OCTO) re: [Root Name Service Strategy and Implementation](#), which recommends that ICANN place root servers in diverse locations that protect the confidentiality, integrity, and availability of the root server system during cyber-attacks. Proceeds from the Security, Stability, and Resiliency (SSR) initiative, which is US \$20 million over five years beginning 01 January 2021, will fund the implementation of all four clusters.¹

The plan is to implement one cluster in the African region by early December 2022 and the remaining three by the end of calendar year 2023. For the first location, the project team has already purchased one set of servers. Due to global supply chain issues, hardware vendors are quoting lead times that are triple those from a year ago. As such, to ensure that ICANN organization (org) can deploy all four locations by December 2023, the IMRS project team thought it prudent to purchase all hardware for the remaining three locations in advance via a Request for Quotation (RFQ). The winning bidder of the RFQ was Confidential Negotiation Information. However, this price does not include taxes (which are estimated to be Confidential Negotiation Information) or shipping costs to each country of implementation (which are estimated to be Confidential Negotiation Information). The total cost is estimated to be Confidential Negotiation Information.

Because the proposed contract is for more than US\$500,000, the Board is being asked to approve entering into the contract under ICANN's Contracting and Disbursement Policy.

¹ <https://www.icann.org/en/blogs/details/icann-decides-on-com-amendment-and-proposed-binding-letter-of-intent-between-icann-and-verisign-27-3-2020-en>

ICANN ORGANIZATION AND BOARD FINANCE COMMITTEE (BFC)

RECOMMENDATION:

Both ICANN organization and the BFC recommend that the Board authorize the President and CEO, or his designee(s), to take all necessary actions to enter into, and make disbursement in furtherance of, the contract to provide the above-referenced servers for the referenced servers.

PROPOSED RESOLUTION:

Whereas, ICANN's mission is focused on preserving the stability and stability of the Internet.

Whereas, the party that has bid on providing servers for the four anticipated ICANN Managed Root Server (IMRS) clusters has provided ICANN with services in hardware and shipping management over the last three years.

Resolved (2022.06.12.xx), the Board authorizes the President and CEO, or his designee(s), to enter into, and make disbursement in furtherance of, a contract to procure servers for all four proposed IMRS cluster locations.

Resolved (2022.06.12.xx), specific items within this resolution shall remain confidential for negotiation purposes pursuant to Article 3, section 3.5(b) of the ICANN Bylaws until the President and CEO determines that the confidential information may be released.

PROPOSED RATIONALE:

In order to provide supplemental support and maintain vendor competition, ICANN org held a Request for Quotation (RFQ) to select the current firm. The firm procured a discount of 50-58% on the servers. The value of the contract is estimated to be around Confidential Negotiation Information

Confidential Negotiation Information . ICANN org has previously partnered with this firm to purchase servers for the Singapore ICANN Managed Root Server (IMRS) cluster. The relationship with this firm has been beneficial to ICANN org as it has provided consolidated shipping and handling services in addition to its discounted rates on hardware.

This decision is in the furtherance of ICANN's mission and the support of public interest to support the security, stability and resiliency of the domain name system by ensuring that IMRS servers were sourced in a fiscally responsible and accountable manner.

This decision will have a fiscal impact, but the impact has already been accounted for in the FY22 SSR budget.

As noted above, this action is intended to have a positive impact on the security, stability, and resiliency of the domain name system.

This is an Organizational Administrative Function that does not require public comment.

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ICANN BOARD PAPER NO. 2022.06.12.1c

TITLE: **Outsource Contract Renewal for the Information Transparency Initiative**

PROPOSED ACTION: **For Board Consideration and Approval**

EXECUTIVE SUMMARY:

The Information Transparency Initiative (ITI) is one of the largest initiatives the ICANN organization has undertaken. Although viewed as a single project, in actuality, it is both a large technological platform program and an ongoing operational activity with several large projects – the configuration of a Document Management System (DMS) and Content Management System (CMS), the integration of those systems, the implementation of a content delivery network (CDN) for faster content access globally, engineering a publishing pipeline to transport content from a desktop to the applicable website, authoring a multi-language translation service, and a taxonomy service to tag content for easy storage and retrieval.

On 23 September 2017, expenditures for the ITI project were approved by the ICANN Board via [Resolution](#) because the amount was over US\$500,000; this included expenditures for work performed by outsourced support services. ICANN org has a need for continued third-party development, quality assurance and content management support to augment its capacity. ICANN org has considered the cost and efficiency of either issuing a Request for Proposal (RFP) for outsourced Information Technology (IT) capacity for ITI, or further renewing the current contract for the ITI support services. Following internal discussion, ICANN org determined, in accordance with its Procurement Guidelines, that it was most efficient and cost effective to renew the contract with the current firm.

ICANN org is now asking the Board to approve a renewal of the contract with the current ITI support services firm through June 2023, with a total cost not to exceed

Confidential Negotiation Information . Because the contract is for more than US\$500,000, under ICANN's Contracting and Disbursement Policy the Board is required to approve entering into the contract.

ICANN ORGANIZATION AND BOARD FINANCE COMMITTEE (BFC)

RECOMMENDATION:

Both ICANN organization and the BFC recommend that the Board authorizes the President and CEO, or his designee(s), to take all necessary actions to enter into, and make disbursement in furtherance of, a contract, for the period Confidential Negotiation Information with the current expert third-party outsourcing firm.

PROPOSED RESOLUTION:

Whereas, ICANN organization has a need for continued third-party development, quality assurance and content management support to augment its capacity.

Whereas, the current firm has provided services in software engineering, quality assurance, and content management to the Information Transparency Initiative (ITI) project since its inception.

Whereas, ICANN organization (org) conducted a full request for proposal (RFP) in 2017 for the initial third-party support services for the ITI project.

Whereas, ICANN org considered the cost and efficiency of either issuing another RFP for additional outsourced IT capacity for ITI, or further renewing the contract with the current firm and determined that it was more efficient and cost effective to renew the contract with the current firm.

Resolved (2022.06.12.XX), the Board authorizes the President and CEO, or his designee(s), to enter into, and make disbursement in furtherance of, a further renewed contract with Confidential Negotiation Information , the current outsourcing firm for a term of Confidential Negotiation Information

Resolved (2022.06.12.xx), specific items within this resolution shall remain confidential for negotiation purposes pursuant to Article 3, section 3.5(b) of the ICANN Bylaws until the President and CEO determines that the confidential information may be released.

PROPOSED RATIONALE:

The Information Transparency Initiative (ITI) is one of the largest initiatives the ICANN organization has undertaken. Although viewed as a single project, in actuality, it is both a large technological platform program and an ongoing operational activity with several mega projects – the configuration of a Document Management System (DMS) and Content Management System (CMS), the integration of those systems, the implementation of a content delivery network (CDN) for faster content access globally, engineering a publishing pipeline to transport content from a desktop to the applicable website, authoring a multi-language translation service, and a taxonomy service to tag content for easy storage and retrieval.

On 23 September 2017, ITI was approved by the ICANN Board via [Resolution](#). It included several objectives:

- Create an integrated, ongoing, operational process to govern, preserve, organize, and secure ICANN's public content.
- Build a foundation of content governance through consistent multilingual tagging, a functional information architecture, and enforced workflows.
- Implement this governance through a new document management system (DMS), the content foundation for ICANN ecosystem-wide governance.
- Deploy new workflows and processes to ensure consistent, multilingual taxonomy for greater content findability and multifaceted search capabilities.
- Surface the improved multilingual content and search to the community through a new content management system (CMS), which will serve as the backbone for ICANN's external web properties.
- Establish a future-proof and content-agnostic technology landscape.

- Upgrade our technical infrastructure, and thereby serve our global community better through increased findability and accessibility of multilingual content.

Since that time, many significant deliverables have been completed:

- All content on <https://icann.org> (over 65,000 pieces of content) has been audited, classified, and tagged to allow improved search, content governance, and the transformation of unstructured content into structured content.
- A controlled taxonomy has been created that will serve ICANN's entire ecosystem of sites.
- A comprehensive [138-page Web Style Guide](#) outlines the structure and behavior of all pages, components, and features on <https://icann.org>. This allows ICANN org to use a predetermined menu of templates and components to quickly create new pages and sites.
- Over [80 percent of the frontend requirements](#)-gathering documentation, wireframing, and basic implementation is complete (significant work on content authoring and migration remains).
- For the first time, <https://icann.org> has a true multilingual interface in the six U.N. languages.

ICANN org continues to have a need for a third-party provider to help deliver committed features and functions or ITI as planned. The current firm providing these services has worked with the ICANN org team since the project was initiated and has been critical to the project development and delivery process.

After several years with no rate increase, the current firm has proposed updated terms and fees, which ICANN org has negotiated.

The benefits of outsourcing this work to the current firm include:

- Team flexibility - as the project matures the team needs to evolve, the necessary skills sets may change, and specific developments may need more or less people
- Available resources - large number of deliverables committed with limited staff

The target milestones to be delivered during the term of the renewed contract renewal for these third-party support services on ITI include: (i) Board Materials; (ii) Beginners Pages; (iii) Help Pages; (iv) Events Calendar; (v) Press Releases; (vi) CEO Corner; (vii) RSSAC Content; (viii) SSAC Content; (ix) Community Pages; (x) Permissions; (xi) Taxonomy Service; (xii) Public Comment; (xiii) Announcements; (xiv) Blogs Authoring; (xv) Google Analytics Replacement; (xvi) Accessibility Refinements; and (xvii) Data Protection Pages.

Additional ITI milestones and deliverables are planned beyond the next 12 months and will be part of the planning cycle as ICANN org progresses through the fiscal year.

This decision will have a fiscal impact, but the impact has already been accounted for in the FY23 budget and will be for future budgets as well.

This action is intended to have a positive impact on the security, stability and resiliency of the domain name system.

This is an Organizational Administrative Function that does not require public comment.

Submitted by:	Sally Newell Cohen
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ICANN BOARD PAPER NO. 2022.06.12.1d

TITLE: **Contract for Subsequent Procedures
Communications Support**

PROPOSED ACTION: **For Board Consideration and Approval**

EXECUTIVE SUMMARY:

In August 2021, ICANN org launched a request for proposal (RFP) seeking a Public Relations/Strategic Communications agency to augment ICANN's Global Communications team in conducting an awareness campaign in support of ICANN's proposed upcoming expansion of generic top-level domains. The campaign includes two immediate objectives:

- To raise awareness that nearly half of the world's population is unable to access the Internet in their own script, using their own keyboard. There is also a need to continue to share factual information and heighten awareness of the lack of diversity on the Internet and the language barrier in the countries and regions where it is anticipated that many of the next billion users will come from: Africa, Asia, and Latin America.
- Support the ICANN community's ongoing efforts to encourage software developers and back-end providers to adopt Universal Acceptance, and to create further awareness and educate software developers and email providers of the need to upgrade their systems and services to ensure they will work in the continuously expanding and evolving domain name space.

ICANN org is now seeking to enter into a contract through Confidential Negotiation Information with a total cost not to exceed Confidential Negotiation Information which requires Board approval per ICANN's Contracting and Disbursement Policy because the contract is for more than US\$500,000.

**ICANN ORGANIZATION AND BOARD FINANCE COMMITTEE (BFC)
RECOMMENDATION (*Subject to BFC Approval*):**

ICANN organization and the BFC recommend that the Board authorizes the President and CEO, or his designee(s), to take all necessary actions to enter into, and make disbursement in furtherance of, a new contract for the period Confidential Negotiation Information with a third-party firm to augment ICANN's Global Communications team in conducting an education and awareness campaign in support of ICANN's proposed upcoming expansion of generic top-level domains.

PROPOSED RESOLUTION:

Whereas, ICANN organization has a need to conduct an awareness campaign in support of ICANN's proposed upcoming expansion of generic top-level domains.

Whereas, ICANN org conducted a full request for proposal to select an established provider with a global footprint; extensive expertise in media relations and planning, campaign development, messaging strategy, event outreach and support; and proven success across target audiences, media and geographies.

Whereas, ICANN org has selected an outsource agency to develop and execute this campaign, the contract is segmented into three phases:

1. Phase 1 Campaign Planning – development of campaign-wide narrative, messaging, content and assets, and the adaptation of these global elements to campaigns selected for rollout. Identification of target industries and geographies.
2. Phase 2 Campaign Execution and Rollout Planning – initiate awareness campaign and partner with ICANN org to develop the full communications and outreach campaign for the SubPro launch.
3. Phase 3 Geographic Targeting – Audience-specific three-month awareness campaigns to create initial awareness of the upcoming gTLD application round.

Whereas, the agency has provided a low, medium and high estimate of campaign fees, based on the number of countries and industries (instances) included, the contract will be limited to a 50-instance campaign at a cost of no more than \$1,715,000 over the term of the contract.

Resolved (2022.06.12.XX), the Board authorizes the President and CEO, or his designee(s), to enter into, and make disbursement in furtherance of, a contract with the agency for a term of Confidential Negotiation Information

Resolved (2022.06.12.xx), specific items within this resolution shall remain confidential for negotiation purposes pursuant to Article 3, section 3.5(b) of the ICANN Bylaws until the President and CEO determines that the confidential information may be released.

Resolved (2022.06.12.xx), specific items within this resolution shall remain confidential for negotiation purposes pursuant to Article 3, section 3.5(b) of the ICANN Bylaws until the President and CEO determines that the confidential information may be released.

PROPOSED RATIONALE:

ICANN is working toward a next round of generic top-level domains (gTLDs) through a new application window. This will include a multi-year communications approach.

Recommendation 13.2, 13.3-7 of the [Final Report](#) on the new gTLD Subsequent Procedures Policy Development Process states that the New gTLD Program's communications plan "should serve the goals of raising awareness about the New gTLD Program to as many potential applicants as possible around the world and making sure that potential applicants know about the program in time to apply. To serve this objective, the Working Group determined that the focus should be on timeliness, broad outreach, and accessibility."

ICANN, with the guidance of the community, is working to support an inclusive and multilingual Internet that will enable people to navigate the Internet in their own language and using their own keyboard. This enables the formation of truly local online communities, where individuals can interact online using their own scripts, languages, and cultures.

For many years the ICANN community, and volunteers around the world have been working together to internationalize the Domain Name System (DNS). One of the issues that ICANN, including community volunteers and industry-leading software and email service providers are working to resolve is ensuring the Universal Acceptance (UA) of all domain names and email addresses in all Internet-enabled devices and applications. This requires back-end providers to upgrade their systems and services to ensure they will work in the continuously expanding and evolving DNS.

Adoption of UA has been slow, but it is necessary to achieve the goal of true local access and global interoperability.

Recommendation 13.2, 13.3-7 of the [Final Report](#) on the new gTLD Subsequent Procedures Policy Development Process states that the New gTLD Program's communications plan "should serve the goals of raising awareness about the New gTLD Program to as many potential applicants as possible around the world and making sure that potential applicants know about the program in time to apply. To serve this objective, the Working Group determined that the focus should be on timeliness, broad outreach, and accessibility."

In August 2021, ICANN org launched a request for proposal (RFP) seeking a Public Relations/Strategic Communications agency to augment ICANN's Global Communications team in conducting an awareness campaign in support of ICANN's proposed upcoming expansion of gTLDs. The campaign includes two immediate objectives:

- To raise awareness that nearly half of the world's population is unable to access the Internet in their own script, using their own keyboard. There is

also a need to continue to share factual information and heighten awareness of the lack of diversity on the Internet and the language barrier in the countries and regions where it is anticipated that many of the next billion users will come from: Africa, Asia, and Latin America.

- Support the ICANN community's ongoing efforts to encourage software developers and back-end providers to adopt Universal Acceptance, and to create further awareness and educate software developers and email providers of the need to upgrade their systems and services to ensure they will work in the continuously expanding and evolving domain name space

ICANN org is now seeking approval to contract through Confidential Negotiation Information for a total cost not to exceed Confidential Negotiation Information. Because the contract is for more than US\$500,000, under ICANN's Contracting and Disbursement Policy the Board is required to approve entering into the contract.

Accordingly, ICANN organization and the BFC recommended that the Board authorize the organization to enter into, and make disbursement in furtherance of, a contract covering the period of Confidential Negotiation Information, with a total cost not to exceed Confidential Negotiation Information to augment ICANN's Global Communications team in conducting an awareness campaign in support of ICANN's proposed upcoming expansion of gTLDs.

This decision is in the furtherance of ICANN's mission and the support of public interest to support the security, stability and resiliency of the domain name system by ensuring that there is a fully resourced engineering and IT team able to support the organization in a fiscally responsible and accountable manner.

This decision will have a fiscal impact, but the impact has already been accounted for in the FY23 budget and will be for future budgets as well.

As noted above, this action is intended to have a positive impact on the next round of new gTLD applications, and further application rounds.

This is an Organizational Administrative Function that does not require public comment.

Submitted by: Sally Newell Cohen
Position: SVP, Global Communications and Language
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ICANN BOARD SUBMISSION No. 2022.06.12.1e

TITLE: Washington, D.C. New Office Lease

PROPOSED ACTION: For Board Consideration and Approval

EXECUTIVE SUMMARY:

The Board is being asked to approve a new lease for ICANN's Washington, D.C. office. The new lease will cover a period of 12 years (144 months) in duration, beginning February 2023, ending January 2035.

ICANN's Washington, D.C. office has been located at 801 17th Street since 2013 and consists of 7,956 square feet. The current lease is set to expire in January 2023.

ICANN organization (org) has evaluated the decision to renew or move, including evaluating relocation properties with the help of its broker. ICANN org's current D.C. office currently does not have a conference room to host meetings of over 30 people and its proximity to the White House results in frequent traffic and street closures. In this context, ICANN org recommends moving from its current location to a new location with a conference room that also avoids traffic and street closures. The proposal is for a 12-year lease with average annual costs of Confidential Negotiation Information compared to Confidential Negotiation Information for a new 13-year lease at our current location.

ICANN ORGANIZATION AND BOARD FINANCE COMMITTEE (BFC) RECOMMENDATIONS:

ICANN org recommends that the Board authorize the President and CEO, or his designee(s), to take all necessary actions to execute a new lease, and to make all necessary disbursements pursuant to the lease. The Board Finance Committee has reviewed the financial implications of the recommended lease renewal and concurs with ICANN org's recommendation.

PROPOSED RESOLUTION:

Whereas, ICANN's Washington, D.C., office lease is expiring in January 2023, and ICANN org recommends relocating to a new, larger, and more centrally located location.

Whereas, the Board Finance Committee has reviewed the financial implications of the lease and has recommended approval.

Whereas, both ICANN organization and the Board Finance Committee have recommended that the Board authorize the President and CEO, or his designee(s), to take all actions necessary to execute a new 12-year (144 month) lease for ICANN's new Washington, D.C., office location, and to make all necessary disbursements pursuant to the lease.

Resolved (2022.06.12.xx) the Board authorizes the President and CEO, or his designee(s), to take all necessary actions to execute a new 12-year lease for ICANN's new Washington, D.C., office location, and to make all necessary disbursements pursuant to the lease.

Resolved (2022.06.12.xx), specific items within this resolution shall remain confidential for negotiation purposes pursuant to Article 3, section 3.5(b) of the ICANN Bylaws until the President and CEO determines that the confidential information may be released.

PROPOSED RATIONALE:

ICANN organization believes face to face interaction, including that which occurs at its engagement offices, is essential to carry out its work and mission. Although the organization has been effectively operating remotely during the pandemic, the goal is to return to offices to support staff and community collaboration at ICANN's physical office locations.

In 2013, ICANN entered into a 10-year lease for 7,956 square feet of office space on the third floor of a Class A building in Washington, D.C. After assessing the Washington, D.C. real estate market and negotiating for a new lease, ICANN org recommends moving to a new building, with a 12-year lease for 8,337 square feet of office space in a Class A building in Washington, D.C., at the end of the current lease.

In early 2021, ICANN org began evaluating office space options in anticipation of the expiration of the current lease. While evaluating properties, ICANN org considered the following criteria:

- Cost effectiveness
- Disruption to staff
- Building Amenities
- Public Transportation
- Hotel Accommodations

- Safety and Security
- Conference Center Availability
- Below Market Rent
- Landlord Concessions
- Well Building - Health & Safety

On early 2022, ICANN org evaluated all the parameters affecting the decision to stay at the current Washington, D.C., office or move to another location. The evaluation included consideration of the real estate market conditions, as well as the current and anticipated workload of the organization including multiple large complex, and new projects and activities that will have a significant impact on the organization overall, reshaping several teams specifically.

After thorough evaluations of the real estate market for suitable office space, such as the current space in Washington, D.C., and consideration of many options, ICANN org began negotiating lease terms with a new landlord. Pricing did not drop as much as other areas across the United States because of the pandemic. Given the current outlook of the pandemic and much of Washington, D.C., reopening, market activity and rental rates have been steadily increasing. Because negotiations started during the pandemic, ICANN org is in a favorable bargaining position with a new landlord.

After extensive negotiating, the proposal for the current location was a 13-year lease with average annual costs of Confidential Negotiation Information for the current 7,956 square feet of office space. The proposal for the new location is a 12-year lease with average annual costs of Confidential Negotiation Information for for 8,337 square feet including access to a large conference room.

Moving to the new location will provides the ability to host ICANN org and community meetings, in addition to the location's proximity to airports, hotels, amenities, public transportation, and freeways. The new lease is cheaper in square footage compared to a new lease at the current location and requires one fewer year of lease commitment. In addition, the new location would avoid traffic and street closure issues of the existing office due to the latter's proximity to the White House.

The Board Finance Committee has reviewed the financial implications of the lease and agrees with ICANN org's recommendation to execute the new lease.

Executing the new office lease is in the public interest as it maintains ICANN's presence in Washington, D.C., which will allow ICANN org to continue to carry out

ICANN's mission without disruption while maintaining collaboration with community stakeholders and the general public.

There will be a fiscal impact in average costs per month compared to the final year of the current lease. However, this increase is reasonable given the current real estate market and ICANN org will be able to absorb the cost increase.

Taking this decision will have no anticipated impact to the security, stability, and resiliency of the domain name system.

This is an Organizational Administrative function that does not require public comment.

Submitted by:	Gina Villavicencio
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Date Noted:	3 June 2022
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ICANN BOARD SUBMISSION No. 2022.06.12.1f

TITLE: **October 2023 ICANN Meeting Venue Contracting**

PROPOSED ACTION: **For Board Consideration and Approval**

EXECUTIVE SUMMARY:

The Board is being asked to authorize the organization to take all steps necessary to complete contracting for the host venue and hotel in Hamburg, Germany for the October 2023 ICANN Public Meeting. While it is the President and CEO's responsibility to identify and select sites for ICANN's Public Meetings in accordance with the Board-approved strategy, per the [ICANN Contracting and Disbursement policy](#) the Board must approve any expenditures that will exceed US\$500,000, as this will, which requires Board approval as it will exceed US\$500,000. The Reference Materials for this paper summarize the steps taken to locate a site for the October 2023 Public Meeting and outline the facility costs.

ICANN ORGANIZATION RECOMMENDATION:

ICANN organization recommends that the Board authorize the President and CEO, or his designee(s), to engage in and facilitate all necessary contracting and disbursement for the host venue and hotel for the October 2023 ICANN Public Meeting in Hamburg, Germany in an amount not to exceed Confidential Negotiation Information

[BOARD FINANCE COMMITTEE (BFC) RECOMMENDATION (*Subject to BFC Approval*):

The BFC recommends that the Board delegate to the President and CEO, or his designee(s), the authority to take all actions necessary to enter into contracts, and make expense disbursements pursuant to those contracts, for the host venue and hotel in Hamburg, Germany, where ICANN will hold its October 2023 Public Meeting in an amount not to exceed Confidential Negotiation Information

PROPOSED RESOLUTION:

Whereas, ICANN intends to hold its third Public Meeting of 2023 in the Europe region.

Whereas, selection of this Hamburg, Germany location adheres to the geographic rotation guidelines established in the Meeting Strategy Working Group.

Whereas, ICANN organization has completed a thorough review of the venue and finds the one in Hamburg, Germany to be the most suitable.

Resolved (2022.06.12.xx), the Board authorizes the President and CEO, or his designee(s), to engage in and facilitate all necessary contracting and disbursements for the host venue and hotel for the October 2023 ICANN Public Meeting in Hamburg, Germany, in an amount not to exceed ^{Confidential Negotiation Information} .

Resolved (2022.06.12.xx), specific items within this resolution shall remain confidential for negotiation purposes pursuant to Article III, section 5.2 of the ICANN Bylaws until the President and CEO determines that the confidential information may be released.

PROPOSED RATIONALE:

As part of ICANN's Public Meeting strategy, ICANN seeks to host a meeting in a different geographic region (as defined in the ICANN Bylaws) three times a year. ICANN78 is scheduled for 21-26 October 2023. Following the change of the ICANN69 meeting in Hamburg, Germany to a virtual meeting, ICANN rescheduled with the venue and arranged to hold the ICANN78 meeting in Hamburg.

ICANN org previously confirmed that the Hamburg, Germany meeting location meets the Meeting Location Selection Criteria. Selection of this Europe location adheres to the geographic rotation guidelines established in the Meeting Strategy Working Group. ICANN org did not conduct a broader search for other available locations for this meeting due to the already confirmed suitability of the venue.

The BFC has carried out its standard due diligence in reviewing the proposed board decision to recommend approval to the Board. As part of this diligence, the BFC has reviewed the financial risks associated with the proposed decision and the information provided by the org on the measures in place to mitigate those risks. The BFC has found this financial risks and the mitigation in place reasonable and acceptable.

The Board reviewed the organization's briefing for hosting the meeting in Hamburg, Germany and the determination that the proposal met the significant factors of the Meeting Location Selection Criteria, as well as the related costs for the facilities selected, for the October 2023 ICANN Public Meeting. ICANN conducts Public Meetings in support of its mission to ensure the stable and secure operation of the Internet's unique identifier systems, and acts in the public interest by providing free and open access to anyone wishing to participate, either in person or remotely, in open, transparent and bottom-up, multistakeholder policy development processes.

There will be a financial impact on ICANN in hosting the meeting and providing travel support as necessary, as well as on the community in incurring costs to travel to the meeting. But such impact would be faced regardless of the location and venue of the meeting. This action will have no impact on the security or the stability of the DNS.

This is an Organizational Administrative function that does not require public comment.

Submitted by:	Nick Tomasso
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Date Noted:	18 May 2022
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REFERENCE MATERIALS TO BOARD SUBMISSION No. 2022.06.12.1d

TITLE: October 2023 ICANN Meeting Venue Contracting

DETAILED ANALYSIS:

1. Background:

In July 2016, ICANN organization called for expressions of interest to assist as host of the October 2020 ICANN Public Meeting, which is to be held in the Europe region. ICANN org accepted the proposal from Oliver Sueme from the eco Association of the Internet Industry in partnership with the Hamburg Convention Bureau, DENIC (.de) and the City of Hamburg to host the October 2020 ICANN public meeting. Due to the COVID 19 pandemic, the face-to-face element of the October 2020 ICANN Public Meeting was cancelled. Oliver Sueme from the eco Association of the Internet Industry in partnership with the Hamburg Convention Bureau, DENIC (.de) and the City of Hamburg has again offered to assist as host for the October 2023 ICANN Public Meeting. ICANN org has accepted this proposal and has selected Hamburg, Germany for the October 2023 ICANN Public Meeting.

2. Site Visit:

- Hamburg, Germany: A preliminary site visit was conducted in January 2018.

3. Discussion of Issues:

- Meeting Rooms: Confidential Negotiation Information has excellent conference facilities for an ICANN Meeting.
- Host Hotels: Confidential Negotiation Information will serve as the host hotel for the Meeting.
- Area Hotels: Many nearby hotels, all accessible via a short walk, ICANN Shuttle or short taxi ride, offer a wide variety of guest room accommodations at varying price points.
- Food & Beverage Outlets: Confidential Negotiation Information will provide food for sale for meeting delegates at a reasonable cost. In addition, there are several restaurant options in close proximity to Confidential Negotiation Information
- Air Travel: Air access to Hamburg is good, with direct flights from most major European cities and easy transfers from other large cities around the world arriving at Hamburg Airport.
- Ground Transportation: Hamburg Airport is 10 kilometers/25 minutes from the meeting venue and area hotels. Taxi fare is approximately US\$40.
- Safety & Security: A risk assessment by ICANN security has not identified any areas of concern for Hamburg that would require other than standard security measures provided for an ICANN Meeting.

- Bandwidth: The host will provide bandwidth for the meeting.

Confidential Negotiation Information

Confidential Negotiation Information

Submitted by: Nick Tomasso
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Date Noted: 6 June 2022
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ICANN BOARD PAPER NO. 2022.06.12.2a

TITLE: **Deferral of Organizational Reviews (ALAC/At-Large, ccNSO, ASO, NomCom, RSSAC, and SSAC)**

PROPOSED ACTION: **For Board Consideration and Approval**

EXECUTIVE SUMMARY:

The Board is being asked to consider the Organizational Effectiveness Committee's (OEC) recommendation to accept a comprehensive plan for the next cycle of Organizational Reviews, which includes a deferral of six community Organizational Reviews, with support of those communities:

- The At-Large Advisory Committee (ALAC)
- Country Codes Names Supporting Organization (ccNSO)
- Address Supporting Organization (ASO)
- Nominating Committee (NomCom)
- Root Server System Advisory Committee (RSSAC)
- Security and Stability Advisory Committee (SSAC)

In June 2021, the Board deferred the third [GNSO Review](#) and directed the ICANN organization to develop a comprehensive plan for the next cycle of Organizational Reviews, in light of the Board-approved third Accountability and Transparency Review Team (ATRT3) recommendations that will likely impact the future scope of Organizational Reviews. Accordingly, the Board is being asked to accept the following comprehensive plan for the next cycle of Organizational Reviews:

1. Obtain confirmation from each SO/AC/NomCom on deferral of Organizational Reviews in support of Board action to defer Organizational Reviews;
2. Run Pilot Holistic Review including Pilot Continuous Improvement Program, to the extent applicable;
3. Identify if any approved recommendations from the Pilot Holistic Review suggest changes to Organizational Reviews as specified in Bylaws;
 - a. Initiate process to draft and amend Bylaws related to Organizational Reviews, in accordance with ATRT3 recommendations and any related approved recommendations from the Pilot Holistic Review.

4. Coordinate with community on initiation of new cycle of Organizational Reviews (or their replacement) in line with approved Pilot Holistic Review recommendations;
5. If it becomes apparent that Pilot Holistic Review will not issue recommendations impacting the Organizational Reviews as specified within Bylaws, coordinate with community on initiation of Organizational Reviews from deferred cycle;
6. If neither steps 4 nor 5 have yet occurred, ICANN org shall report on status of deferral and continued need for deferral within 3 years of this resolution.

The Organizational Reviews are an integral part of ICANN's multistakeholder model (MSM) to ensure transparency, accountability, and improve performance of Supporting Organizations and Advisory Committees (SOACs), as prescribed in [Article 4 section 4.4](#) of the ICANN Bylaws. Under the ICANN Bylaws, the Board has the ability to defer Organizational Reviews beyond the five-year cycle, if conducting a review in that cycle is not feasible. The first review of this upcoming cycle, the third Generic Names Supporting Organization Review, was already [deferred](#) by the ICANN Board in June 2021.

For all upcoming Organizational Reviews, there is a dependency on, and an expected impact from, the implementation of ICANN Board-approved ATRT3 recommendations related to the design of the Organizational Review process. Consultation with the ALAC/At-Large, ccNSO, ASO, NomCom, RSSAC, and SSAC on the possibility of deferring their Organizational Reviews indicated broad support for the deferral of their Organizational Reviews. The current planned start dates for each individual Organization in the next Organizational Review cycle, pending deferral, are scheduled from July 2022-November 2026¹. The lifting of the deferral is incumbent upon the fulfillment of the remaining steps of the plan outlined above.

¹ The current planned start dates for the next Organizational Reviews, pending deferral, are as follows:

- Address Supporting Organization (ASO): July 2022
- At-Large Advisory Committee (ALAC): June 2023
- Nominating Committee (NomCom): June 2023
- Root Server System Advisory Committee (RSSAC): July 2023
- Security and Stability Advisory Committee (SSAC): February 2024
- Country Code Names Supporting Organization (ccNSO): November 2026

[PROPOSED] ORGANIZATIONAL EFFECTIVENESS COMMITTEE (OEC)

RECOMMENDATION:

In its capacity of overseeing the Organizational Review process, the OEC recommends that the Board accept the comprehensive plan for the next cycle of Organizational Reviews, which includes a deferral of the start of all Organizational Reviews scheduled within the upcoming Organizational Review cycle (the third reviews of the ALAC/At-Large, ccNSO, ASO, NomCom, RSSAC, and SSAC)². The OEC recommends that the Board base its action on community support and the fact that it is not feasible to proceed with the scheduled Organizational Reviews at this time, considering the need to plan for changes to the Organizational Review processes in light of ATRT3 recommendations.

PROPOSED RESOLUTION:

Whereas, under ICANN Bylaws [Section 4.4 \(a\)](#), periodic reviews of ICANN structures shall be conducted no less frequently than every five years, based on feasibility as determined by the Board, and in recognition of the [ASO Memorandum of Understanding \(MOU\) with ICANN](#), which states with reference to the provisions of ICANN Bylaws Section 4.4, the NRO shall provide its own review mechanisms.

Whereas, under the provisions of ICANN's Bylaws Section 4.4 the next round of reviews is due to commence for ASO³ in July 2022, ALAC/At-Large in June 2023, NomCom in June 2023, RSSAC in July 2023, SSAC in February 2024, ccNSO in November 2026, five years after the Board's receipt and action on the respective [final reports](#) from the second cycle of Organizational Reviews.

Whereas, the third Accountability and Transparency Review Team (ATR3) made recommendations that will have an impact on all future Organizational Reviews; and the ATR3 recognized this impact in its [transmittal letter to the ICANN Board Chair](#). The letter suggested the Board implement a moratorium on launching new reviews until the ATR3 recommendations establish continuous improvement programs and a new Holistic Review could be implemented.

²In its Final Report, the ATR3 recommends that the Board and ICANN org:

- Continue with ATRT Reviews with a modified schedule and scope.
- Evolve the content of the Organizational Reviews into continuous improvement programs in each SO/AC and Nominating Committee (NC).
- Add a Holistic Review, as a special Specific Review, which will look at all SO/AC/NC and their relations.
- Implement a new system for the timing and cadence of the reviews.

³ Reference [ASO MOU with ICANN \(2019\)](#), item 9.

Whereas, the Board [approved](#) the ATRT3 recommendations, subject to prioritization, recognizing that the ICANN community and organization will need time to plan for, and execute, those recommendations once prioritized for implementation.

Whereas, the third [GNSO Review was deferred](#) by the ICANN Board in June 2021, and the Board directed the ICANN org to develop a comprehensive plan for the next cycle of Organizational Reviews. ICANN org consulted with the ALAC/At-Large, ccNSO, ASO, NomCom, RSSAC, and SSAC on the possibility of deferring their next scheduled Organizational Reviews, and the community input [received](#) indicated broad support for deferral, considering the need to plan for changes to the Organizational Review processes in light of ATRT3 recommendations, and in consideration of the community workload.

Whereas, on 17 May 2022, the Board Organizational Effectiveness Committee discussed and approved a recommendation to the Board to accept the comprehensive plan for the next cycle of Organizational Reviews, and defer the six other Organizational Reviews scheduled for the next review cycle, taking into account the support of each of the impacted groups, in alignment with that comprehensive plan.

Resolved (2022.06.12.xx), the Board accepts the comprehensive plan developed for the timing and conduct of the next Organizational Review cycle. The Board directs ICANN's President and CEO, or his designee(s), to provide periodic updates to the Board on progress of the plan, including a report on the status of the deferral and continued need for deferral within 3 years of this resolution.

Resolved (2022.06.12.xx), the Board is deferring the initiation of the next round of reviews of ALAC/At-Large, ASO, ccNSO, NomCom, RSSAC, and SSAC, with the support of each of the impacted groups, in alignment with the comprehensive plan for the next cycle of Organizational Reviews.

PROPOSED RATIONALE:

Why is the Board addressing the issue?

ICANN organizes independent reviews of its SOACs (Organizational Reviews) as prescribed in [Article 4 Section 4.4](#) of the ICANN Bylaws, to ensure ICANN's multistakeholder model remains transparent and accountable, and to improve its

performance. The Organizational Reviews currently run in five-year cycles. The [ASO MOU with ICANN](#) states with reference to the provisions of ICANN Bylaws Section 4.4, the NRO shall provide its own review mechanisms. The next ASO Review is due to commence in July 2022, ALAC/At-Large Review in June 2023, NomCom Review in June 2023, RSSAC Review in July 2023, SSAC Review in February 2024, and ccNSO Review in November 2026. Under the Bylaws, the Board has the ability to defer Organizational Reviews beyond the five-year cycle if conducting a review in that cycle is not feasible.

For the six upcoming Organizational Reviews in this next cycle, there is a dependency on, and an expected impact from, the implementation of ICANN Board-approved ATRT3 recommendations. Specifically, ATRT3 Recommendation 3 calls for evolving the current Organizational Reviews into continuous improvement programs for SOACs, and introduces a new Holistic Review to consider the effectiveness of the continuous improvement programs, accountability of SOACs, and their continuing purpose and structure.

In addition, there is a continued pressure on community volunteer time. Currently, various cross-community work efforts are underway, all of which consume considerable volunteer time. Deferring the Organizational Reviews will enable the broader ICANN community to understand the potential impact of the recommendations from the ATRT3 as their implementation timing and planning becomes clearer.

This Board action is a result of the Board's consideration of various factors including: consultation on Organizational Reviews timing, current community workload, as well as the upcoming implementation of ATRT3 recommendations. Based upon those considerations, the Board has concluded that it is not feasible to proceed with the six Organizational Reviews as scheduled. The Board will oversee the implementation of ATRT3 recommendations and determine whether the timing of Organizational Reviews should be re-examined based on the changing environment, as outlined in the comprehensive plan for the next cycle of Organizational Reviews.

What is the proposal being considered?

The proposal under consideration is to accept the comprehensive plan for the next cycle of Organizational Reviews, and defer the start of all Organizational Reviews scheduled within the upcoming Organizational Review cycle (the third reviews of the

ALAC/At-Large, ccNSO, ASO, NomCom, RSSAC, and SSAC) in alignment with the comprehensive plan, as follows:

1. Obtain confirmation from each SO/AC/NomCom on deferral of Organizational Reviews;
2. Run Pilot Holistic Review including Pilot Continuous Improvement Program, to the extent applicable;
3. Identify if any approved recommendations from the Pilot Holistic Review suggest changes to Organizational Reviews as specified in Bylaws;
 - a. Initiate process to draft and amend Bylaws related to Organizational Reviews, in accordance with ATRT3 recommendations and any related approved recommendations from the Pilot Holistic Review.
4. Coordinate with community on initiation of new cycle of Organizational Reviews (or their replacement) in line with approved Pilot Holistic Review recommendations;
5. If it becomes apparent that Pilot Holistic Review will not issue recommendations impacting the Organizational Reviews as specified within Bylaws, coordinate with community on initiation of Organizational Reviews from deferred cycle;
6. If neither steps 4 nor 5 have yet occurred, ICANN org shall report on status of deferral and continued need for deferral within 3 years of this resolution.

Which stakeholders or others were consulted?

Each of the organizations ([ALAC/At-Large](#), [ASO](#), [ccNSO](#), [NomCom](#), [RSSAC](#), and [SSAC](#)) were consulted via [ICANN Correspondence](#) on 6 April 2022, and all supported deferral.

What concerns, or issues were raised by the community?

No concerns or issues were raised by the community. All six Organizational Chairs indicated support of the deferral of their Organizational Review. Further, the communities indicated support of the deferral until such time that the impact of ATRT3 Recommendations pertaining to Organizational Reviews is better understood by the ICANN Board, community and ICANN org, and in consideration of the community workload and the need to plan for changes to the Organizational Review processes.

What factors did the Board find to be significant?

The Board considered its prerogative to defer Organizational Reviews based on feasibility. The Board also considered the dependency on prioritization and implementation of the ATRT3 recommendations which will impact the Organizational Reviews cycle and the nature of these reviews in the future. The Board will oversee the implementation of ATRT3 recommendations and consider periodic updates on progress of the comprehensive plan for the next cycle of Organizational Reviews. The Board will consider a report on the status of the deferral and continued need for deferral within 3 years of this resolution and determine whether the timing of Organizational Reviews should be re-examined.

Additionally, the Board considered the precedents set by the deferrals of the third GNSO Review in 2021, the second GNSO Review in 2013, and the second ccNSO Review in 2017.

Are there positive or negative community impacts?

This Board action is expected to have a positive impact on the community by reducing the pressure on community volunteer time, considering the high volume of on-going community work efforts. In addition, the deferral will allow for the implications of ATRT3 recommendations to become clear. This will have a positive impact on the overall community work through planning and the evolution of the ICANN reviews to be more relevant and impactful.

Are there fiscal impacts or ramifications on ICANN (strategic plan, operating plan, budget); the community; and/or the public?

The fiscal impacts on ICANN are positive in the sense that the budget set aside for the six Organizational Reviews will be used when deemed appropriate to result in an effective outcome to benefit the ALAC/At-Large, ASO, ccNSO, NomCom, RSSAC, and SSAC, and the ICANN community in line with the intentions of the ATRT3. Conducting more comprehensive planning for the next Organizational Review cycle will have a positive impact on the overall planning and resourcing effort for ICANN as a whole.

Are there any security, stability or resiliency issues relating to the DNS?

This Board action is not expected to have a direct effect on security, stability or resiliency issues relating to the DNS.

How is this action within ICANN's mission and what is the public interest served in this action?

The Board's action is consistent with ICANN's commitment pursuant to [section 4.1](#) of the Bylaws to ensure ICANN's multistakeholder model remains transparent and accountable, and to improve the performance of its SOACs. This action will serve the public interest by fulfilling ICANN's commitment to maintaining and improving its accountability and transparency and by allowing the ICANN's Supporting Organizations and Advisory Committees to devote the proper resources to considering their accountability and ongoing purpose in the ICANN system.

Is public comment required prior to Board action?

No public comment is required.

Signature Block:

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ICANN BOARD PAPER NO. 2022.06.12.2b

TITLE: **Board Review of the Recommendations of the Cross-Community Working Group on New gTLD Auction Proceeds**

PROPOSED ACTION: **For Board Consideration and Approval**

EXECUTIVE SUMMARY:

The Board is being asked to take action on the Final Report of the Cross-Community Working Group on New gTLD Auction Proceeds (CCWG-AP), including approving the recommendations within the Final Report and directing ICANN Organization (ICANN Org) to proceed to implementation planning.

ICANN Org conducted a detailed assessment of the CCWG-AP Final Report taking into account the interdependencies of the CCWG-AP recommendations, the previously submitted ICANN Board Principles to guide review of the Report recommendations, the Board and Officer’s duties over the proceeds, and the previously submitted legal and fiduciary requirements for the program, and community participation in this work. As a result of this assessment, ICANN Org recommended to the Board Caucus Group on Grant Giving, formerly Auction Proceeds (the “Board Caucus”) that all recommendations be adopted by the ICANN Board. Upon review, the Board Caucus concurred and recommends to the ICANN Board to accept all recommendations within the CCWG-AP’s Final Report.

The Final Report recommendations (and related implementation guidance) together form the basis of a grant-making program that will be called the ICANN Grant Giving Program. Following Board action, subject to prioritization, an implementation plan will be developed for the establishment of the ICANN Grant Giving Program. This will include work such as risk assessment and mitigation, costing, and identification of resource needs. ICANN Org will engage with representatives from the CCWG-AP should implementation planning require clarification. ICANN Org will provide to the Board and the community periodic status updates on the progress of implementation work, including timing considerations.

**BOARD CAUCUS GROUP ON GRANT GIVING (FORMERLY AUCTION PROCEEDS)
RECOMMENDATION:**

The Board Caucus Group on Grant Giving (formerly Auction Proceeds) recommends that the ICANN Board accept all recommendations within the CCWG-AP Final Report as specified in the Scorecard titled "CCWG on Auction Proceeds Final Report Recommendations - Board Action," and direct ICANN Org to focus its implementation and design efforts on an internally managed ICANN Grant Giving Program. ICANN's President and CEO should be directed to implement the recommendations, subject to prioritization.

PROPOSED RESOLUTIONS:

Whereas, the 2012 New gTLD Program Applicant Guidebook specified that auctions operated by an ICANN-authorized provider could be used as a last resort to resolve string contention amongst applicants who applied for the same or similar string. The Applicant Guidebook required that "Any proceeds from auctions will be reserved and earmarked until the uses of funds are determined. Funds must be used in a manner that supports directly ICANN's Mission and Core Values and also allows ICANN to maintain its not for profit status."

Whereas, to date, 16 auctions of last resort have taken place within the 2012 New gTLD Application Round, with approximately US\$212 million in proceeds from those auctions maintained within a segregated fund and managed pursuant to an [Auction Proceeds-specific investment policy](#).

Whereas, in 2015, the Generic Names Supporting Organization coordinated a community dialogue to give inputs to the ICANN Board on uses for the auction proceeds. This led to the 2016 formation of a cross-community team to draft a charter for the Cross-Community Working Group on New gTLD Auction Proceeds (CCWG-AP). Because of the significance of this effort, the ICANN Board maintained liaisons to this drafting effort, and [stressed key areas of concern](#), such as monitoring of conflict of interest considerations, from very early in the process.

Whereas, the [CCWG-AP](#) was formally [chartered](#) with approval from all of ICANN's Supporting Organizations and Advisory Committees, and started work in 2017. The CCWG-AP was tasked with the development of proposals for a mechanism to distribute the proceeds, taking into account a set of guiding principles, including: transparency and openness; sufficient accountability and effective processes and procedures; and a fair, just, and unbiased distribution of the auction proceeds not inconsistent with ICANN's mission.

Whereas, the CCWG-AP met regularly, with participation from all ICANN Supporting Organizations and Advisory Committees (SO/ACs). The CCWG-AP put an [Initial Report](#) and a [Proposed Final Report](#) out for Public Comment, and took those comments into consideration in the development of the Final Report. The ICANN Board and ICANN Org participated throughout the CCWG-AP work. The ICANN Board maintained two liaisons to the CCWG-AP, regularly attending and participating in meetings, as well as working with the Board to develop inputs to the CCWG-AP work. The ICANN Board and the CCWG-AP maintained [active correspondence](#) documenting requests for inputs and responses, including the ICANN Board's 2018 development of [Board Principles](#) against which any CCWG-AP proposal would be assessed. ICANN Org also identified staff experts, as allowed under the Charter, to provide inputs to the CCWG-AP on legal and fiduciary considerations, with the ICANN's Chief Financial Officer and a senior member of ICANN's legal team in regular attendance.

Whereas, the CCWG-AP submitted its Final Report to its chartering organizations in March 2020, and, by 1 September 2020, [received confirmation of adoption or support](#) from all seven SOs and ACs. The Final Report was then transmitted to the ICANN Board on [14 September 2020](#).

Whereas, the eventual distribution of auction proceeds presents an exceptional opportunity to make a difference in the Internet ecosystem and positively impact people across the globe in furtherance of ICANN's mission.

Whereas, the Board Caucus on Auction Proceeds reviewed the recommendations of the CCWG-AP and ICANN Org's assessment of the recommendations, taking into account the Board

Principles, and recommended to the ICANN Board the approval of all recommendations as set out in the CCWG-AP's Final Report.

Resolved (2022.xx.xx.xx), the Board thanks the members and participants of the Cross-Community Working Group on New gTLD Auction Proceeds for their dedication and work to achieve the CCWG-AP Final Report.

Resolved (2022.xx.xx.xx), the Board adopts all recommendations within the CCWG-AP Final Report, taking action on each of the recommendations as specified within the Scorecard titled "CCWG on Auction Proceeds Final Report Recommendations - Board Action." The Board directs ICANN's President and CEO, or his designee(s), to take all actions as directed within that Scorecard and to ultimately implement an ICANN Grant Giving Program that is aligned with ICANN's mission and based in sound governance practices.

Resolved (2022.xx.xx.xx), the Board directs ICANN's President and CEO, or his designee, to produce no later than within 120 days following this resolution a preliminary implementation plan, including resourcing and timeline, allowing to proceed as soon as feasible with the implementation of the ICANN Grant Giving Program.

Resolved (2022.xx.xx.xx), the Board directs the ICANN President and CEO, or his designee(s), to regularly report to the ICANN Board and the ICANN Community on the status of the implementation of the ICANN Grant Giving Program.

PROPOSED RATIONALE:

Why is the Board addressing this issue?

As part of the 2012 New gTLD Program, ICANN Organization (ICANN Org) accepted applications for new generic top-level domain name strings. In cases where more than one application was received for the same or similar string, those applications were placed into "contention sets," and only one of those applied-for strings could move forward under the rules of the program. Applicants within those contention sets were encouraged to resolve the contention amongst themselves, but if they were not able to do so, the Applicant Guidebook

outlined a “last resort” mechanism, an auction operated by an ICANN-authorized provider. The Applicant Guidebook outlined that “proceeds from auctions will be reserved and earmarked until the uses of funds are determined. Funds must be used in a manner that supports directly ICANN’s Mission and Core Values and also allows ICANN to maintain its not for profit status.”

Sixteen (out of 234) contention sets within the 2012 New gTLD Program resulted in an auction of last resort. ICANN currently has approximately US\$212 million of proceeds from these auctions in a segregated fund that is managed pursuant to an [Auction Proceeds-specific investment policy](#). The ICANN Board has long committed that the auction proceeds would continue to be maintained separately, pending a plan for their use developed by the multistakeholder community and authorized by the ICANN Board. The final amount of proceeds available for distribution through the ICANN Grant Giving Program remains subject to change.

In 2015, the Generic Names Supporting Organization (GNSO) took the lead in furthering Community dialogue in getting a plan together for the Board’s consideration. After seeking public comment, the community eventually converged on the initiation of a cross community working group to develop a recommendation for the use of the auction proceeds. The drafting work to charter the Cross-Community Working Group on New gTLD Auction Proceeds (CCWG-AP) started in 2016, and in January 2017, CCWG-AP officially started its work. The CCWG-AP was chartered by all seven ICANN Supporting Organizations and Advisory Committees.

The CCWG-AP sought public comment on both an Initial Report and a proposed Final Report, and after taking the last round of public comments into consideration, in March 2020 submitted a Final Report to its chartering organizations. All seven SOs and ACs supported the Final Report, and on 14 September 2020, the CCWG-AP submitted the Final Report to the ICANN Board. The Final Report contains 12 recommendations and also identifies implementation guidance to support the program design.

After the Board received the CCWG-AP’s Final Report, the Board began its work to consider the Final Report and the recommendations therein. The Board identified the questions it wanted to explore in its consideration of the Final Report, as described in a [December 2020 blog](#). While the Board previously indicated that an operational design phase might be necessary to inform the

Board's consideration of the CCWG-AP's recommendations, the subsequent efforts of ICANN Org in assessing the recommendations support the Board moving directly to action on the CCWG-AP recommendations so that, subject to prioritization, implementation planning can take place.

ICANN Org's assessment of the CCWG-AP's recommendation examined the content of the recommendations, related CCWG-AP rationales and descriptions, and CCWG-AP implementation guidance. The recommendations were assessed for initial feasibility, and also for consistency with a previously submitted list of Principles ("Board Principles"). The Board Caucus Group on Grant Giving, formerly Auction Proceeds (the "Board Caucus") considered the report and the ICANN Org's assessment, and recommended that the Board adopts all 12 recommendations issued within the CCWG-AP Final Report, and take action as specified within the Scorecard titled "CCWG on Auction Proceeds Final Report Recommendations - Board Action."

What is the proposal being considered?

The CCWG-AP Final Report includes twelve recommendations that, when taken as a whole, outline what will become the ICANN Grant Giving Program to distribute the proceeds collected from the auctions of last resort. The Final Report first requires the Board to select the mechanism that ICANN will use for the ICANN Grant Giving Program. The CCWG-AP converged on two possible mechanisms through which grant making could proceed. These mechanisms are:

- **Mechanism A:** An internal department dedicated to the allocation of Auction Proceeds is created within the ICANN Org.
- **Mechanism B:** An internal department dedicated to the allocation of Auction Proceeds is created within the ICANN Org that collaborates with an existing non-profit.

The CCWG-AP requested that the Board should take into account the preference expressed by CCWG-AP members for Mechanism A. The CCWG-AP determined that it would not recommend a third mechanism, Mechanism C, or the establishment of an ICANN foundation, as an option available for Board consideration.

Regardless of mechanism chosen, the CCWG-AP noted that there are a number of characteristics that are universal for ICANN's eventual grant making:

- The ICANN Board has legal and fiduciary oversight responsibility.
- Safeguards must be in place to ensure legal and fiduciary obligations are met.
- An independent panel of experts will evaluate the applications.
- Processes and procedures must be in place to ensure that the grants are used in a manner that contributes directly to ICANN's mission.
- ICANN Directors and Officers have an obligation to protect the Organization through the use of available resources. In such a case, while ICANN would not be required to apply for the proceeds, the Directors and Officers have a fiduciary obligation to use the funds to meet the organization's obligations if necessary to do so.

The CCWG-AP Final Report, as a whole, sets out a cohesive outline for an ICANN Grant Giving Program. The 12 recommendations together cover not just who will run the ICANN Grant Giving Program, but also issues such as: what objectives should be served by the ICANN Grant Giving Program, who should evaluate applications for grants, legal and fiduciary safeguards to build in, the types of reviews that should be built into the program, and the role of the ICANN Community (or lack thereof) across the phases of the program. The recommendations in the Final Report are interrelated and have been grouped thematically for the Board's consideration:

- Mechanism (Recommendations #1, #9)
- Application Tranches (Recommendation #10)
- Independent Project Applications Evaluation Panel (Recommendation #2)
- Objectives of Proceeds Allocation (Recommendation #3, #11)
- Safeguards (Recommendation #4)
- Conflict of Interest Provisions (Recommendation #5)
- Governance Framework and Audit Requirements (Recommendation #6)
- ICANN Accountability Mechanisms, Appeals, and ICANN Bylaw Change (Recommendation #7)
- Reviews (Mechanisms and Overall Program) (Recommendation #12)
- ICANN Org / Constituent Parts Applying for Proceeds (Recommendation #8).

The full text of each recommendation is set out in the Scorecard titled "CCWG on Auction Proceeds Final Report Recommendations - Board Action." Within the Final Report, the CCWG-AP outlined the reasoning supporting its recommendations, as well as guidance intended for ICANN Org review as part of implementation. As appropriate, the Board considered the additional context and guidance and at times relied upon this additional context in the development of its action and supporting rationale.

Because of the interrelated nature of the CCWG-AP recommendations, the Board notes it is appropriate to address the recommendations as a package.

Overarching Board Considerations

Consideration of the CCWG-AP's Final Report is the culmination of more than five years of ICANN Community work, whereby the ICANN Community determined how it would work collectively to recommend to the Board a process for distribution of the proceeds collected from auctions of last resort. The Board notes that all seven ICANN SOs and ACs supported the CCWG-AP's outcomes, and that the Final Report was reached after two separate public comment processes. Taking action today supports the Board's long-standing promise to the ICANN Community of the voice that it would have in how these auction proceeds are eventually distributed.

The ICANN Community effort towards developing this proposal is just one indicator of high interest in the topic. Today's action is the first step towards the design and implementation of an ICANN Grant Giving Program, that, at current value, has the potential to distribute grants that collectively exceed a single year of ICANN's operating costs. This is an exceptional opportunity for ICANN to support projects in line with its mission through independently evaluated grants.

The ICANN Board has paid close attention to the community work towards the development of this Final Report. Both the ICANN Board and ICANN Org participated through liaisons in the CCWG-AP work, including during the chartering phase, where the Board urged the community to be aware of key areas of concern to the Board, such as monitoring of conflict of interest considerations. The ICANN Board maintained two liaisons to the CCWG-AP, regularly attending and participating in meetings, as well as working with the Board to develop inputs to

the CCWG-AP work. The ICANN Board and the CCWG-AP maintained active correspondence, documenting requests for inputs and responses, including the ICANN Board's 2018 development of Board Principles against which any CCWG-AP proposal would be assessed. ICANN Org also identified staff experts, as allowed under the Charter, to provide inputs to the CCWG-AP on legal and fiduciary considerations, with the ICANN's Chief Financial Officer, and a senior member of ICANN's legal team in regular attendance.

The first issue the CCWG-AP addressed in its Final Report was what mechanism should be used to distribute the auction proceeds through grant-making. The CCWG-AP reviewed a range of options, from operating the grant-making internally (referred to by the CCWG-AP as "Mechanism A") to a fully external model where ICANN would entrust a separate entity with all responsibility for administration of grant-making and reporting. The CCWG-AP determined that it would provide the ICANN Board with a recommendation to choose between two mechanisms that would allow ICANN more direct involvement in the ongoing operation of the grant-making program, as those were the alternatives that the CCWG-AP identified better served ICANN's legal and fiduciary obligations and supported the Board Principles.

Today, the Board confirms that the CCWG-AP's proposed Mechanism A, which proposes that ICANN internally design and administer the ICANN Grant Giving Program, is the preferred mechanism for implementation. This aligns with the preference expressed by the CCWG-AP. Operating the ICANN Grant Giving Program directly through ICANN Org aligns with the Board Principles, including the duties and responsibility of the ICANN Board and Officers over the proceeds. Only this full internal responsibility will maintain ICANN as the entity with direct responsibility and accountability over the ICANN Grant Giving Program and allow ICANN to maintain the fiduciary and governance controls that are necessary for it to remain legally responsible for the grant-making process. Additionally, ICANN's maintenance of direct responsibility of the grant-making—as opposed to partnering with an external nonprofit that would be responsible for making the grants—assures that the ICANN Grant Giving Program will be operated with the enhanced transparency expected from ICANN, including responsibility for reporting grant recipients of ICANN's own tax filings.

As the Board vests responsibility in the ICANN President and CEO to implement the ICANN Grant Giving Program internally, the Board understands and expects that ICANN Org will likely

need to collaborate with external organizations and contract for appropriate support across all aspects of the program. The CCWG-AP also acknowledged this. While grant-making is new to ICANN, the ICANN Board expects that the ICANN President and CEO will leverage expertise and resources to develop and implement a program that is right-sized to ICANN Org while also following well-established models of international grant-making.

The Board notes that the CCWG-AP's Final Report and recommendations embraced the key considerations and expectations that the Board expects to be present within the ICANN Grant Giving Program. The recommendations as approved set the groundwork for the design and implementation of an exemplary grant-making program that will support work across the world that aligns with ICANN's mission. This program shall be:

- Respectful of all of the necessary legal and fiduciary safeguards.
- Responsibly administered, preserving the most funds available for grant-making, while having the appropriate overhead and costs to support a world-class operation.
- Designed with the expectation that applicants across the globe have the opportunity to successfully apply for funds.
- Responsible in oversight, from the oversight of grantee compliance and program auditing needs, to regular program reviews to confirm the program processes and procedures are appropriate, to more intensive strategic reviews of whether the program is meeting the expected goals and intended impact.
- Built with vigilant protections to mitigate against the possibility of conflicts of interest influencing any part of the ICANN Grant Giving Program, from application and evaluation through to review.
- Respectful of the ICANN Community, including building in opportunities for those within the ICANN Community to have a role where appropriate. The program shall also be transparent in identifying the roles and responsibilities for all involved in the process, including ICANN Org, the ICANN Board, and the ICANN Community.
- Operated in a manner that adheres to good governance practices and upholds ICANN's commitment to accountability and transparency.

The CCWG-AP's recommendations provide significantly more detail surrounding some of these elements, and the Board in the Scorecard titled "CCWG on Auction Proceeds Final Report

Recommendations - Board Action" sets out specific Board actions and detailed supporting rationale as it relates to each. Those are all incorporated herein by reference. However, the recommendations that provide the framework for the ICANN Grant Giving Program are appropriate to consider working together as a whole. As the ICANN President and CEO moves forward through implementation, neither the Board nor the community should expect implementation plans built recommendation-by-recommendation.

The Board's approval of the CCWP-AP recommendations represent the start of a new phase of work within ICANN Org. There will need to be careful consideration of how to appropriately build a program in line with the expectations set out above. The ICANN President and CEO is therefore requested to maintain regular reporting to the ICANN Community and the Board on the status of implementation planning and design, including identification of timeframes when appropriate. The Board also recognizes that there may be a need along the implementation path for Board or Community inputs.

While there is still much work to be done, this action represents a key moment within ICANN. The commitment that the ICANN Board set out so many years ago—that the disbursement of the auction proceeds would be done in line with community developed proposals—has been upheld. The ICANN Community has devoted years of work toward reaching consensus recommendations. Today, the Board accepts those recommendations and looks to ICANN Org to start a new phase of work, implementing a program that will eventually deliver millions of dollars to projects around the world that support the global interoperability, reliability, and security of the Internet's unique identifiers. We should all be proud to reach this point.

Which stakeholders or others were consulted?

The ICANN Community has been broadly involved in the development of the CCWG-AP's Final Report. The CCWG-AP was chartered by all seven of ICANN's SOs and ACs and all SO/ACs participated in the CCWG-AP through appointed members to the working group. The working group was also open to participation from non-appointed individuals and organizations. The CCWG-AP met regularly, including sessions convened at ICANN Public Meetings. It held active discussions on its mailing list and provided updates to the chartering organizations and through newsletters to the wider ICANN Community. The CCWG-AP held two Public Comment

Periods—one on its [Initial Report](#) from 8 October 2018–11 December 2018 and one on its proposed [Final Report](#) from 23 December 2019–14 February 2021. All seven SOs and ACs supported the Final Report before its transmission to the Board.

Of note, during the CCWG-AP’s deliberations, it recognized the need for all stages of the process to be free from perceived, potential, or actual conflicts of interests. The CCWG-AP exercised a more heightened statement of interest practice than typically found within ICANN Community working groups. This practice included specific questions regarding whether participants in the CCWG-AP deliberations had any future intent to apply for grants under the eventual program. CCWG-AP members and participants maintained a Declarations of Intention on the [public repository page](#), in addition to standard Statements of Interests, recording responses to specific questions such as whether the individual or the organization with which they are affiliated intend to apply for future funding. As programming implementation progresses, specifically relating to future implementation questions, the Declarations of Interest are expected to be maintained for evaluation of future conflict of interest considerations.

What concerns or issues were raised by the Community?

The Final Report contains reference to the public comments received, reviewed, and addressed by the CCWG-AP in the development of the Final Report. The Final Report was ultimately endorsed by all seven chartering organizations. There is only one issue for which a minority statement was issued. The Commercial Stakeholders Group (CSG) challenged the CCWG-AP’s characterization of the group’s preference for the internally managed department to operate the grant giving mechanism. Within that minority statement, the Intellectual Property Constituency made further substantive objections to the use of an internal mechanism.

The ICANN Board notes the minority statement and the concerns raised therein. However, as closer review of the alternative to contract the grant-making to a partnering non-profit revealed significant concerns with ICANN’s ability to maintain the levels of fiduciary control and responsibility it would expect over a grant-making process, that factor weighed more heavily in the Board’s deliberation than the existence of a CCWG-AP preference. Further, the specific substantive concerns raised by the Intellectual Property Constituency (IPC) (i.e., potential for expansion of ICANN’s remit; need for fundamental Bylaws change; risk to staffing levels when

grant funding is depleted; and potential for appearance of self-dealing) are not concerns unique to a fully internally managed solution. Any involvement of ICANN in grant-making raises these same concerns and issues. The Board's expectations for a well-documented program adhering to good governance practices with clearly defined roles and responsibilities all serve to mitigate against the IPC's concerns.

What significant materials did the Board review?

The Board reviewed the CCWG-AP Final Report, ICANN Org Assessment: Recommendations of the Cross-Community Working Group on New gTLD Auction Proceeds (CCWG-AP), and [correspondence](#) between the ICANN Board and the CCWG-AP documenting requests for inputs and responses, including the ICANN Board's 29 September 2019 letter restating the [Board Principles](#).

Are there positive or negative community impacts?

The eventual distribution of the auction proceeds presents an exceptional opportunity to make a difference in the Internet ecosystem and positively impact people across the globe in furtherance of ICANN's mission. The Board's acceptance of the CCWG-AP Final Report is also a key step in the Board fulfilling its commitment to have the ICANN Community develop recommendations for the eventual distribution of the auction proceeds, and recognizes the significant effort of the ICANN Community to get to this point.

Are there fiscal impacts or ramifications on ICANN (strategic plan, operating plan, budget); the Community; and/or the public?

The ability to diligently disperse the funds for purposes consistent with ICANN's mission is an important fiduciary responsibility of the Organization.

The expenses incurred to develop the ICANN Grant Giving Program will be funded by the auction proceeds, not from ICANN Org's operational budget, as has been discussed with the CCWG and other groups by the ICANN Board and clarified by ICANN Org throughout discussions. This will be a significant effort and will require substantial resources for proper development that still need to be prioritized alongside other ICANN work.

Existing ICANN Org resources, in the form of expertise, time, and effort, will be needed to appropriately evaluate, design, and implement the work. These resources, as well as community contributions in the form of time, expertise, and participation, must be considered when evaluating how to prioritize these efforts as part of all the work the ICANN Org and Community are achieving.

Are there any security, stability, or resiliency issues relating to the DNS?

This action does not have a direct impact on the security, stability, or resiliency of the Internet's DNS. It is possible that some projects eventually supported by the ICANN Grant Giving Program may have a positive impact on the security, stability, and resiliency of the Internet's DNS.

Is this decision in the public interest and within ICANN's mission?

This decision supports both the public interest and ICANN's mission, as it directs the implementation of a program whereby significant amounts of money entrusted to ICANN's care will be distributed in alignment with ICANN's mission to worthy projects around the world.

Is this either a defined policy process within ICANN's Supporting Organizations or ICANN's Organizational Administrative Function decision requiring public comment or not requiring public comment?

There is no defined policy process guiding this work. The CCWG-AP conducted two Public Comment Period reviews of the report during its work and the Public Comment Period input on the Draft Final Report formed part of the Board's assessment of the recommendations.

Signature Block:

Submitted by: Sally Costerton

Position: Sr. Advisor to President & SVP, Global Stakeholder Engagement

Date Noted: 7 June 2022

Email:

ICANN Org Assessment: Recommendations of the Cross Community Working Group on New gTLD Auction Proceeds (CCWG-AP)

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References

- [Final Report](#) of the Cross-Community Working Group on New gTLD Auction Proceeds (CCWG-AP)
- [Report of Public Comments on the Draft Final Report](#) (Public Comment Period 23 December 2019 - 14 February 2020)
- [Report of Public Comments on the Initial Report](#) (Public Comment Period 8 Oct 2018 - 11 December 2018)
- [Board Principles for Report Review](#) (29 September 2019)
- [Financial and Audit Requirements presented by ICANN Finance to the CCWG-AP](#) (15 June 2017)
- [Legal and Fiduciary Requirements note from ICANN org to CCWG-AP](#) (updated May 2016) and [related materials and presentations](#)

I. Recommendation Summary

The CCWG-AP [Final Report](#) includes a list of 12 recommendations along with implementation guidance and related materials for future parties involved in the process.

The Final Report recommends that the Board selects either Mechanism A or Mechanism B as the vehicle for the next stage of this work.

Mechanism A: An internal department dedicated to the allocation of Auction Proceeds is created within the ICANN organization

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

The Report notes that there is a **preference for Mechanism A over Mechanism B** amongst the group.

Regardless of Mechanism chosen, the CCWG noted¹ that there are a number of characteristics that are universal for the grant-making:

- The **ICANN Board has legal and fiduciary oversight responsibility.**
- **Safeguards** are in place to ensure legal and fiduciary obligations are met.
- An **independent panel of experts** will evaluate the applications.
- Processes and procedures are in place to ensure that Auction Proceeds are used in a manner that **contributes directly to ICANN's mission.**
- The **directors and officers have an obligation to protect the organization through the use of available resources.** In such a case, while ICANN would not be required to apply for the proceeds, the directors and officers would have a fiduciary obligation to use the funds to meet the organization's obligations if it was necessary to do so.

Many of the recommendations and the included guidance from the CCWG are related. In order to ease review, the recommendations have been assigned a theme through which they will be explored in this assessment. For more on this approach, please see Section II of this document.

¹ See [CCWG-AP Final Report](#), page 12.

Recommendation Summary Table

Rec	CCWG Recommendations	Theme
#1	<p>The CCWG recommends that the Board select either mechanism A or mechanism B for the allocation of auction proceeds, taking into account the preference expressed by CCWG members for mechanism A.</p> <p>As part of its selection process, the ICANN Board is expected to apply the criteria outlined by the CCWG in section 4.5 of this proposed Final Report for which additional internal and/or external input may be required (such as providing a reliable cost estimate). The ICANN Board is expected to share the outcome of its consideration with the CCWG Chartering Organizations and, if deemed necessary, involve the Chartering Organizations and/or CCWG implementation team in any deliberations that would benefit from Chartering Organization and/or CCWG implementation team input.</p> <p>The CCWG strongly encourages the ICANN Board to conduct a feasibility assessment which provides further analysis of the recommended mechanisms, including costs associated with each mechanism, so that the Board can take an informed decision about supporting the most appropriate mechanism.</p>	Mechanism
#2	<p>The CCWG recommends that an Independent Project Applications Evaluation Panel will be established. The Panel's responsibility is to evaluate and select project applications. Neither the Board nor staff will be taking decisions on individual applications but the Board will instead focus its oversight on whether the rules of the process were followed by the Independent Project Applications Evaluation Panel. 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. Diversity considerations should also be taken into account in the selection process.</p>	Independent Project Applications Evaluation Panel
#3	<p>The CCWG agreed that specific objectives of New gTLD Auction Proceeds fund allocation are:</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 <p>New gTLD Auction Proceeds are expected to be allocated in a manner consistent with ICANN's mission.</p>	Objectives of Proceeds Allocation
#4	<p>The implementation of the selected fund allocation mechanism should include safeguards described in the response to charter question 2.</p>	Safeguards
#5	<p>Robust conflict of interest provisions must be developed and put in place at every phase of the process, regardless of which mechanism is ultimately selected.</p>	Conflict of Interest Provisions
#6	<p>Audit requirements as described [in the report] do not only apply to the disbursement of auction proceeds on a standalone basis but must be applied to all of ICANN's activities in relation to auction proceeds, including the disbursement of auction proceeds if and when this occurs.</p>	Governance Framework and Audit Requirements

#7	Existing ICANN accountability mechanisms such as IRP or other appeal mechanisms cannot be used to challenge a decision from the Independent Project Applications Evaluation Panel to approve or not approve an application. Applicants not selected should receive further details about where information can be found about the next round of applications as well as any educational materials that may be available to assist applicants. The CCWG recognizes that there will need to be an amendment to the Fundamental Bylaws to eliminate the opportunity to use the Request for Reconsideration and Independent Review Panel to challenge grant decisions. For the sake of clarity, the recommended Bylaws amendment is not intended to affect the existing powers of the Empowered Community specified under the ICANN Bylaws, including rejection powers on the five-year strategic plan, the five-year operating plan, the annual operating plan, and the annual budget.	ICANN Accountability Mechanisms, Appeals, and ICANN Bylaw Change
#8	The CCWG did not reach consensus to provide any specific recommendation on whether or not ICANN org or its constituent parts could be a beneficiary of auction proceeds, but it does recommend that for all applications the stipulated conditions and requirements, including legal and fiduciary requirements, need to be met.	ICANN org / Constituent Parts Applying for Proceeds
#9	The selected mechanism must be implemented to enable the availability of funds for a specific round as well as the disbursement of the funds for selected projects in an effective and judicious manner without creating a perpetual mechanism (i.e. not being focused on preservation of capital).	Mechanism
#10	Funds availability for disbursement should be staged in tranches over a period of years, regardless of the mechanism implemented. Progressive disbursements may be used to fund projects receiving large grants to be implemented over a period of years. Similarly, progressive disbursements can support projects that could be implemented in shorter periods.	Application Tranches
#11	As one of the objectives for new gTLD Auction Proceeds fund allocation is to contribute to projects that support capacity building and underserved populations, consideration about how this objective can be achieved should be given further consideration during the implementation phase. The CCWG does not have a particular preference about how to achieve the objective but provided guidance for the implementation phase (see hereunder). The CCWG notes that auction proceeds must be used in a manner that supports ICANN's mission.	Objectives of Proceeds Allocation
#12	<p>The CCWG recommends that two types of review are implemented. First, an internal review step will be part of the standard operation of the program. This review may take place at the end of each granting cycle or at another logical interval, such as on an annual basis. The purpose of this review is to have a lean “check-in” to ensure that the program is operating as expected in terms of processes, procedures, and usage of funds. The review may identify areas for improvement and allow for minor adjustments in program management and operations.</p> <p>Second, a broader, strategic review may be an appropriate element of program implementation. This broader review could be used to examine whether the mechanism is effectively serving overall goals of the program and whether allocation of funds is having the intended impact. This strategic review is expected to occur less frequently and may involve an external evaluator.</p>	Reviews

II. ICANN Org’s Approach for Assessment

Introduction

Purpose

The purpose of this document is to aggregate ICANN org’s assessments and considerations to inform Board action on recommendations in the Final Report of the Cross-Community Working Group on New gTLD Auction Proceeds (CCWG-AP). This assessment includes explanation of the approach and the detailed information pertaining to each recommendation that the Board reviewed and considered in arriving at their decision. Key considerations from this assessment are summarized in the Scorecard, and serve as the basis for the proposed rationale supporting the Board’s decision.

Categorization of Recommendations

ICANN org has drafted potential Board action on CCWG-AP recommendations in this assessment. As a result of the assessment, it is recommended that the Board move all recommendations to final action. Approved recommendations are consistent with ICANN's Mission, serve the public interest, and fall within the Board's remit. Further, approved recommendations are clear, have community support, and a clear path to implementation. Implementation of the overall grant-making program will be subject to prioritization, risk assessment and mitigation, costing, and implementation considerations.

Next Steps

The Final Report recommendations (and related implementation guidance) together form the basis of an eventual grant-making program which will be called the **ICANN Grant Giving Program**. As such, prioritization for the establishment of the program will mean prioritizing all approved recommendations. Subject to prioritization, risk assessment and mitigation, costing, and implementation considerations an implementation plan will be developed for the approved recommendations and the establishment of the ICANN Grant Giving Program, including resource needs and scheduling considerations, to inform the timing of implementation. ICANN org will engage with representatives from the CCWG-AP should implementation planning require clarification. ICANN org will provide periodic status updates on the progress of implementation work to the Board and the community.

Themes and Overarching Considerations

Many of the recommendations in the Final Report are interrelated. Additionally, the CCWG included text outlining the reasoning behind its decisions as well as guidance it intended for review as part of implementation. Some of this reasoning and additional content is applicable or related to more than one recommendation. So that the Report can be easily reviewed to address these nuances, ICANN org divided related recommendations, additional descriptions, and implementation guidance into 10 main themes:

- Mechanism (Recommendations #1, #9)
- Application Tranches (Recommendation #10)
- Independent Project Applications Evaluation Panel (Recommendation #2)
- Objectives of Proceeds Allocation (Recommendation #3, #11)
- Safeguards (Recommendation #4)

- Conflict of Interest Provisions (Recommendation #5)
- Governance Framework and Audit Requirements (Recommendation #6)
- ICANN Accountability Mechanisms, Appeals, and ICANN Bylaw Change (Recommendation #7)
- Reviews (Mechanisms and Overall Program) (Recommendation #12)
- ICANN org / Constituent Parts Applying for Proceeds (Recommendation #8)

The following section breaks down the report theme by theme and outlines:

1. From the CCWG Report
 - a. What the recommendation(s) states
 - b. What information in the report is related to this recommendation in the form of additional descriptions from the CCWG-AP or the CCWG's implementation guidance on this theme
2. For the ICANN org Assessment:
 - a. Dependencies
 - b. Possible clarifying questions that need to be addressed
 - c. Proposed recommended Board action for the related recommendation(s)
 - d. Proposed rationale for Board action
 - e. An assessment of the recommendation(s) against the Board Principles
 - f. Additional notes

Board Principles

The CCWG-AP was tasked with developing a proposal on the mechanism to allocate the proceeds generated from auctions of last resort used to resolve string contention in the New gTLD Program. At the CCWG's request, the ICANN Board provided [a list of principles](#) ("Board Principles") for reviewing the recommendations. Section III also includes org's assessment of the recommendations against the Board Principles.

III. ICANN org Assessment to Inform Board Action

Theme: Mechanism

Recommendation #1	
<p>Recommendation Text²</p>	<p>The CCWG recommends that the Board select either mechanism A or mechanism B for the allocation of auction proceeds, taking into account the preference expressed by CCWG members for mechanism A.</p> <p>As part of its selection process, the ICANN Board is expected to apply the criteria outlined by the CCWG in section 4.5 of this proposed Final Report for which additional internal and/or external input may be required (such as providing a reliable cost estimate). The ICANN Board is expected to share the outcome of its consideration with the CCWG Chartering Organizations and, if deemed necessary, involve the Chartering Organizations and/or CCWG implementation team in any deliberations that would benefit from Chartering Organization and/or CCWG implementation team input.</p> <p>The CCWG strongly encourages the ICANN Board to conduct a feasibility assessment which provides further analysis of the recommended mechanisms, including costs associated with each mechanism, so that the Board can take an informed decision about supporting the most appropriate mechanism.</p>
<p>Minority Statement</p>	<p>The preference for Mechanism A is contested by some in the CCWG and – in a minority statement³ – the Commercial Stakeholder Group questions this designation and “urges the Board to examine the final polling results closely since the Working Group Consensus is based on this poll.” Additionally, the Intellectual Property Constituency “strongly objects to the adoption of mechanism A by the ICANN Board.”</p>
<p>Related Additional Descriptions or Guidance from CCWG-AP Report</p>	<p>The CCWG outlined Mechanism A as an “internal department dedicated to the allocation of auction proceeds is created within the ICANN organization” and Mechanism B as an “internal department dedicated to the allocation of auction proceeds is created within the ICANN organization which collaborates with an existing non-profit.”</p> <p>The CCWG outlined⁴ that the universal characteristics of the program, regardless of mechanism choice would be:</p> <ul style="list-style-type: none"> • “The ICANN Board has legal and fiduciary oversight responsibility.

² See [CCWG-AP Final Report](#), pages 4 and 21.

³ See [CCWG-AP Final Report](#), Annex F - Minority Statement, pages 54 and 55.

⁴ See [CCWG-AP Final Report](#), page 12.

	<ul style="list-style-type: none"> • Safeguards are in place to ensure legal and fiduciary obligations are met • An independent panel of experts will evaluate the applications. • Processes and procedures are in place to ensure that auction proceeds are used in a manner that contributes directly to ICANN's mission. • The directors and officers have an obligation to protect the organization through the use of available resources. In such a case, while ICANN would not be required to apply for the proceeds, the directors and officers would have a fiduciary obligation to use the funds to meet the organization's obligations if it was necessary to do so."
ICANN Org Assessment	
Dependencies	The remaining recommendations express characteristics of the proposed mechanism or eventual ICANN Grants Giving Program.
Proposed Recommended Board Action	<p>Approve recommendation and direct the ICANN President and CEO, or his designees, to focus on designing implementation of Mechanism A, through which ICANN will have responsibility for the full lifecycle of grant management, applying the universal characteristics outlined by the CCWG.</p> <p>Direct the ICANN President and CEO, or his designees, to take all actions necessary, including utilizing external expertise or service providers in the design and implementation of the ICANN Grant Giving Program, in line with the Board Principles, to develop a Program that is "simple, effective and efficient, with appropriate skills, expertise, and scale to minimize overhead, minimize risks, and maximize the impact of grants issued."</p>
Proposed Rationale for Board Action	<p>The CCWG-AP's Mechanism A specifies that the ICANN Grant Giving Program will be run internally by ICANN, while relying on consultants and partners as needed. Mechanism A is the only proposed mechanism that maintains ICANN as the entity with direct responsibility and accountability for the Grant Giving Program and that allows ICANN to maintain the fiduciary and governance controls necessary to remain legally responsible for the grant-making process.</p> <p>Operating the ICANN Grant Giving Program internally provides significant benefits to ICANN and the ICANN community. It will provide better transparency to the community through ICANN's direct responsibility for reporting of grant recipients on ICANN's own tax filings.</p> <p>The internally run process provides flexibility for ICANN to contract for appropriate support across all aspects of the program, which allows ICANN to build a program that is right-sized to the organization and incorporates external service providers. As ICANN org does not currently perform grant-making work, ICANN org will need to bring in appropriate resources and expertise to support the proper design and implementation of the Grant Giving Program. ICANN org must conduct careful diligence over any service provider brought in to support the Grant Giving</p>

	<p>Program.</p> <p>Developing the ICANN Grant Giving Program internally - as opposed to relying on a single, long-term nonprofit partner for most areas of program design and administration - assures that the ICANN Grant Giving Program will always be run in accordance with ICANN's mission.</p> <p>The Board notes the CCWG's preference for Mechanism A.</p> <p>While Mechanism A specifies that ICANN will have an "internal department" to operate the ICANN Grant Giving Program, ICANN understands this to require ICANN to be the responsible entity, and the ICANN President & CEO to be responsible for determining the internal structure and allocation of resources to implement the Program. This is a key aspect of the implementation design, taking into account the other principles embodied in the CCWG Final Report, such as clear definition of roles and responsibilities and maintaining appropriate separation of roles.</p>
<p>Assessment against Board Principles</p>	<p>The choice of Mechanism A supports the Board Principles of: Overarching Fiduciary Obligations and Responsibility for Funds; Board Due Diligence; ICANN's Mission; Effective and Efficient Process of Selection and Proposed Mechanism; Preservation of Resources and Use of Existing Expertise; Accountability; ICANN Monitoring and Evaluation; and Transparency.</p> <p>The remaining Principles of Global and Diversity Values, Evidenced-Based Processes and Procedures for Evaluation can be met through this mechanism through careful implementation planning.</p>
<p>Additional Notes</p>	<p>Next Steps and Potential Board Decisions: The selection of the mechanism and directing further work on the design and implementation of the mechanism is a first step. There is still a significant amount of work to be performed, and there may be a need for additional Board decisions throughout the implementation path in order to maintain the Board's key governance and oversight roles.</p> <p>Additional Considerations: The CCWG included input in sections 4.1 and 4.3 of the Final Report to help inform the implementation of the mechanism selected.⁵ During the Public Comment period on the Draft Final Report, it was noted that 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."⁶</p>

⁵ See [CCWG-AP Final Report](#), page 22.

⁶ See [Report of Public Comments on the Draft Final Report](#) (Public Comment Period 23 December 2019 - 14 February 2020), Question #3, Comment #1, page15.

Recommendation #9	
Recommendation Text⁷	The selected mechanism must be implemented to enable the availability of funds for a specific round as well as the disbursement of the funds for selected projects in an effective and judicious manner without creating a perpetual mechanism (i.e. not being focused on preservation of capital).
Related Additional Descriptions or Guidance from CCWG-AP Report	The Final Report noted: ⁸ “The CCWG's focus is on the auction proceeds that are currently available without any assumption that additional proceeds will become available in the future. The role of this CCWG is to identify and to evaluate possible mechanisms to disburse proceeds received through auctions from the 2012 gTLD application round.”
ICANN Org Assessment	
Dependencies	Recommendation #1
Proposed Recommended Board Action	<p>Approve recommendation directing the application of the ICANN Grant Giving Program for the proceeds from auctions of last resort within the 2012 New gTLD Program application round.</p> <p>Direct the ICANN President and CEO, or his designees, to provide a recommendation to the Board, when appropriate, regarding the potential of using the ICANN Grant Giving Program for proceeds stemming from future auctions of last resort if such auctions are utilized for future gTLD application processes such as the ones contemplated within the policy recommendations on New gTLD subsequent procedures.</p>
Proposed Rationale for Board Action	<p>The task of the CCWG-AP was to develop a set of recommendations for the distribution of funds collected from auctions of last resort within the 2012 New gTLD round. The Board acknowledges and accepts the CCWG’s recommendation that ICANN should not focus on preservation of capital, and that there is community consensus that the ICANN Grant Giving Program should not be managed in a way that it exists in perpetuity.</p> <p>The Board also acknowledges that the resources devoted by the ICANN Community in the careful deliberation to achieve the CCWG-AP Final Report, as well as the extensive resources that will be used to implement the ICANN Grant Giving Program in alignment with that report, should be used effectively. As a result, the Board preserves the ability to consider if there are appropriate times in the future to leverage the ICANN Grant Giving Program in similar instances.</p>

⁷ See [CCWG-AP Final Report](#), pages 13 and 31.

⁸ See [CCWG-AP Final Report](#), page 30 under Charter Question #4.

Assessment against Board Principles	The effective and judicious distribution of proceeds without a focus on creating a perpetual mechanism is consistent with Board Principles of: Effective and Efficient Process of Selection and Proposed Mechanism; Preservation of Resources and Use of Existing Expertise.
Additional Notes	None.

Theme: Application Tranches

Recommendation #10	
Recommendation Text⁹	Funds availability for disbursement should be staged in tranches over a period of years, regardless of the mechanism implemented. Progressive disbursements may be used to fund projects receiving large grants to be implemented over a period of years. Similarly, progressive disbursements can support projects that could be implemented in shorter periods.
Related Additional Descriptions or Guidance from CCWG-AP Report	Included as part of the CCWG’s description of this recommendation is that it can help refine the objectives, leaves space for reviews to take place, and can help with identifying how to improve diversity of applications and impact following each tranche. This is therefore related to Recommendation #3, Recommendation #12, and Recommendation #11. ¹⁰
ICANN Org Assessment	
Dependencies	Recommendation #1 and impacts implementation and operation of Recommendations #3, #11, and #12.
Proposed Recommended Board Action	Approve recommendation and direct the ICANN President and CEO to implement tranches as part of the implementation of the ICANN Grant Giving Program. The Board further directs the President and CEO, or his designee, to consider the ability to support grants of differing amounts and for projects of differing duration, to maintain the flexibility of the ICANN Grant Giving Program as implemented.
Proposed Rationale for Board Action	As part of its Board Principles, the Board identified the use of tranches as a key tool in helping the Board maintain appropriate oversight and meet its fiduciary obligations. This recommendation is fully aligned with the Board’s earlier positioning. Further, this approach will support the continuous improvement of the ICANN Grants Giving Program by providing opportunities to review and optimize the program after each tranche.

⁹ See [CCWG-AP Final Report](#), pages 6 and 31.

¹⁰ See [CCWG-AP Final Report](#), page 32

	<p>The Board appreciates the flexibility expressed by the CCWG-AP that the size of a tranche does not limit the potential for funding larger projects over a longer duration of time. The Board also notes that as expressed by the CCWG-AP, within a tranche there is neither a requirement or limitation that each grant be of the same size or duration. This too provides significant flexibility. The Board acknowledges that there may be need for the Board to take additional actions to support the recommended design, and awaits further inputs from ICANN org.</p>
<p>Assessment against Board Principles</p>	<p>The tranches approach can support the Board Principles of: Overarching Fiduciary Obligations and Responsibility for Funds; Board Due Diligence; ICANN’s Mission; Effective and Efficient Process of Selection and Proposed Mechanism; Global and Diversity Values; Accountability; ICANN Monitoring and Evaluation; and Transparency.</p> <p>The remaining Principles of Global and Diversity Values, Evidenced-Based Processes and Procedures for Evaluation can be met through this mechanism through careful implementation planning.</p> <p>The universal characteristics of the program outlined by the CCWG add further alignment with the Board Principles.</p>
<p>Additional Notes</p>	<p>Best Practices: ICANN org’s implementation team may need to review best practices in relation to size of grants and funding available for each tranche. Implementation may also explore the proposed process for determining the annual budget for the ICANN Grant Giving Program.</p> <p>Timeframes for Tranches: The CCWG notes that the “timeframe should be established in line with and guided by strategic objectives for allocation of the auction proceeds. Once it is determined how ‘success’ is defined for allocation of the auction proceeds, the timeframe could be set to support a successful outcome.”¹¹</p> <p>Size of Grants: ICANN org’s implementation team, ICANN org may consider issues related grants of differing sizes, including but not limited to: identification of minimum amounts for grants commensurate with the diligence, reporting and auditing requirements attendant to all grants; identification of conditions under which larger grants may be awarded and the ability or need to stage disbursement over time; and whether there are any grant amounts for which the Board should have specific disbursement approval.</p>

¹¹ See [CCWG-AP Final Report](#), Section 5.3 Operations, page 30.

Theme: Independent Project Applications Evaluation Panel

Recommendation #2	
Recommendation Text¹²	The CCWG recommends that an Independent Project Applications Evaluation Panel will be established. The Panel’s responsibility is to evaluate and select project applications. Neither the Board nor staff will be taking decisions on individual applications but the Board will instead focus its oversight on whether the rules of the process were followed by the Independent Project Applications Evaluation Panel. 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. Diversity considerations should also be taken into account in the selection process.
Related Additional Descriptions or Guidance from CCWG-AP Report	<p>The CCWG notes:</p> <ul style="list-style-type: none"> ● “The Independent Project Evaluations Panel should be independent of ICANN and its constituent parts, which include the Board, ICANN org, and the Supporting Organizations and Advisory Committees. No SO or AC, nor the ICANN Board should have representatives - directly or indirectly - on the Evaluation Panel itself.”¹³ ● “ICANN participants are not excluded from applying to serve, but only selected if they have required expertise and demonstrate that they have no conflict of interest that could influence or be perceived to influence their independence.”¹⁴ ● “The mechanism, and therefore the selected panelists, must be free from not only actual conflicts of interest but also potential or even perceived conflicts of interest. Due care will need to be given during the implementation phase that safeguards are in place to ensure the independence of the members of the [panel].”¹⁵ ● “The selected mechanism will be responsible for the process of selecting and appointing independent experts to the Independent Project Applications Evaluation Panel, informed by the work done by the CCWG and the criteria / skills identified in the implementation phase.”¹⁶ ● “Additional details about the operation of the [panel], including the length of the term that its members will serve, will be established during the implementation phase. Industry best practices should be observed, while

¹² See [CCWG-AP Final Report](#), pages 5 and 6.

¹³ See [CCWG-AP Final Report](#), page 22 under Charter Question #7.

¹⁴ See [CCWG-AP Final Report](#), Guidance for the Implementation Phase in relation to the Independent (Project) Applications Evaluation Panel, pages 6 and 7.

¹⁵ See [CCWG-AP Final Report](#), Guidance for the Implementation Phase in relation to the Independent (Project) Applications Evaluation Panel, pages 6 and 7.

¹⁶ See [CCWG-AP Final Report](#), Guidance for the Implementation Phase in relation to the Independent (Project) Applications Evaluation Panel, pages 6 and 7.

	<p>also taking into account goals and risks that may be specific to the allocation of new gTLD auction proceeds.”¹⁷</p> <p>Additionally, “the provisions outlined in response to [charter question #5] should at a minimum be considered for inclusion in the conflict of interest requirements that will apply to all the parties involved (e.g. the Independent Project Applications Evaluation Panel, the Auction Proceeds Program Review Panel as well as staff supporting the mechanism).”¹⁸</p>
<p>ICANN Org Assessment</p>	
<p>Dependencies</p>	<p>Recommendation #1, #4, #5</p>
<p>Proposed Recommended Board Action</p>	<p>Approve recommendation and direct the ICANN President and CEO, or his designees, to ensure that an Independent Selection Panel is part of the resulting implementation of the ICANN Grant Giving Program.</p>
<p>Proposed Rationale for Board Action</p>	<p>This recommendation confirms that an Independent Evaluation Panel will be convened and will be responsible for the evaluation of applications against the goals and objectives of the ICANN Grant Giving Program, and will be responsible for regularly recommending to the ICANN Board the applicants that should be funded through that cycle’s tranche. The need for an Independent Evaluation Panel originated from the ICANN Board, and approval of this recommendation supports best practices in grant making.</p> <p>The use of an Independent Panel to review applications for grants was requested¹⁹ by the ICANN Board. The Board concurs that the panel should be independent and should have appropriate conflict of interest protections built in. This supports the legitimacy of the ICANN Grant Giving Program and helps ICANN’s directors and officers meet their fiduciary duties in the oversight and management of the program. The Independent Panel will assess applications according to the goals and guidelines defined with the ICANN Grant Giving Program, and will recommend to the ICANN Board which applications should be funded through that year’s tranche.</p> <p>The Board acknowledges that the Board will not be taking decisions on individual applications. The Board will decide whether it will approve the group of applications recommended for funding, and in taking that decision, the Board will consider whether the rules of the process were followed by the Independent Panel.</p> <p>The Board notes²⁰ that the CCWG-AP provides guidance suggesting that while all</p>

¹⁷ See [CCWG-AP Final Report](#), Guidance for the Implementation Phase in relation to the Independent (Project) Applications Evaluation Panel, pages 6 and 7.

¹⁸ See [CCWG-AP Final Report](#), Guidance for the Implementation Phase in relation to charter question #5, page 7.

¹⁹ See 5 October 2018 [letter](#) from Becky Burr and Maarten Botterman to Erika Mann and Ching Chiao.

²⁰ See 29 September 2019 [letter](#) from Becky Burr and Maarten Botterman to Erika Mann and Ching Chiao.

	<p>selected panelists “must be free from not only actual conflicts of interest but also potential or even perceived conflicts of interest,” ICANN participants may be selected as panelists if they have the required expertise.</p> <p>The Board also supports the CCWG-AP’s focus on expertise and diversity in the panel composition. In the implementation phase, ICANN org is expected to design the panel - relying on external expertise as appropriate - with proper safeguards and controls, as well as proper expertise to evaluate grant applications in support of ICANN’s mission, and mindful of the breadth and diversity of the expected pool of applicants. ICANN org must also be mindful that the Independent Panel will require sufficient guidance on the principles they are expected to uphold, training on the procedures they are expected to adhere to, and support for the administration of their work.</p> <p>As part of implementation design, ICANN org should also consider a clear definition of roles and responsibilities for ICANN org as it relates to the Independent Panel’s work to avoid improper involvement of ICANN org in the Independent Panel’s processes. The Board also notes²¹ that the Independent Panel could benefit from consistency over time (i.e., the composition of each year’s panel should always include some overlap from the previous year to build on experience); and cost-effectiveness (i.e., to focus on the use of auction proceeds to support desired activities and goals, as opposed to administrative costs).”</p> <p>The Board’s acceptance of this Recommendation 2 does not indicate any Board position on the viability of ICANN participants as panelists. The Board stresses the importance of avoiding the potential appearance of conflict of interest at any point in the ICANN Grant Giving Program application process, including among panelists and those applying for funds. The Board expects that clear rules and practices will be defined to mitigate against that risk, and all mitigation strategies should remain available.</p>
<p>Assessment against Board Principles</p>	<p>The use of an independent panel to evaluate applications for grants, while also having the Board review each slate of selected successful applications to ensure the rules of the process were followed by the Panel supports the Board Principles of: Overarching Fiduciary Obligations and Responsibility for Funds; Board Due Diligence; ICANN’s Mission; ICANN Monitoring and Evaluation.</p> <p>Next steps for implementation should ensure that planning for the Independent Panel supports the remaining Board Principles of: Effective and Efficient Process of Selection and Proposed Mechanisms; Preservation of Resource and Use of Existing Expertise; Global and Diversity Values; Evidence-Based Processes and Procedures for Evaluation; Accountability; and Transparency.</p>

²¹ See 5 October 2018 [letter](#) from Becky Burr and Maarten Botterman to Erika Mann and Ching Chiao.

Additional Notes	Many aspects of panel design would need to be addressed in implementation, and ICANN org expects to utilize expertise to support the design and proper implementation of the Independent Panel as a cornerstone of the ICANN Grant Giving Program. Implementation considerations could include: panel size and composition (including expertise and diversity); panelist selection; contracting; compensation; panel member rotation; panel administration processes; training; panel procedures for evaluation and selection; conflict of interest considerations, and others. ICANN org will take into account previous Board statements on these topics. ²²
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Theme: Objectives of Proceeds Allocation

Recommendation #3 and Recommendation #11	
Recommendation Text²³	<p>Recommendation 3: The CCWG agreed that specific objectives of New gTLD Auction Proceeds fund allocation are:</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 <p>New gTLD Auction Proceeds are expected to be allocated in a manner consistent with ICANN's mission.</p> <p>Recommendation 11: As one of the objectives for new gTLD Auction Proceeds fund allocation is to contribute to projects that support capacity building and underserved populations, consideration about how this objective can be achieved should be given further consideration during the implementation phase. The CCWG does not have a particular preference about how to achieve the objective but provided guidance for the implementation phase (see hereunder).The CCWG notes that auction proceeds must be used in a manner that supports ICANN's mission.</p>
Related Additional Descriptions or Guidance from CCWG-AP Report	<p>"Other than ensuring that all three goals must support ICANN's mission, the CCWG does not have specific guidance on how these three objectives should be prioritized or translated into specific program elements, such as selection criteria for funding applicants, although the CCWG states that further consideration could be given to weighing certain criteria to indicate priority."²⁴</p>

²² See 29 September 2019 [letter](#) from Becky Burr and Maarten Botterman to Erika Mann and Ching Chiao.

²³ See [CCWG-AP Final Report](#), pages 5 and 6.

²⁴ See [CCWG-AP Final Report](#), page 31 under Charter Question #6.

In relation to “open and interoperable Internet, the CCWG also developed overarching guidance for proposal review and selection of projects to which auction proceeds may be allocated. This guidance includes the following guidelines for the review and selection of applications seeking auction proceeds funding:”²⁵

1. “The purpose of a grant/application must be in service of ICANN’s mission and core principles.
2. The objectives and outcomes of the projects funded should be in agreement with ICANN’s efforts for an Internet that is stable, secure, resilient, scalable, and standards-based.
3. Projects advancing work related to any of the following topics are encouraged: open access, future oriented developments, innovation and open standards, for the benefit of the Internet community.
4. Projects addressing diversity, participation and inclusion should strive to deepen informed engagement and participation from developing countries, under-represented communities and all stakeholders.
5. Projects supportive of ICANN’s communities’ activities are encouraged, in so far as these activities are different than those funded currently by ICANN’s operational budget.”

Additional evaluation guidance for the Independent Panel is included in the full report.

The CCWG does not have a particular preference about how to achieve the objectives but provided guidance for the implementation phase in the report. The CCWG recommends additional work during the implementation stage to determine how to prioritize or translate the three goals into specific program elements and urges further consideration to weighing certain criteria for priority. One such approach is basketing (see below). The CCWG notes that priorities may need to be adjusted over time and this can be done in review cycles.²⁶

One of the suggested approaches from the CCWG to address targeted populations and projects is “divide funds into segments and distribute funds to grant recipients in a series of ‘baskets,’ each with a different programmatic focus.”²⁷

Additionally, the CCWG produced guidance for proposal review and selection (see Annex C)²⁸ and list of example projects (see Annex D)²⁹ which the CCWG expected to be used as guidance during the implementation process

²⁵ See [CCWG-AP Final Report](#), page 16 under Section 4.4 Objectives of Fund Allocation, and page 45.

²⁶ See [CCWG-AP Final Report](#), pages 31 and 32 under Charter Question #6.

²⁷ See [CCWG-AP Final Report](#), pages 31 and 32 under Charter Question #6.

²⁸ See [CCWG-AP Final Report](#), Annex C - Guidance for Proposal Review and Selection, pages 44-45.

²⁹ See [CCWG-AP Final Report](#), Annex D - Example of Projects, pages 46-52.

ICANN Org Assessment	
Dependencies	Recommendations #1, #2, #10. Also related to Recommendation #12 on reviews as these objectives will be reviewed as part of this work.
Proposed Recommended Board Action	Approve recommendations and direct the ICANN President and CEO, or his designees, to develop the stated objectives into clear principles and guidance for use within the ICANN Grant Giving Program. The Board affirms the requirement that the ICANN Grant Giving Program is limited to grants that are consistent with ICANN’s mission and notes that this is a key governance limitation.
Proposed Rationale for Board Action	<p>Recommendation #3 defines that “New gTLD Auction Proceeds are expected to be allocated in a manner consistent with ICANN’s mission.” Proceeds must be allocated in a manner consistent with ICANN’s mission. This is a key governance principle for the ICANN Grant Giving Program that must be in place or ICANN could lose its 501(c)(3) tax exempt public charity status. This limitation has been recognized before, including within the 2012 New gTLD Program Applicant Guidebook,³⁰ which states that Auction Proceeds “must be used in a manner that supports directly ICANN’s Mission and Core Values and also allows ICANN to maintain its not for profit status.” ICANN org previously advised, “due to its 501(c)(3) tax exempt, public charity status, ICANN must act exclusively in service to its charitable purpose, and as limited by its Mission. Maintaining adherence to Mission is important from source (ICANN) to destination (end recipient) [...]. Requiring alignment to ICANN’s Mission also protects the community’s resources from being used to defend against independent reviews or other challenges that could come if ICANN were to authorize expenditures of funds or resources outside of Mission.”³¹</p> <p>The Board notes that significant work remains to translate the CCWG-AP’s broad objectives into clear principles and guidance to help potential applicants understand whether they can qualify for the ICANN Grant Giving Program, and to help the Independent Panel consistently apply the objectives across applicants and cycles. The Board notes the CCWG-AP’s specific focus on underserved populations, and expects that implementation will include defining this objective as well as, where appropriate, considering the best practices of other grantmakers in reaching diverse stakeholders and supporting capacity development.</p> <p>The Board notes that the CCWG-AP’s Final Report includes Annexes C and D, where they offered proposals for review and selection and examples of projects that might achieve the CCWG-AP’s stated objectives. The Board previously communicated concerns³² to the CCWG-AP regarding the inclusion of these</p>

³⁰ See [gTLD Applicant Guidebook](#), Version 2012-06-04, Module 4, page 19

³¹ See June 2016 “[Memo: To DT for Auction Funds Proceeds CCWG Charter](#)” from Xavier Calvez and Samantha Eisner.

³² See 31 January 2018 [letter](#) from Becky Burr and Maarten Botterman to Erika Mann and Ching Chiao.

	<p>annexes. The Board stated³³ that while the example project list was a tool for CCWG deliberations, it is in no way indicative of potential future approvals. For clarity, the Board reiterates that it is not adopting Annexes C or D and the examples stated within those annexes should not be relied upon by future applicants or evaluators. There is a clear possibility that actual decisions within the ICANN Grant Giving Program will differ from the outcomes set forth in the Annexes, and no person or entity should rely on the Annexes for any purpose within the actual ICANN Grant Giving Program.</p> <p>The Board notes that during the CCWG deliberations, there was a suggestion of “basketing”, a tool to address targeted populations and projects through the “divi[sion of] funds into segments and distribute funds to grant recipients in a series of “baskets,” each with a different programmatic focus.”³⁴ The Board deferred the issue of “basketing”, stating:</p> <p style="padding-left: 40px;">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.³⁵</p> <p>The Board encourages ICANN org to consider whether the concept of “basketing” should be added as an element for a future review of the ICANN Grant Giving Program.</p>
<p>Assessment against Board Principles</p>	<p>The stated objectives meet the Board Principle of ICANN’s Mission.</p> <p>Recommendation #11 addressed the Board Principle of “Global and Diversity Values.”</p> <p>The implementation planning should examine how best to address these recommendations in light of the remaining Board Principles.</p>
<p>Additional Notes</p>	<p>Capacity Development and Serving Diverse Stakeholders and Regions: During the implementation phase, the CCWG states³⁶ that “further consideration needs to be given to how to contribute to projects that support capacity building and underserved populations, also in conjunction with the other objectives that have been recommended by the CCWG. In addition to enabling projects that support capacity building and underserved populations, attention should also be</p>

³³ See 31 January 2018 [letter](#) from Becky Burr and Maarten Botterman to Erika Mann and Ching Chiao.

³⁴ See [CCWG-AP Final Report](#), pages 31 and 32 under Charter Question #6.

³⁵ See 29 September 2019 [letter](#) from Becky Burr and Maarten Botterman to Erika Mann and Ching Chiao.

³⁶ See [CCWG-AP Final Report](#), Guidance for Implementation Phase in relation to charter question #6, page 7.

	<p>given to facilitating receipt of applications from diverse geographic regions and communities as well as how to support applications from diverse backgrounds.”</p> <p>Previous Board Questions: ICANN org’s implementation team could review the questions set forth by the Board in relation to the objectives as they were being developed by the CCWG.³⁷</p>
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Theme: Safeguards

Recommendation #4	
Recommendation Text ³⁸	The implementation of the selected fund allocation mechanism should include safeguards described in the response to charter question 2.
Related Additional Descriptions or Guidance from CCWG-AP Report	<p>The CCWG did not issue any specific guidance on this Recommendation. However, the CCWG’s response to Charter Question #2, which also incorporates its response to Charter Question #3, provides significant guidance to embrace the need for strong safeguards to guide the development of the ICANN Grant Giving Program, aligned with expected legal and fiduciary requirements.</p> <p>The response to Charter Question #2³⁹ sets out the CCWG’s expectation that the ICANN Grant Giving Program will adhere to the key limitations on funding, including:</p> <ul style="list-style-type: none"> ● Need to adhere to ICANN’s mission; ● Funds must only be disbursed for lawful purposes; ● ICANN must assure there are protections against self-dealing and that decisions are taken without conflict of interest; ● Funds cannot be used for private benefit of individuals, including prohibition on grants to individuals, and performing diligence on applying entities; ● Funds cannot be used for political activities or lobbying activities; and ● ICANN must have measures in place for proper oversight and management of the funds. <p>The response to Charter Question 3⁴⁰ sets out the CCWG-AP’s expectations of safeguards that can be introduced into the ICANN Grant Giving Program. Specifically, the response to Charter Question 3 makes clear that:</p>

³⁷ See 31 January 2018 [letter](#) from Becky Burr and Maarten Botterman to Erika Mann and Ching Chiao.

³⁸ See [CCWG-AP Final Report](#), page 5.

³⁹ See [CCWG-AP Final Report](#), page 24 under charter question #2.

⁴⁰ See [CCWG-AP Final Report](#), pages 25-26 under charter question #3.

	<ul style="list-style-type: none"> • ICANN will need to put in place processes to make sure the legal and fiduciary requirements (as affirmed in the response to Charter Question 2) are met; and • The ICANN Board has the ultimate responsibility to make sure funds are used in alignment with ICANN's mission. <p>The CCWG-AP also identifies some of the operational insights for development of grant-making programs, recognizing that ICANN has internal safeguards that already exist that might support the development of the portions of the ICANN Grant Giving Program that are developed in-house, and cautioning that ICANN will have to make sure that partnering entities also have (or implement) appropriate safeguards.</p> <p>The response to Charter Question 3 also confirms that as ICANN builds out internal capacity to support the ICANN Grant Giving Program, that ICANN will need to ensure proper definition of roles and responsibilities as appropriate to implement internal safeguards for the operation of that Program.</p>
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ICANN Org Assessment	
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Dependencies	Recommendations #1, #5, #6, #7
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Proposed Recommended Board Action	Approve recommendation and direct the ICANN President and CEO, or his designees, to confirm that the ICANN Grant Giving Program is designed with appropriate safeguards to support appropriate legal and fiduciary constraints.
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Proposed Rationale for Board Action	<p>The Board thanks the CCWG-AP for its diligence in specifying the full scope of legal and fiduciary constraints that it understood would be necessary within an ICANN Grant Giving Program, and for further specifying that safeguards must be developed to assure proper implementation. This supports the intended legitimacy of the process, and aligns with anticipated requirements for a program of this type. The Board notes that as specified, the CCWG-AP incorporated language that supports key program goals, including being drafted in a way that enables ICANN to develop diligence and criteria to support grant applicants from outside of the U.S. The CCWG-AP's strong focus on all aspects of conflicts of interest - including limitations imposed on applications that may be from entities related to CCWG-AP members or entities related to ICANN Board and executives and staff - are key and appropriate limitations to incorporate.</p> <p>The Board appreciates the CCWG-AP's focus on strong and efficient oversight and management of the funds, from reminders about segregation of duties and responsibilities to setting expectations on the importance of safeguards at all points in the process.</p> <p>While not specified in the CCWG-AP's recommended safeguards, the Board notes the importance of transparency as an additional safeguard and expects that</p>
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	ICANN org will design the ICANN Grant Giving Program that is as transparent in its processes as possible.
Assessment against Board Principles	While implementation planning will determine additional specificity regarding this topic, the intention of the recommendation surround safeguarding can lend support to the Board Principles of: Overarching Fiduciary Obligation and Responsibility for Funds; Board Due Diligence; ICANN’s Mission; Preservation of Resources and Use of Existing Expertise; Accountability; ICANN Monitoring and Evaluation; and Transparency.
Additional Notes	<p>The recommendation contains a range of implementation considerations for implementation planning. Some of the items covered in this recommendation include:</p> <p>Risk: Implementation will need to examine the risks for the organization and Board in holding, using, managing, and operating the Auction Proceeds (reputational, operational, legal, related to mission...) and the risks and reputational impact for the organization and the Board once the proceeds are distributed in the case of misuse. Implementation should outline how ICANN could mitigate or manage any identified risk(s).</p> <p>Panel: The CCWG noted that “due care will need to be given during the implementation phase that safeguards are in place to ensure the independence of the members of the Independent Project Applications Evaluation Panel.”⁴¹</p> <p>Roles and Responsibilities: The Board may wish to review the division and recognition of responsibilities between the department responsible for the grants program and ICANN org overall. The CCWG recommends that “measures will be needed to ensure division and recognition of responsibilities between the department handling funds and the rest of the organization. This division and recognition of responsibilities will be particularly important under mechanism A, where ICANN org is handling many aspects of the granting cycle.”⁴²</p> <p>Service Providers: The implementation of Mechanism A should develop safeguards, including fiduciary and audit requirements, for service providers involved in the implementation and operations of the grant program, aligned with CCWG guidance provided for Mechanism B.</p>

⁴¹ See [CCWG-AP Final Report](#), Guidance for Implementation Phase in relation to the Independent (Project) Applications Evaluation Panel: charter questio, pages 6 and 7.

⁴² See [CCWG-AP Final Report](#), pages 25-26, under Charter Question #3.

Theme: Conflict of Interest Provisions

Recommendation #5	
Recommendation Text⁴³	Robust conflict of interest provisions must be developed and put in place at every phase of the process, regardless of which mechanism is ultimately selected.
Related Additional Descriptions or Guidance from CCWG-AP Report:	<p><u>Process of Controls⁴⁴</u></p> <ul style="list-style-type: none"> • CCWG states that “there must be a process of controls on conflict of interests that should be viewed in the broader context of safeguards designed to address ICANN’s legal and fiduciary obligations and considerations. Each phase should include mechanisms supporting fiduciary and auditing requirements.” <p><u>Conflict of Interest policies⁴⁵</u></p> <ul style="list-style-type: none"> • CCWG notes that “a conflicts of interest policy should require those with a conflict to disclose the conflict or potential conflict. The policy should provide clear guidance on what the organization does when a member is in conflict and how conflicts are managed.” <p><u>Self-Dealing</u></p> <p>The CCWG states the mechanism must protect against self-dealing and to ensure that decisions are taken without conflict of interest. The CCWG states that implementation should consider:⁴⁶</p> <ul style="list-style-type: none"> • “Prohibition on auction proceeds being awarded to businesses that are owned in whole or in part by ICANN Board members, executives or staff or their family members and awards that may be used to pay compensation to ICANN Board members, executives or staff or their family members.” • “Segregation of duties amongst those who develop the requirements and those who assist in the identification of potential recipients.” • “Prohibition on awards of assistance to businesses owned in whole or in part by the CCWG members (participating in any phase of the CCWG process), their family members, and awards that would be used to pay compensation to CCWG members or their family members.” <p><u>Transparency and Ethics⁴⁷</u></p> <ul style="list-style-type: none"> • The CCWG notes that: <ul style="list-style-type: none"> ○ “Individuals and groups supporting fund allocation should commit to transparency and high standards of ethics.

⁴³ See [CCWG-AP Final Report](#), page 5.

⁴⁴ See [CCWG-AP Final Report](#), page 26 under Charter Question #5.

⁴⁵ See [CCWG-AP Final Report](#), page 26 under Charter Question #5.

⁴⁶ See [CCWG-AP Final Report](#), page 24 under Charter Question #2 and page 26 under Charter Question #5.

⁴⁷ See [CCWG-AP Final Report](#), page 26 under Charter Question #5.

	<ul style="list-style-type: none"> ○ Transparency could be supported by making publicly available conflict of interest statements and by making application selection criteria objective and publicly available.” <p><u>Existing ICANN org Measures</u>⁴⁸</p> <ul style="list-style-type: none"> ● CCWG Report outlines a number of measures already in place to support controls on conflicts of interest and that these should be leveraged where possible <ul style="list-style-type: none"> ○ “ICANN org has experience in segregating funds. ○ ICANN org has the experience and internal controls to maintain appropriate financial accounting practices as contemplated, but would likely need to add new project-related accounting processes. ○ ICANN org also has related practices, such as its procurement policy and disbursement policy, which introduce controls over proper procurement and budgetary commitments. ○ ICANN org is able to capture financial information by project, which is expected to also contribute to transparency and accountability on the program.” <p><u>Mechanism B Considerations (may still apply in relation to the use of experts and service providers)</u></p> <ul style="list-style-type: none"> ● The CCWG notes⁴⁹ that “in the case of Mechanism B, there needs to be clearly defined roles and responsibilities incumbent upon both ICANN org and the other organization, and an agreement in place about how these roles are carried out operationally. The non-profit would need to have appropriate conflict of interest policies and practices in place for the elements of the program it manages. In addition, ICANN org will maintain oversight to ensure that legal and fiduciary obligations are met.” <p>“Processes and procedures will need to be put into place to ensure that legal and fiduciary requirements are met. There will need to be clear and state of the art processes of controls on conflict of interest, on ensuring consistency with ICANN’s mission, on evaluating projects/proposals and communicating evaluation results, on decision/approval, on disbursement procedures and requirements, and on monitoring after disbursement (including reporting from the recipients on the use of funds and mechanisms to guard against misuse).”⁵⁰</p>
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ICANN Org Assessment	
Dependencies	Recommendations #1, #2, #3, #4, #6, #7, #8, #9, #10, #11, #12

⁴⁸ See [CCWG-AP Final Report](#), page 26 under Charter Question #5.

⁴⁹ See [CCWG-AP Final Report](#), page 26 under Charter Question #5

⁵⁰ See [CCWG-AP Final Report](#), page 25 under Charter Question #3.

<p>Proposed Recommended Board Action</p>	<p>Approve recommendation, and direct the ICANN President and CEO, or his designees, to confirm that appropriate conflict of interest procedures are built into every stage of the ICANN Grant Giving Program.</p>
<p>Proposed Rationale for Board Action</p>	<p>As with Recommendation 4, the Board thanks the CCWG-AP for its diligence and focus on the area of conflict of interest. This is a key concern for the legitimacy of the ICANN Grant Giving Program, and is also a unique concern for the Board covered by the Board Principles. As the Board works to uphold the highest ethical standards in its conduct, it is aware of the potential of conflicts of interest entering into decision making when ICANN starts its Grant Giving Program. There is a significant amount of money at stake, and the Board reiterated at all stages of the CCWG-AP’s process the need for conflict of interest considerations.</p> <p>From the outset, the CCWG-AP designed a detailed Declaration of Interest process for members to support some aspects of conflict of interest inquiries as the ICANN Grant Giving Program is in operation. Related issues of independence and procedural safeguards are set out across multiple areas of the Final Report, all supporting the same premise - that the ICANN Community wants to see an ICANN Grant Giving Program that is above reproach and developed to the highest standards of ethics. The Board recognizes that as external consultants and partners are brought in, they too must implement, uphold and respect conflict of interest procedures.</p>
<p>Assessment against Board Principles</p>	<p>The recommendation supports the Principles of Board Due Diligence and Transparency.</p> <p>In its guidance regarding Recommendation 5, the CCWG outlined “a number of measures already in place to support controls on conflicts of interest and that these should be leveraged where possible.”⁵¹ This guidance aligns with Board Principle on “Preservation of Resources and Use of Existing Expertise.”</p>
<p>Additional Notes</p>	<p>Vetting: Additional considerations may need to be made on how to maintain a register of those involved and how potential relationships are vetted.</p> <p>Coaching and Consulting: Additional considerations may need to be made regarding coaching and consulting by previously involved individuals to applicants.</p> <p>CCWG Guidance for the Implementation Phase in relation to charter question #5: “The provisions outlined in response to this charter question should at a minimum be considered for inclusion in the conflict of interest requirements that will apply to all the parties involved (e.g. the Independent Project Applications Evaluation Panel, the Auction Proceeds Program Review Panel as well as staff supporting the mechanism). These requirements are expected to be developed during the implementation phase. In the case of mechanism B, there will need to</p>

⁵¹ See [CCWG-AP Final Report](#), page 26 under Charter Question #5.

	<p>be clearly defined roles and responsibilities incumbent upon both ICANN org and the other organization, and an agreement in place about how these roles are carried out operationally. The non-profit organization would need to have appropriate conflict of interest policies and practices in place for the elements of the program it manages. In addition, ICANN org will maintain oversight to ensure that legal and fiduciary obligations are met.”⁵²</p> <p>Recusal System for Panel: Regarding conflict of interest and independence of the evaluation panel, “The Board does not believe that reliance on a recusal system is workable or appropriate, as this would undermine the panel’s ability to provide a consistent view across all applications. Rather, each panelist should, to the maximum extent possible, be free of any potential conflict, however remote. In line with best practices for grant-making, recusal can be available, but the program should be designed, and panelists chosen, to eliminate the need to use this tool except in extraordinary and unforeseen situations.”⁵³</p> <p>Simplicity: Program design should be simple to reduce the potential for conflict of interest.⁵⁴</p>
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Theme: Governance Framework and Audit Requirements

Recommendation #6	
Recommendation Text ⁵⁵	Audit requirements as described [in response to Charter Question 9] do not only apply to the disbursement of auction proceeds on a standalone basis but must be applied to all of ICANN’s activities in relation to auction proceeds, including the disbursement of auction proceeds if and when this occurs.
Related Additional Descriptions or Guidance from CCWG-AP Report	<p>In response to Charter Question #9 on the governance framework to be followed to guide distribution of the proceeds, the CCWG-AP identified requirements that are incorporated into Recommendation #6:</p> <p><u>Measures of success should be developed for :</u>⁵⁶</p> <ul style="list-style-type: none"> • Grant impact (to “evaluate and quantify the result of each grant allocated using state of the art processes and evidence-based evaluation methodology”) • Ensuring that policies and procedures exist and are effective to manage the applications for funding including: receiving applications for funding,

⁵² See [CCWG-AP Final Report](#), Guidance for the Implementation Phase in relation to charter question #5, page 7.

⁵³ See 29 September 2019 [letter](#) from Becky Burr and Maarten Botterman to Erika Mann and Ching Chiao.

⁵⁴ See [CCWG-AP Final Report](#), page 29 under Charter Question #9.

⁵⁵ See [CCWG-AP Final Report](#), page 5.

⁵⁶ See [CCWG-AP Final Report](#), page 27 under Charter Question #9.

evaluating applications for funding; and organizing quality control and/or audit of applications evaluations

- “Risk assessments of projects receiving grants must be conducted as part of the due diligence carried out when assessing applicants.”

Verification and compliance⁵⁷

- “ICANN org must be able to design and implement verification procedures to ensure compliance of the funds disbursements with the approved objective”
 - “Organize disbursement process and monitor disbursements,
 - Monitor the compliance of the recipient’s use of the funds with the intended purpose of the grant (which justified approving the application) and establish accountability for use/misuse of resources by grant recipients,
 - Internal audits of projects receiving grants may be conducted. The due diligence, audit, and reporting requirements could vary depending on the nature, size and length of projects funded as well as country of origin.”

Reporting and transparency publications⁵⁸

- “ICANN org must put in place reporting and publication processes to ensure transparency on application evaluation procedures, results, and usage of funds”
 - “Explain/report on/publish application evaluation methodology,
 - Explain/report on/publish results of application evaluations,
 - Explain/report on/publish analyses of the effective use of the funds.”

Governance framework⁵⁹

- There may be required elements for the framework to meet the legal and fiduciary requirements as affirmed within Recommendation 2.
- Additional elements must include:
 - **Annual independent audit** such as the audit that “ICANN is already subject to as a nonprofit public benefit corporation under California law.”
 - **“Existing requirements resulting from ICANN’s obligations regarding accountability and transparency to the public, as defined in the Bylaws:**
 - Engage with the community on planning, performance and reporting of activities carried out.
 - Be available and ready to respond to inquiries, publish documents and information.”

⁵⁷ See [CCWG-AP Final Report](#), page 27-28 under Charter Question #9.

⁵⁸ See [CCWG-AP Final Report](#), page 28 under Charter Question #9.

⁵⁹ See [CCWG-AP Final Report](#), page 28-29 under Charter Question #9.

	<ul style="list-style-type: none"> ○ Roles & responsibilities <ul style="list-style-type: none"> ■ Maintaining appropriate legal agreements with partners outlining the respective roles and responsibilities of each entity ○ Decision making <ul style="list-style-type: none"> ■ “Decisions should be driven by fiduciary duties of the entities involved and strategic goals of the program. ■ By observing the principle of simplicity, the program reduces potential for conflict of interest, streamlines the path to making distributions, and reduces overhead costs associated with running the program.” ● “State of art best practices should be followed: <ul style="list-style-type: none"> ○ require measurable uses and outcomes of grants ○ transparency on the use of grants ○ progressive disbursements ○ reporting, which could include different reporting requirements depending on the type of project and/or type of support provided, as well as the amount of the grant”
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ICANN Org Assessment	
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Dependencies	Recommendation #1
Proposed Recommended Board Action	Approve recommendation and direct the ICANN President and CEO, or his designees, to incorporate appropriate controls, verification methods and reporting requirements to meet responsible program governance.
Proposed Rationale for Board Action	<p>The Board thanks the CCWG for the recommendation making explicit that appropriate controls and verification are an essential part of a responsible and successful ICANN Grant Giving Program. The Board encourages ICANN org to consider the importance of transparency to the ICANN community in documenting methodology, application results, and demonstrating effective use of funds. Well-designed controls will also support future reviews of the ICANN Grant Giving Program.</p> <p>Instituting controls within the program is an essential safeguard to ensure that ICANN’s commitments to the ICANN community and applicants are being upheld, and that ICANN’s fiduciary and legal obligations are met as the ICANN Grant Giving Program proceeds through implementation.</p>
Assessment against Board Principles	While additional implementation planning will propose the specific regarding the auditing elements, this recommendation and related guidance can lend support to the Principles of: Overarching Fiduciary Obligations and Responsibility for Funds; Board Due Diligence; ICANN’s Mission; Preservation of Resources and Use of Existing Expertise; Evidence-Based Processes and Procedures for Evaluation; Accountability; ICANN Monitoring and Evaluation; Transparency.

Additional Notes	<p>Regulatory Audit Requirements and Procedures: ICANN org will ensure that the program meets any regulatory audit requirements for grants, or audit procedures operationally considered necessary for this program. Additional consideration may be needed to determine how the audit requirements outlined in the CCWG-AP report will be applied to the ICANN Grant Giving Program.</p> <p>Misuse and Fraud: Additionally, org could develop and build mechanisms, monitoring processes, and procedures to mitigate the risks of fraud, or misuse and corrective actions to be taken.</p> <p>Transparency and Accountability: ICANN org’s implementation should also determine how transparency and accountability to the community will be ensured on aspects of the Grant Giving Program.</p>
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Theme: ICANN Accountability Mechanisms, Appeals, and ICANN Bylaw Change

Recommendation #7	
Recommendation Text ⁶⁰	Existing ICANN accountability mechanisms such as IRP or other appeal mechanisms cannot be used to challenge a decision from the Independent Project Applications Evaluation Panel to approve or not approve an application. Applicants not selected should receive further details about where information can be found about the next round of applications as well as any educational materials that may be available to assist applicants. The CCWG recognizes that there will need to be an amendment to the Fundamental Bylaws to eliminate the opportunity to use the Request for Reconsideration and Independent Review Panel to challenge grant decisions. For the sake of clarity, the recommended Bylaws amendment is not intended to affect the existing powers of the Empowered Community specified under the ICANN Bylaws, including rejection powers on the five-year strategic plan, the five-year operating plan, the annual operating plan, and the annual budget.
Related Additional Descriptions or Guidance from CCWG-AP Report	As part of its response to Charter Question #9, the CCWG-AP stated that the use of ICANN’s accountability mechanisms such as the IRP or other appeal mechanisms to challenge a decision from the Independent Project Evaluations Panel to approve or not approve an application [for inclusion in a tranche] “would create a level of complexity that was deemed not desirable or necessary, after having reviewed how other organizations deal with appeals. Instead, it is the expectation that applicants not selected should receive further details about where information can be found about the next round of applications as well as any

⁶⁰ See [CCWG-AP Final Report](#), page 5.

	<p>educational materials that may be available to assist applicants. Also, in the context of the foreseen regular reviews, selected applicants and non-selected applicants may be invited to provide feedback that may help to improve the program further. The CCWG agreed that currently existing ICANN accountability measures such as IRP may not be used to challenge decisions on individual applications. The reason for this recommendation is that the Board will not assess individual applications. The Board will only make decisions related to the overall disbursement of funds based on recommendations from the Independent Project Applications Evaluation Panel.”⁶¹</p>
<p>ICANN Org Assessment</p>	
<p>Dependencies</p>	<p>Recommendation #1; Empowered Community approval of the Fundamental Bylaws change</p>
<p>Proposed Recommended Board Action</p>	<p>Approve recommendation and direct the ICANN President and CEO to prepare a Fundamental Bylaws amendment proposal that addresses the specific scope of the recommended change to ICANN’s accountability mechanisms. The Fundamental Bylaws amendment process shall be initiated in sufficient time to allow for Empowered Community approval of the Fundamental Bylaws amendment prior to the launch of the ICANN Grant Giving Program. In the event the Empowered Community rejects the proposed Fundamental Bylaws change, the ICANN President and CEO is directed to seek further guidance from the Board regarding the impact of such rejection on the anticipated launch and operation of the ICANN Grant Giving Program.</p>
<p>Proposed Rationale for Board Action</p>	<p>The Board supports the balance the CCWG-AP reached in carving out the ability to challenge decisions on specific applications from the broader issue of whether ICANN could be held accountable in the event that its conduct in the operation of the ICANN Grant Giving Program is appropriately challenged through one of ICANN’s accountability mechanisms, such as the IRP or the Reconsideration Process. During the CCWG-AP’s deliberations, the Board was supportive of exploring alternative mechanisms for individual applicants to appeal an Independent Panel’s decision, however the Board recognizes that the CCWG-AP did not wish to explore that potential further “after having reviewed how other organizations deal with appeals.”⁶² Instead, the CCWG-AP recommends “[a]pplicants not selected should receive further details about where information can be found about the next round of applications as well as any educational materials that may be available to assist applicants.” The Board accepts this outcome of the CCWG-AP report, while acknowledging that the CCWG-AP’s recommendation necessitates that applicants will not have an opportunity to challenge the Independent Evaluation Panel’s assessment of their application. The Board encourages ICANN org to, during implementation, develop documentation</p>

⁶¹ See [CCWG-AP Final Report](#), page 29 under Charter Question #9.

⁶² See [CCWG-AP Final Report](#), page 29 under Charter Question #9.

	<p>to make clear to applicants the limitations on available avenues of recourse.</p> <p>The CCWG-AP’s recommendation creates a large dependency on the success of the Fundamental Bylaws Amendment Process. In the event the Empowered Community rejects an amendment drafted to meet this recommendation, the ICANN Board will need an opportunity to evaluate the impact of such a rejection on the launch of the ICANN Grant Giving Program. As a result, the Board directs that the Fundamental Bylaws Amendment Process be initiated so that it will conclude prior to the launch of the ICANN Grant Giving Program, with an effective date of any approved amendment commensurate with the launch of the Program, to give the opportunity for such evaluation to occur if needed.</p>
Assessment against Board Principles	A dedicated appeal system in place for the ICANN Grants Giving Program can support the Principles of: Effective and Efficient Process of Selection and Proposed Mechanism; Accountability; and Transparency.
Additional Notes	<p>Bylaws Change: Future considerations and community input will be needed to change the existing ICANN Bylaws or other related ICANN governance aspects.</p> <p>Transparency and Accountability: Additional considerations may be needed to determine how transparency and accountability will be addressed in relation to the limited process of challenges and appeals for individual applications as proposed by the CCWG.</p>

Theme: Reviews (of Mechanism and of the Overall Program)

Recommendation #12	
Recommendation Text ⁶³	<p>The CCWG recommends that two types of review are implemented.⁶⁴ First, an internal review step will be part of the standard operation of the program. This review may take place at the end of each granting cycle or at another logical interval, such as on an annual basis. The purpose of this review is to have a lean “check-in” to ensure that the program is operating as expected in terms of processes, procedures, and usage of funds. The review may identify areas for improvement and allow for minor adjustments in program management and operations.</p> <p>Second, a broader, strategic review may be an appropriate element of program implementation. This broader review could be used to examine whether the mechanism is effectively serving overall goals of the program and whether</p>

⁶³ See [CCWG-AP Final Report](#), page 6.

⁶⁴ Note: These reviews are in addition to the regular review and reporting of grant progress and metrics which are topics outlined for implementation consideration

	allocation of funds is having the intended impact. This strategic review is expected to occur less frequently and may involve an external evaluator.
Related Additional Descriptions or Guidance from CCWG-AP Report	<p>The CCWG provided guidance for the implementation phase in relation to Reviews: “The CCWG recommends that as part of the implementation, it should be determined whether these reviews are to be carried out by one panel or two different panels recognizing the importance of the opportunity for the community to participate, factoring in required expertise skills and commitments required. The CCWG understands that the ICANN Board expects 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.’”⁶⁵</p> <p>The CCWG provided additional information regarding review mechanisms in response to Charter Question 11, where it specified its view of purpose of reviewing the ICANN Grant Giving Program: “It is important to review the functioning of the mechanism in order to to improve, to be transparent and to plan for future development. These reviews offer opportunities to innovate, steer direction, and fine-tune strategy. A combination of internal and external reviews is desirable to capture a multi-faceted process. Review processes should not, however, be used to change purpose without the support of the same community that provided the original mandate.”⁶⁶</p> <p>The CCWG explored whether the two types of reviews recommended should be performed by separate groups:</p> <ul style="list-style-type: none"> • “An Auction Proceeds Program Review Panel (APPRP), which would include ICANN community volunteers and invited external experts with expertise in evaluating grant processes. • An Auction Proceeds Program Assessment Panel (APPAP) that would be chartered by the ICANN Board to allow for an assessment of the entire Auction Proceeds program.”⁶⁷ <p>However, after CCWG review of input received from the ICANN Board on the proposal to establish these two panels, in which the Board noted the importance of avoiding duplicative and excessively complex structures to conduct these reviews, the CCWG deferred the consideration of whether these reviews are to be carried out by one panel or two different panels to implementation. The CCWG highlighted its focus on the importance of the opportunity for the community to participate, factoring in required expertise skills and commitments required.⁶⁸</p>

⁶⁵ See [CCWG-AP Final Report](#), page 34 under Charter Question #11.

⁶⁶ See [CCWG-AP Final Report](#), page 34 under Charter Question #11.

⁶⁷ See [CCWG-AP Final Report](#), page 34 under Charter Question #11.

⁶⁸ See [CCWG-AP Final Report](#), page 34 under Charter Question #11.

ICANN Org Assessment	
Dependencies	Recommendations #1, #2, #3, #4, #5, #6, #7, #8, #9, #10 and #11
Proposed Recommended Board Action	Approve recommendation and direct the ICANN President and CEO, or his designees, to implement appropriate program review mechanisms into the ICANN Grant Giving Program.
Proposed Rationale for Board Action	<p>The ICANN Board agrees with the CCWG that reviews of the ICANN Grant Giving Program will be important in making sure that the Program is meeting its objectives and operating as intended.</p> <p>The Board notes that there are two types of review proposed: one that reviews each granting cycle to ensure the Program is functioning as intended; and a less frequent strategic review to ensure that the goals and impact of the program are being met. The timing of the reviews will be conducted based on the needs of the program and are distinct and separate from ICANN's Bylaws-mandated reviews. The Board encourages implementation design to focus on ensuring that these reviews are clearly distinguished from any existing established ICANN review processes and are appropriately designed to the needs of the program.</p> <p>The Board thanks the CCWG for leaving flexibility for review design to implementation, and urges ICANN org to focus on simplicity and best practices in designing reviews. If a review results in an indication that there is a need for fundamental changes to the mechanism or the purposes of the use of funds, those would be significant changes for which additional community input would be required.</p>
Assessment against Board Principles	<p>The purposes of the reviews proposed could lend support to the Board Principles of: Overarching Fiduciary Obligations and Responsibility for Funds; Board Due Diligence; ICANN's Mission; Global and Diversity Values; Accountability; ICANN Monitoring and Evaluation; and Transparency.</p> <p>Implementation planning must take care to ensure that the reviews recommended will support the Board Principles of: Effective and Efficient Process of Selection and Proposed Mechanism; Preservation of Resources and Use of Existing Expertise; and Evidenced-Based Processes and Procedures for Evaluation.</p>
Additional Notes	<p>Review Operation, Structure, and Outcomes: Operations and structure of reviews of the Grant Giving Program will need to be determined during implementation. Additional considerations may be needed to identify what type of review outcomes are anticipated and what is the Board's role in approving these recommendations.</p> <p>Review Recommendations and Outputs: In instances where reviews recommend substantial changes to the program, additional consideration may be</p>

needed on how review recommendations may be addressed in relation to the original intentions of the CCWG's report.

Responsibility for Conducting Reviews: The CCWG recommends that as part of the implementation, it should be determined whether these reviews are to be carried out by one panel or two different panels recognizing the importance of the opportunity for the community to participate, factoring in required expertise skills and commitments required. These reviews should not be confused with ICANN periodic or specific reviews.⁶⁹

Basketing as a Future Approach: Related to Recommendations #3 and #11, the CCWG noted that, "The implementation team is expected to consider the input provided by the ICANN Board on this topic ('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)."⁷⁰

Interrelation with other recommendations including that review implementation planning should consider:

- Building in conflict of interest practices⁷¹
- How Recommendation #7 (appeals) could evolve the program through applicant feedback⁷²
- How recommendation #11 might be addressed through review to confirm the program is reaching target audiences⁷³

⁶⁹ See [CCWG-AP Final Report](#), page 6 and Guidance for the Implementation Phase in relation to Reviews, pages 8 and 35.

⁷⁰ See [CCWG-AP Final Report](#), Guidance for the Implementation Phase in relation to charter question #6, pages 33.

⁷¹ See [CCWG-AP Final Report](#), page 27 under Charter Question #5.

⁷² See [CCWG-AP Final Report](#), page 29 under Charter Question #9.

⁷³ See [CCWG-AP Final Report](#), page 32 under Charter Question #6.

Theme: ICANN org / Constituent Parts Applying for Proceeds

Recommendation #8	
Recommendation Text⁷⁴	The CCWG did not reach consensus to provide any specific recommendation on whether or not ICANN org or its constituent parts could be a beneficiary of auction proceeds, but it does recommend that for all applications the stipulated conditions and requirements, including legal and fiduciary requirements, need to be met.
Related Additional Descriptions or Guidance from CCWG-AP Report	<p>The CCWG, in response to Charter Question #10, explored the question of whether ICANN, either the org or a constituent part of the community, could be a beneficiary of some of the auction funds. The CCWG offered two potential scenarios:⁷⁵</p> <ul style="list-style-type: none"> • “Funds are used by ICANN org distinct from the granting process, for example to replenish the reserve fund. • Funds are allocated through the granting process. In order for a SO/AC (or subpart thereof) to be able to apply for auction proceeds, it would have to meet all of the application criteria and basic due diligence requirements used in the evaluation of any other applicant. Considerations of self-dealing/private benefit as well as conflict of interest would need to be taken into account in evaluating the application. The applicant would need to demonstrate that the proposed use for funds is separate from work that is already funded as part of ICANN’s daily operations. The CCWG anticipates that allocation of funds in this manner would be the exception rather than the rule.” <p>The CCWG continued that “if ICANN org were eligible to apply [...], particular attention would need to be paid to maintaining division and recognition of responsibilities of staffing, budget, confidential information and operations between the department responsible for proceeds allocation and other parts of the organization that may apply for funds.”⁷⁶</p> <p>The CCWG noted that conflict of interest provisions would be particularly important here as this will relate to recommendation #5 and recommendation #6.”</p>
ICANN Org Assessment	
Dependencies	Recommendations #1, #4, #5, #6

⁷⁴ See [CCWG-AP Final Report](#), page 5.

⁷⁵ See [CCWG-AP Final Report](#), page 30 under Charter Question #10.

⁷⁶ See [CCWG-AP Final Report](#), page 30 under Charter Question #10.

<p>Proposed Recommended Board action</p>	<p>The Board understands the CCWG’s Recommendation 8 to state “that for all applications the stipulated conditions and requirements, including legal and fiduciary requirements, need to be met.” The Board approves this recommendation and directs the ICANN President and CEO to confirm that within the ICANN Grant Giving Program, all applicants meet the stipulated conditions and requirements as otherwise recommended.</p>
<p>Proposed Rationale for Board Action</p>	<p>The Board notes that while the CCWG did not provide a recommendation on the ability of ICANN org or constituent parts of the ICANN community to be able to receive portions of the Auction Proceeds funds, the CCWG provided clear guidance that any entity applying for funds must meet all specified conditions set forth for the ICANN Grant Giving Program. This can be read in conjunction with the CCWG’s focus on safeguards, legal and fiduciary obligations, and clear conflict of interest procedures. The Board notes that this may be an issue that ICANN org further investigates during implementation.</p> <p>As it relates to ICANN org, the Board reiterates a statement it made in 2018: “ICANN maintains legal and fiduciary responsibility over the funds, and the directors and officers have an obligation to protect the organization through the use of available resources. In such a case, while ICANN would not be required to apply for the proceeds, the directors and officers would have a fiduciary obligation to use the funds to meet the organization’s obligations.”⁷⁷</p> <p>To the extent that implementation includes a path for ICANN SO/AC structures to apply for the ICANN Grant Giving Program, the Board cautions that conflict of interest considerations and clear separation of roles and responsibilities be observed. In addition, the Board notes the CCWG’s stated consideration that “the applicant would need to demonstrate that the proposed use for funds is separate from work that is already funded as part of ICANN’s daily operations. The CCWG anticipates that allocation of funds in this manner would be the exception rather than the rule.”⁷⁸</p>
<p>Assessment against Board Principles</p>	<p>While there is not a specific Board Principle supported through this recommendation, this recommendation supports the development of well-defined conditions and requirements, which in turn support the Board Principles in a broad manner.</p>
<p>Additional Notes</p>	<p>Roles and responsibilities of the ICANN Board, org, and the community will be clearly defined in the design in the grant-making program. Eligibility requirements and conflict of interest considerations defined during implementation should apply to all grantees.</p>

⁷⁷ See 5 October 2018 [letter](#) from Becky Burr and Maarten Botterman to Erika Mann and Ching Chiao.

⁷⁸ See [CCWG-AP Final Report](#), page 30 under Charter Question #10.

ICANN BOARD PAPER NO. 2022-06-12-2c

TITLE: Transfer of the .BY and .бел ("bel") top-level domains representing Belarus to Belarusian Cloud Technologies LLC
PROPOSED ACTION: For Board Consideration and Approval
IANA REFERENCE: 1219419, 1223738

EXECUTIVE SUMMARY:

As part of PTI's responsibilities under the IANA Naming Function contract with ICANN, PTI has prepared a recommendation to authorize the transfer of the country-code top-level domains .BY (Belarus) and .бел ("bel") top-level domains to Belarusian Cloud Technologies Limited Liability Company (LLC).

Key points of the investigation on the transfer request are:

- The top-level domains under consideration are eligible for transfer as the two-letter string "BY" is presently listed in the ISO 3166-1 standard for Belarus and the string "бел" has been deemed an appropriate representation of Belarus through the ICANN Fast Track String Selection process.
- The proposed manager is Belarusian Cloud Technologies, a limited liability company based in Belarus.
- Support for the transfer has been provided by the Deputy Head of the Operational and Analytical Center under the President of the Republic of Belarus, as well as six other significantly interested parties.
- Informed consent for the transfer of the .BY and .бел top-level domains was provided by Sergei Povalishev, Chief Executive Officer of Reliable Software, Ltd.

PROPOSED RESOLUTION:

Resolved (2022.06.12.xx), as part of the exercise of its responsibilities under the IANA Naming Function Contract with ICANN, IANA has reviewed and evaluated the request to transfer the BY and .бел top-level domains to Belarusian Cloud Technologies LLC. The documentation demonstrates that the proper procedures were followed in evaluating the request.

PROPOSED RATIONALE:

Why the Board is addressing the issue now?

In accordance with the IANA Naming Function Contract, PTI, in the performance of the IANA Naming Function (IANA), has evaluated a request for ccTLD transfer and is presenting its report to the Board for review. This review by the Board is intended to ensure that the proper procedures were followed.

What is the proposal being considered?

The proposal is to approve a request to transfer the BY and .бел top-level domains and assign the role of manager to Belarusian Cloud Technologie LLC.

Which stakeholders or others were consulted?

In the course of evaluating this transfer application, IANA consulted with the applicant and other significantly interested parties. As part of the application process, the applicant needs to describe consultations that were performed within the country concerning the ccTLD, and their applicability to their local Internet community.

What concerns or issues were raised by the community?

IANA is not aware of any significant issues or concerns raised by the community in relation to this request.

What significant materials did the Board review?

The Board reviewed the following evaluations:

- The domains are eligible for transfer, as the strings under consideration represent Belarus in the ISO 3166-1 standard and have been deemed an appropriate representation of Belarus through the ICANN Fast Track String Selection process;
- The relevant government has been consulted and does not object;
- The proposed manager and its contacts agree to their responsibilities for managing this domain;
- The proposal has demonstrated appropriate significantly interested parties'

consultation and support;

- The proposal does not contravene any known laws or regulations;
- The proposal ensures the domain is managed locally in the country, and are bound under local law;
- The proposed manager has confirmed they will manage the domain in a fair and equitable manner;
- The proposed manager has demonstrated appropriate operational and technical skills and plans to operate the domain;
- The proposed technical configuration meets the technical conformance requirements;
- No specific risks or concerns relating to Internet stability have been identified; and
- Staff have provided a recommendation that this request be implemented based on the factors considered.

These evaluations are responsive to the appropriate criteria and policy frameworks, such as "Domain Name System Structure and Delegation" (RFC 1591), "GAC Principles and Guidelines for the Delegation and Administration of Country Code Top Level Domains" and the ccNSO "Framework of Interpretation of current policies and guidelines pertaining to the delegation and redelegation of country-code Top Level Domain Names."

As part of the process, Delegation and Transfer reports are posted at

<http://www.iana.org/reports>.

What factors the Board found to be significant?

The Board did not identify any specific factors of concern with this request.

Are there positive or negative community impacts?

The timely approval of country-code domain name managers that meet the various public interest criteria is positive toward ICANN's overall mission, the local communities to which country-code top-level domains are designated to serve, and responsive to obligations under the IANA Naming Function Contract.

Are there financial impacts or ramifications on ICANN (strategic plan, operating plan, budget); the community; and/or the public?

The administration of country-code delegations in the DNS root zone is part of the IANA

functions, and the delegation action should not cause any significant variance on pre-planned expenditure. It is not the role of ICANN to assess the financial impact of the internal operations of country-code top-level domains within a country.

Are there any security, stability or resiliency issues relating to the DNS?

ICANN does not believe this request poses any notable risks to security, stability or resiliency. This is an Organizational Administrative Function not requiring public comment.

Is this decision in the public interest and within ICANN's mission?

The oversight and performance of the IANA functions is directly within ICANN's mission and serves the public interest.

SIGNATURE BLOCK:

Submitted by:	Amy Creamer
Position:	Director, IANA Operations
Date Noted:	27 May 2022
Email:	amy.creamer@iana.org

Report on the Transfer of the .BY top-level domain and the .бел (“bel”) top-level domain representing Belarus to Belarusian Cloud Technologies LLC

27 May 2022

This report summarizes the materials reviewed as part of the process for the transfer of the .BY and .бел (“bel”) top-level domains, representing Belarus in ASCII and Cyrillic respectively. It includes details regarding the proposed transfer, evaluation of the documentation pertinent to the request, and actions undertaken to process the transfer.

FACTUAL INFORMATION

Country

The “BY” ISO 3166-1 code from which the application’s eligibility derives is designated for use to represent Belarus.

Chronology of events

The .BY top-level domain was initially delegated in 1994 to Open Contact Ltd.

In October 1999, the management of .BY was transferred to the State Centre of Security Information of Belarus.

In 2008, in accordance with Presidential Decree No. 229, the State Centre of Security Information ceased to exist and was replaced by the Operational and Analytical Center (OAC). Based on the decree, all the rights and duties of the previous entity were assumed by OAC.

In March 2009, management of the .BY top-level domain was transferred back to Open Contact Ltd. and OAC was designated as its administrative contact.

On 1 February 2010, Article 13 of Presidential Decree No. 60 named OAC the authorized government body for Internet security.

On 18 June 2010, OAC issued Executive Order No. 47, “Instruction on the Registration of Domain Names in the National Domain Zone,” giving itself the responsibility for appointing the “technical administrator of the national domain zone.” Among other duties, the order instructs the “technical administrator of the national domain zone” to “ensure the functioning of the national domain zone, including the maintenance of a database, the use of the necessary software and hardware, information technologies and infrastructure for these purposes, and

create and maintain the conditions for the proper delegation of domain names registered in the national domain zone.”

On 30 September 2010, Presidential Decree No. 515, "On Some Measures to Develop the Data Transfer Networks," appointed OAC as the independent regulator of information and communication technologies. Accordingly, OAC has served as the administrative contact for the .BY and .бел top-level domains and is responsible for developing their registration policies.

In 2012, management of the .BY top-level domain was transferred to Reliable Software, Inc., the organization selected by OAC to be the “technical administrator of the national domain zone”.

On 19 December 2012, Belarusian Cloud Technologies LLC. (hereinafter beCloud LLC.) was founded and began providing Internet services.

In 2014, the IDN Fast Track application to have the string "бел" recognized as the Cyrillic representation of Belarus was approved.

In 2015, the .бел top-level domain was delegated to Reliable Software, Inc.

In 2019, beCloud LLC. became a domain name registrar and started providing registration services for the .BY and .бел top-level domains.

On 25 August 2021, OAC issued Order No. 138, "On Administration of the National Domain Zone," and appointed beCloud as the new “technical administrator of the national domain zone”, effective 1 January 2022.

On 29 December 2021, beCloud LLC. initiated a transfer request for the .BY and .бел top-level domains.

Proposed Manager and Contacts

The proposed manager is Belarusian Cloud Technologies LLC., a company registered in 2012 in the database of the Single State Register of Legal Entities and Individual Entrepreneurs of the Ministry of Justice of the Republic of Belarus (registration no. 191772685). It is located in Minsk, Belarus.

The administrative contact is not changing as a part of this transfer. Kiril Mordan, Head Specialist at OAC, will remain in this role.

The proposed technical contact is Aleh Siadzelnik, General Director of beCloud LLC.

EVALUATION OF THE REQUEST

String Eligibility

The top-level domains are eligible for transfer as the two-letter string "BY" is presently listed in the ISO 3166-1 standard for Belarus and the string "бел" has been deemed an appropriate representation of Belarus through the ICANN Fast Track String Selection process.

Incumbent Consent

The incumbent manager is Reliable Software, Ltd. Informed consent for the transfer of the .BY and .бел ("bel") top-level domains to beCloud was provided by Sergei Povalishev, Chief Executive Officer of Reliable Software, Ltd.

Public Interest

Sergei Vasilievich Zhernosek, Deputy Head of OAC, provided a letter of explicit government support for the transfers. OAC is the government entity with regulatory powers concerning the .BY and .бел top-level domains.

Additional support was provided by the following significantly interested parties:

- Voronin P.S., Director of Support Chain, LLC, an organization that is involved in domain name registration activities in Belarus.
- D. Hatsko, Chief Legal Officer of Aktivnie Tehnologii, LLC, a domain name registrar in Belarus.
- Natallia Medvedova, First Deputy Director of Open Contact, LLC, a domain name registrar in Belarus.
- Igor Starovoitov, Deputy Director of TriIncom, LLC, a hosting service provider and domain name registrar in Belarus.
- S. Bogdanov, CEO of the Association of Information and Communication Technology Organizations "Belinfocom", a nonprofit, voluntary association of commercial organizations and individuals engaged in entrepreneurial activities in information and communication technology.
- Vladimir Basko, Chairman of the Digital Business Confederation, an association aiming to consolidate efforts to develop the digital market and digital businesses in Belarus.

The application is consistent with known applicable laws in Belarus. The proposed manager undertakes the responsibility to operate the domain in a fair and equitable manner.

Based in country

The proposed manager is constituted in Belarus. The administrative contact is understood to be a resident of Belarus.

Stability

The application is not known to be contested.

We have not identified any stability issues with this request.

Competency

The application has provided information on the technical and operational infrastructures and expertise that will be used to operate the domain.

Proposed policies for management of the domain have also been tendered.

EVALUATION PROCEDURE

PTI is tasked with coordinating the Domain Name System root zone as part of a set of functions governed by a contract with ICANN. This includes accepting and evaluating requests for delegation and transfer of top-level domains.

A subset of top-level domains are designated for the significantly interested parties in countries to operate in a way that best suits their local needs. These are known as country-code top-level domains (ccTLDs), and are assigned to responsible managers that meet a number of public-interest criteria for eligibility. These criteria largely relate to the level of support the manager has from its local Internet community, its capacity to ensure stable operation of the domain, and its applicability under any relevant local laws.

Through the IANA Services performed by PTI, requests are received for delegating new ccTLDs, and transferring or revoking existing ccTLDs. An investigation is performed on the circumstances pertinent to those requests, and the requests are implemented where they are found to meet the criteria.

Purpose of evaluations

The evaluation of eligibility for ccTLDs, and of evaluating responsible managers charged with operating them, is guided by a number of principles. The objective of the assessment is that the action enhances the secure and stable operation of the Internet's unique identifier systems.

In considering requests to delegate or transfer ccTLDs, input is sought regarding the proposed new manager, as well as from persons and organizations that may be significantly affected by the change, particularly those within the nation or territory to which the ccTLD is designated.

The assessment is focused on the capacity for the proposed manager to meet the following criteria:

- The domain should be operated within the country, including having its manager and administrative contact based in the country.
- The domain should be operated in a way that is fair and equitable to all groups in the local Internet community.
- Significantly interested parties in the domain should agree that the prospective manager is the appropriate party to be responsible for the domain, with the desires of the national government taken very seriously.
- The domain must be operated competently, both technically and operationally. Management of the domain should adhere to relevant technical standards and community best practices.
- Risks to the stability of the Internet addressing system must be adequately considered and addressed, particularly with regard to how existing identifiers will continue to function.

Method of evaluation

To assess these criteria, information is requested from the applicant regarding the proposed manager and method of operation. In summary, a request template is sought specifying the exact details of the delegation being sought in the root zone. In addition, various documentation is sought describing: the views of the local internet community on the application; the competencies and skills of the manager to operate the domain; the legal authenticity, status and character of the proposed manager; and the nature of government support for the proposal.

After receiving this documentation and input, it is analyzed in relation to existing root zone management procedures, seeking input from parties both related to as well as independent of the proposed manager should the information provided in the original application be deficient. The applicant is given the opportunity to cure any deficiencies before a final assessment is made.

Once all the documentation has been received, various technical checks are performed on the proposed manager's DNS infrastructure to ensure name servers are properly configured and are able to respond to queries correctly. Should any anomalies be detected, PTI will work with the applicant to address the issues.

Assuming all issues are resolved, an assessment is compiled providing all relevant details regarding the proposed manager and its suitability to operate the relevant top-level domain.

ICANN BOARD SUBMISSION NO. 2022.06.12.2d

TITLE: Update on Independent Review Process re: Application for .GCC

PROPOSED ACTION: For Board Consideration and Approval

EXECUTIVE SUMMARY:

The Board is being asked to consider the Board Accountability Mechanism Committee's (BAMC) recommendation relating to the ongoing Independent Review Process (IRP) regarding .GCC. In June 2021, GCCIX, W.L.L. (the applicant for .GCC) (Claimant) initiated an IRP (.GCC IRP) challenging ICANN's acceptance of the Governmental Advisory Committee (GAC) consensus advice in 2013 that the Claimant's .GCC application should not proceed (GAC Advice). As the Board may recall, following a recommendation from the BAMC in late 2021, the Board resolved to have the organization seek a stay of the .GCC IRP while the org initiated informal discussions with the GAC about its 2013 GAC Advice, which did not include and, at the time, was not required to include a rationale. In furtherance of the resolution, ICANN org sent a letter to the GAC Chair to open the "informal dialogue" and, separately, requested a stay of the .GCC IRP from the IRP Panel. The GAC provided its written response in late January 2022, and the IRP Panel denied ICANN's request for a stay of the IRP in late April 2022. The BAMC reviewed the GAC's response and other relevant materials, discussed potential next steps with regard to the GAC Advice and the .GCC application, and has recommended that the Board: (a) ask the BAMC to review, consider, and evaluate the underlying basis for the GAC consensus advice that the .GCC application should not proceed, the Board's acceptance of that advice, and relevant related materials; and (b) ask the BAMC to provide the Board with recommendations regarding next steps. The Board is being asked to consider the BAMC's recommendation.

Background Information:

Privileged and Confidential

In short, and in each instance, the challenged conduct included Board acceptance of GAC consensus advice that an application should not proceed without a stated rationale from the GAC and Board acceptance of that advice without independently evaluating the basis for the GAC advice. The .AFRICA IRP Panel found that "[i]n light of the clear 'Transparency' obligation provisions found in ICANN's Bylaws, the Panel would have

expected the ICANN Board to, at a minimum, investigate the matter further before rejecting [the] application” based on the GAC consensus advice. (.AFRICA Dec., ¶ 113.) And the .AMAZON IRP Panel found that “where the NGPC is relying on GAC Advice and the GAC has provided no rationale or reason for its advice, the NGPC must state reasons why the GAC advice is supported by well-founded public interests.” (.AMAZON Dec., ¶ 113.)

In light of the factual similarities to these prior IRPs, the BAMC previously discussed and recommended to the Board that, “in advance of proceeding with the current .GCC IRP, it would be helpful to seek further information from the GAC regarding the rationale for the GAC consensus advice.” On 12 September 2021, the Board passed a [resolution](#) “authoriz[ing] the President and CEO, or his designee(s), to seek a stay of the .GCC IRP and open an informal dialogue with the GAC regarding the rationale for the GAC consensus advice on the .GCC application.”

In furtherance of the resolution, ICANN org [asked](#) the GAC Chair to open the “informal dialogue.” In response, the GAC asked ICANN org to provide some factual background to the GAC, which ICANN org did in December 2021. The GAC discussed the matter twice, once on 14 December 2021 and again on 20 January 2022. Following those discussions, the GAC Chair [responded](#) to ICANN org indicating that the GAC had reviewed “GAC discussions from 2013” and that the rationale for the GAC Advice was as follows (and as expressed in the [GAC Early Warning](#)): (i) “The applied-for string (GCC) is an exact match of the known acronym for an Intergovernmental Organization (IGO), the Gulf Cooperation Council and as such, warrants special protection to its name and acronym.”; and (ii) “The application clearly targeted the GCC community without any support from the GCC, its six members or its community.”

In addition, even though ICANN made several attempts to seek agreement or an order on a stay from the IRP panelists, no stay of the IRP has been granted. Accordingly, the IRP is moving forward.

In light of the GAC’s January 2022 written response relating to its advice about the .GCC application, and after careful consideration and discussion, the BAMC has recommended that the Board: (a) ask the BAMC to review, consider, and evaluate the underlying basis for the GAC consensus advice that the .GCC application should not

proceed, the Board’s acceptance of that advice, and relevant related materials; and (b) ask the BAMC to provide the Board with recommendations regarding next steps. The BAMC is cognizant of the guidance set forth in the two prior applicable IRP final declarations, in which those panels indicated that ICANN should have conducted an independent investigation to determine whether the “GAC advice [was] supported by well-founded public interests.” The BAMC believes that the next steps proposed in this resolution will allow for that independent evaluation.

BOARD ACCOUNTABILITY MECHANISMS COMMITTEE (BAMC)

RECOMMENDATION:

The BAMC recommended that the Board: (a) ask the BAMC to review, consider, and evaluate the underlying basis for the GAC consensus advice that the .GCC application should not proceed, the Board’s acceptance of that advice, and relevant related materials; and (b) ask the BAMC to provide the Board with recommendations regarding next steps.

PROPOSED RESOLUTION:

Whereas, GCCIX, W.L.L. (the applicant for .GCC) initiated an Independent Review Process (IRP) challenging the ICANN Board’s acceptance of Governmental Advisory Committee (GAC) consensus advice that the .GCC application should not proceed (GAC Advice).

Whereas, in light of certain prior IRP final declarations, the Board passed a [resolution](#) “authoriz[ing] the President and CEO, or his designee(s), to seek a stay of the .GCC IRP and open an informal dialogue with the GAC regarding the rationale for the GAC consensus advice on the .GCC application.”

Whereas, ICANN organization sought but was not granted a stay of the .GCC IRP; and ICANN org [asked](#) the GAC Chair to open the “informal dialogue.”

Whereas, the GAC Chair [responded](#) to ICANN org indicating that the GAC had reviewed “GAC discussions from 2013” and that the rationale for the GAC Advice was as follows (and as expressed in the [GAC Early Warning](#)): (i) “The applied-for string (GCC) is an exact match of the known acronym for an Intergovernmental Organization (IGO), the

Gulf Cooperation Council and as such, warrants special protection to its name and acronym.”; and (ii) “The application clearly targeted the GCC community without any support from the GCC, its six members or its community.”

Whereas, the Board Accountability Mechanisms Committee (BAMC) reviewed and considered the GAC’s January 2022 response, as well as other relevant materials. As a result, the BAMC has recommended that the Board: (a) ask the BAMC to review, consider, and evaluate the underlying basis for the GAC consensus advice that the .GCC application should not proceed, the Board’s acceptance of that advice, and relevant related materials; and (b) ask the BAMC to provide the Board with recommendations regarding next steps.

Resolved (2022.06.12.xx), the Board hereby: (a) asks the BAMC to review, consider, and evaluate the underlying basis for the GAC consensus advice that the .GCC application should not proceed, the Board’s acceptance of that advice, and relevant related materials; and (b) asks the BAMC to provide the Board with recommendations regarding next steps.

PROPOSED RATIONALE:

After careful review of the underlying facts, prior applicable Independent Review Process (IRP) final declarations, information from the Governmental Advisory Committee (GAC), and the Board Accountability Mechanisms Committee’s (BAMC) recommendation, the Board has concluded that it would be both beneficial and advisable to conduct further evaluation of the GAC consensus advice that the .GCC application should not proceed and the Board’s acceptance of that advice. The Board, therefore: (a) asks the BAMC to review, consider, and evaluate the underlying basis for the GAC consensus advice that the .GCC application should not proceed, the Board’s acceptance of that advice, and relevant related materials; and (b) asks the BAMC to provide the Board with recommendations regarding next steps.

Background Information

Extensive background information regarding GCCIX, W.L.L.’s .GCC application, the objections to the .GCC application, the GAC consensus advice that the .GCC application should not proceed, the prior applicable IRP final declarations, and the current IRP

(.GCC IRP) initiated by GCCIX (Claimant) can be found in the Rationale and supporting Board materials for [Board Resolution 2021.09.12.08](#).

Since the Board's 12 September 2021 Resolution "authoriz[ing] the President and CEO, or his designee(s), to seek a stay of the .GCC IRP and open an informal dialogue with the GAC regarding the rationale for the GAC consensus advice on the .GCC application," ICANN org has made efforts to seek a stay of the .GCC IRP and has engaged in an informal dialogue with the GAC regarding the GAC's consensus advice in 2013 that the .GCC application should not proceed (GAC Advice).

ICANN org sent a [letter](#) to the GAC Chair on 9 November 2021 to open the informal dialogue, seek input from the GAC regarding how it would like to engage with ICANN org in this dialogue, and ask whether the GAC would like to receive any additional information from ICANN org on the topic. As an initial response, the GAC requested that ICANN org provide some factual background to the GAC on the matter, which ICANN org did on 14 December 2021. The GAC discussed the matter on 14 December 2021 and on 20 January 2022. On 25 January 2022, the GAC Chair sent a [letter](#) to ICANN org indicating that the GAC had reviewed "GAC discussions from 2013" and that the rationale for the GAC Advice was as follows (and as expressed in the [GAC Early Warning](#)): (i) "The applied-for string (GCC) is an exact match of the known acronym for an Intergovernmental Organization (IGO), the Gulf Cooperation Council and as such, warrants special protection to its name and acronym."; and (ii) "The application clearly targeted the GCC community without any support from the GCC, its six members or its community."

In furtherance of the Board directing ICANN org to seek a stay of the .GCC IRP pending conclusion of the GAC dialogue, ICANN org made several attempts to seek agreement from Claimant or an order from the IRP panelists in the .GCC IRP, but no stay of the IRP has been granted. Accordingly, the .GCC IRP is moving forward.

ICANN has generally followed a practice of not taking any actions on applications that are the subject of a pending Accountability Mechanism out of deference to ICANN's Accountability Mechanisms. However, since there are certain similarities with the prior .AFRICA and .AMAZON IRPs as well as guidance provided in those IRP final declarations, the Board has determined that, under these circumstances, this is an

opportunity to consider alternatives to that general practice. Accordingly, and pursuant to the Board's 12 September 2021 Resolution, the BAMC reviewed the GAC's response (resulting from the informal dialogue with ICANN org) and other relevant materials, including the guidance set forth in the two prior applicable IRP final declarations, in which those panels indicated that ICANN should have conducted an independent investigation to determine whether the "GAC advice [was] supported by well-founded public interests." The BAMC discussed potential next steps with regard to the GAC Advice and the .GCC application, and has recommended that the Board: (a) ask the BAMC to review, consider, and evaluate the underlying basis for the GAC consensus advice that the .GCC application should not proceed, the Board's acceptance of that advice, and relevant related materials; and (b) ask the BAMC to provide the Board with recommendations regarding next steps. The Board agrees with this approach.

This action is within ICANN's Mission and is in the public interest as it is important to ensure that, in carrying out its Mission, ICANN is accountable to the community for operating within the Articles of Incorporation, Bylaws, and other established procedures. This accountability includes having a process in place by which a person or entity materially affected by an action of the ICANN Board or staff may request reconsideration of that action or inaction by the Board.

This action should have no financial impact on ICANN that is not already provided for in the remaining New gTLD Program application fees from the 2012 round of new gTLDs. This action will not negatively impact the security, stability and resiliency of the domain name system.

This decision is an Organizational Administrative Function that does not require public comment.

Submitted by: Amy A. Stathos, Deputy General Counsel
Date Noted: 2 June 2022
Email: amy.stathos@icann.org

REFERENCE MATERIALS – ICANN BOARD SUBMISSION NO. 2022.06.12.2d

TITLE: Update on Independent Review Process re: Application for .GCC

RELEVANT MATERIALS:

The following documents are relevant to the Board's consideration of the Board Accountability Mechanism Committee's (BAMC) recommendation in the accompanying Board submission:

GCCIX, W.L.L. application for .GCC, submitted in 2012, available at: <https://gtldresult.icann.org/applicationstatus/applicationdetails/179>.

Governmental Advisory Committee (GAC) Early Warning regarding the .GCC application, issued on 20 November 2012, available at: <https://gac.icann.org/work-products/public/gcc-ae-21010-2012-11-20.pdf>.

GAC Early Warning regarding the .AFRICA application, issued on 20 November 2012, available at: <https://gac.icann.org/work-products/public/africa-auc-42560-2012-11-20.pdf>.

GAC Early Warning regarding the .AMAZON application, issued on 20 November 2012, available at: <https://gac.icann.org/work-products/public/amazon-br-pe-58086-2012-11-20.pdf>.

GAC Beijing Communiqué, containing GAC consensus advice that the .GCC application should not proceed (GAC Advice), issued on 11 April 2013, available at: <https://www.icann.org/en/system/files/correspondence/gac-to-board-18apr13-en.pdf>.

New gTLD Program Committee (NGPC) acceptance of the GAC Advice in June 2013, available at: <https://www.icann.org/resources/board-material/resolutions-new-gtld-2013-06-04-en#1.a>.

GAC Durban Communiqué, issued on 18 July 2013, available at: <https://gac.icann.org/contentMigrated/icann47-durban-communication>.

GCCIX Reconsideration Request 13-17, submitted on 14 November 2013, available at: <https://www.icann.org/resources/pages/13-17-2014-02-13-en>.

Final Declaration in the DotConnectAfrica Trust (DCA) v. ICANN IRP, issued on 9 July 2015, available at: <https://www.icann.org/en/system/files/files/final-declaration-2-redacted-09jul15-en.pdf>.

Final Declaration in the Amazon EU S.à.r.l (Amazon) vs. ICANN IRP, issued on 11 July 2017, available at: <https://www.icann.org/en/system/files/files/irp-amazon-final-declaration-11jul17-en.pdf>.

IRP Request in the GCCIX, W.L.L. v. ICANN IRP (.GCC IRP), commenced on 9 June 2021, available at: <https://www.icann.org/en/system/files/files/irp-gccix-request-redacted-09jun21-en.pdf>.

12 September 2021 Board Resolution regarding the .GCC IRP is available at: <https://www.icann.org/resources/board-material/resolutions-2021-09-12-en#2.b>.

9 November 2021 ICANN organization letter to the GAC Chair regarding the GAC Advice is available at: <https://www.icann.org/en/system/files/correspondence/marby-to-ismail-09nov21-en.pdf>.

25 January 2022 GAC letter to ICANN organization regarding the GAC Advice is available at: <https://www.icann.org/en/system/files/correspondence/ismail-to-marby-25jan22-en.pdf>.

Submitted by: Amy A. Stathos, Deputy General Counsel
Date Noted: 2 June 2022
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