

## **Transcription ICANN Buenos Aires Pre-CWG workshop on new GTLD auction proceeds**

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Jonathan Robinson: Welcome to our pre-CWG workshop on new GTLD auction proceeds.

Many of you might know that we had a meeting earlier this week as part of the high interest session on Monday which also dealt with this topic. So in a sense this is the second angle on the same topic.

Just to give you a sense of how this is going to run if you haven't seen it already. We've got on my right Christine Willett from the ICANN Global Demand Division who's going to give us a factual overview of the background. On my immediate right someone who obviously needs no introduction, the profit share of the ICANN Board. And he's going to set out some of his perspective on the current situation.

We've got three presenters respectively from Nominet FIDN and Seara, who will talk to us about the way in which they've dealt with funds originating from the TCTLD's in each case. Without that may provide a useful orientation and background. And then I'll try to give you a wrap-up and sense of the next

steps where we go. So I think, without further ado, I'll to our hand over to Christine to talk you through some of the background. Go ahead Christine.

Christine Willett: Thank you Jonathan. Good afternoon everyone. Yes, Lars. Thank you very much. So I'm going to speak to you today to give you an overview of the proceeds and the current status of new GTLD auctions. I'm going to go ahead and give you a bit of a perspective as to the scope and magnitude of those proceeds which have resulted from ICANN new GTLD auction. Go ahead. Next. Thank you.

In order to discuss the auction proceeds we wanted to put that in perspective with other funds under ICANN's agreement. First, in blue here on the slide, you see ICANN operating in reserve funds. So these are the day-to-day funds that comprise ICANN's annual operating budget as well as the reserve fund.

The second, in green, are the new GTLD program fund. So these are comprised of the funds received through the applicant fees for nine 730 applications, \$185,000 apiece. As well as taken from those proceeds, the cost and expenses for operation of the program. Part of these funds includes an estimation of on forcing costs and hard to predict costs. Previously, some refer to it as the reserve. It's not technically a reserve.

We refer to it as the potential surplus from the program. That's in green. Today we're not here to talk about either the blue or the green categories. We're here to talk about what is the third, far right category. The new GTLD program auction proceeds. So this is a third category of funds which have resulted as the net proceeds from the series of ICANN auction. These funds have been segregated apart from the first two categories into separate bank accounts and separate investment funds. And they are ring funds and are not touched as part of as ongoing programs or ICANN operations.

The applicant guidebook defined a mechanism of last resort to resolve contention. And when parties were unable to resolve contention amongst

themselves, ICANN scheduled auctions to resolve these contentions. We engaged a third-party provider to perform these auctions - power auctions facilitated these activities. The program had a total of 233 contention sets as originally defined. Thirteen of these were resolved via ICANN auction for a total of \$58.8 million in net proceeds or just over \$4.5 million dollars on average across all of those 13 auction streams.

At present, 29 contingent sets remain to be resolved. We do not have any auctions scheduled. So at first this may seem as though there are a lot of contention sets and a lot of potential options to be held. But in history - is not always a good predictor of future events. But historically, over 90% of contentions have been resolved outside of ICANN auctions. So you have to inform your ongoing conversation.

Finally, I would share with you some language from the applicant guidebook here on this slide. I've already told you as per the guidebook we segregated the funds into separate banking and investment accounts. And Steph has not made any action in terms of how these proceeds should be used.

But the applicant guidebook does give us some perspective to inform the intent behind these funds. So 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. That is, a quotation directly from the applicant guidebook.

To paraphrase the guidebook, possible uses of auction funds also include, but are not limited to, support for new GTLD applicant to registry operator communities. Registry continuity funds to protect registrants or our EBROW operations. Other suggestions were a security fund to conduct research, support standard development, accelerated options and security protocols; as well as other projects in the interest of the greater Internet community. Without that, is where the auction proceeds stand today and what the

applicant guidebook spelled out for proceeds? With that, I'll turn it over to Steve Parker.

Steve Parker: Thanks Christine. Before we move, are there any other questions or comments on what we've heard from Christine? Any? Good. (Elliott) and then Roelof.

(Elliott): Thank you, Jonathan. (Elliott) (unintelligible) from (unintelligible). I want to make sure I have my color right. So if we could pop back two slides? Well, you can tell me Christine if it was green or blue that I'm referencing? But I believe it was the second box or the middle box which was blue? Green.

Yes. I wish I could claim I'm colorblind but I can't. So I have heard and understood your comment. I said in the earlier panel in a very brief comment and would like to repeat here. You know, I do think we should be talking about the green box which contains specifically the funds that were set aside as a legal reserve which was one fully - one half of the application fees.

I say that understanding that we don't know what the end of the day is around litigation, of course. I'm going to guess that we'll have a clearer sense of that much before we actually resolve what to do with the funds so I feel comfortable saying that. But I do believe that the discussion should include those funds for a very particular purpose. It will be a large number.

Potentially larger than any other single part of funds, first. Second, I think it's very important, and we'll talk more about this later. That this be treated as a one-off process. Not the start of creating a foundation or perpetual process. There's lots of room for discussion of that in ICANN more generally.

But I think we're dealing with a one-off process here and that's very important. And because of that, it would seem to me to be a grave mistake to talk about two separate and distinct one-off processes. One, to deal with the brown box, and the auction proceeds that are clearly fenced.

And the other to maybe six months or a year later, start to talk about how to deal with another significant, possibly north of hundred million dollar pot of money, separate and distinct from that. I think the community we all know has a lot of work and is on the overload. And I wouldn't want to see the auction discussion start to mirror the 'who is' discussion. Thank you.

Jonathan Robinson: Thanks (Elliott). So from my point of view - from this session's point of view - is the brown box. But it's not that I didn't hear you but it's not in my remit to talk about.

(Elliott): Yeah. And that's fair. I just want to make sure I didn't get to explain my thinking in the brief panel and I wanted people to understand where I was coming from there. Thank you.

Jonathan Robinson: Got it. Is there any other comment in response to that of (Elliott)'s? Steve, go ahead.

Steve Parker: One of the things that has been very evident to me in the interactions that I've had on this is that there is a big spread where each of us is in the thought process. And no surprise, because I've known you for a while. You're pretty far down the road which is usual, cause you see a lot of things. I, too, when I started, wanted to put those two boxes together. And very quickly - I it's sort of a preliminary non-decisional discussion. Very quickly I was pulled in various different ways. Oh no, don't do that. So the basis for trying to fuse those two boxes together just not has been laid yet. That the bad news. Here's a piece of further bad news that I will say is good news. Hopefully, in the course of the discussions here, we're going to come to an understanding that the brown box is not going to be a disposed of or were not going to make any decisions about it and actually consume or allocate those funds in a short period of time. It's going to take a lot. By the time we do that we may have a much better understanding of the green box. But there's been zero discussion about that. There's been no a motion. So I'll say I can see that

coming but my experience was but it ain't going to happen within the confines of what we're doing here.

(Elliott): I think you want to - for me that's completely consistent with what I'm putting out. I want to hear me say two things. I think this is laid out. And this especially when it was laid out was exactly the right way to go about it. And I'm just for the community; putting the book (Mark) down. But as we're going forward we should be thinking like that too.

Steve Parker: Multiple possibilities. One of which is we get a really well laid out plan for it to do when the brown box. We haven't executed it yet. The green box becomes do and we say, oh, we have a solution. But that's only one possible sequence here.

Jonathan Robinson: So that's an interesting point Steven. I absorb that. As I heard this I was thinking ahead to the prospective CWG. I, too, would hope that we would design a sufficiently competent process that it might well be absorb the green box but that, as you say, is going too far for now. So it's come back to where we are and note (Elliott)'s point and hear from Roelof.

Roelof Meijer: Thank you, Jonathan. I was a bit confused - there was a kind of listening for areas where the money could be spent. And it started with something like not limited to. And then the last category was bordering the interests of the great Internet community. So do you perceive other areas where the money will be spent other than in the interest of the great Internet community?

Jonathan Robinson: Christine, go ahead.

Christine Willett: So, Lars, I don't know if you can skip ahead two slides? The language there, which I provided on the slide, this is quoted and paraphrased from the applicant guidebook. So I share this information to inform this discussion but certainly not to dictate. But just for the perspective of this group to share what was in the applicant guidebook.

Roelof Meijer: So then maybe I should direct my question at Steve?

Steve Parker: Well, I don't know what you'll thinking when I tell you that I haven't spent that much time buried in the applicant guidebook as some others. I think the intent is that other projects of interest of the greater Internet community are okay. And that the words 'but not limited to' don't apply to that particular clause. I think that's the intended reading. So hopefully that's just because of the way the slide was put together. But in any case, let's keep it within the greater Internet community at the outside of what we're doing here.

Jonathan Robinson: So then another piece of context that I was possibly remiss about not setting out at the outset. Many or some of you might know that there is a perspective cross community working group to work on this. And going down the route of a perspective cross community working group various discussions emerged and it became clear that there was probably some prior work that needed to be done where we simply got some views. Got some input.

And so that's in essence where the genesis of this workshop is. It's an opportunity to get some pre-formation of a CWG workshop; information on the table. Such that any work that the community undertakes starts off with the soundest possible footing and the best possible input. And clearly, in a sense, the origins of these funds are derived from processes and set out on the applicant guidebook.

So it's useful to have this as part of that landscape of background information. Okay. So let's keep things moving and hear then from Steve. Also, I see no other hands raised. So we'll work our way through the presentations. Go ahead, Steve.

Steve Parker: Thank you very much. Probably the most important thing for me to say is that despite what I hear people fear is that the board is definitely not made

decisions. Has not laid a plan. Does not have a sense of where it's going to go. And even, where is the secret plan for all of this?

What we have done is the following: we've seen this coming from some long distance away. Leslie Cowley at Nominet a few years ago sat me down and said, one day you're going to have a problem. And she outlined what to do with a surplus and foundation and so forth, and I felt well served by that. We've seen the auction funds planned.

And the first thing that occurred to me was that if we had begun earlier we would not have had any sense of the magnitude of the funds and fitting a mechanism or fitting of a general direction to an unspecified amount would least revolt in a lot of mixed messages. People talking past each other. It's very different to figure out what to do with \$1 million, \$10 million, \$100 million dollars, \$1 billion, until you've got some scale. So now we're at that point.

We have logically done this earlier this year. There was some back and forth about whether the community was overloaded. And that caused me to actually slow down.

And the next thing I know is everybody really wants to make this happen. And Jonathan and the GNSO counselor are moving forward; so that's fine. That's perfectly fine. I share - what's really my thinking - I don't think it's at odds with anybody else on the board is thinking about.

From a board perspective, we took -- I think exactly one formal action. Which was to direct management to segregate the funds exactly the way that Christine described, and to preserve the funds and manage them in a conservative fashion so that they'd be around when you make the decisions. Full stop. That's what we did.

That's the decision the board made and that's the action that management took. And all of that is to preserve the option for having the community

involved and that's it. We said our job is to be careful and manage those funds safely and preserve all the options so there were no - not getting ahead of the game.

Meanwhile, and thinking about how things are going to go - I think there are two or three broad problems to address. One is what are the broad concepts about what we want to do with these funds? And by broad concepts I'm referring to things like do we want to plow them into research projects? Do we want to fund projects in developing countries and build capacity?

Do we want to apply them to DNS security? Do we want - so big major topics without necessarily specifying the precise project within that? And it could be more than one of those. But that's one dimension I think. Another dimension is what mechanism or structure do we want to use? So (Elliott) referred to a foundation. He referred to it in the negative. But that would be a possibility. There are a lot of possibilities.

A related aspect which we can treat as either a part of that or separate is that the only visibility you have is that these funds exist apart from everything else and there is no prospect of a replenishment of these funds going forward. So the conservative approach is that these are one-time funds.

Now, one-time funds pose some special issues because it's very easy to spin them in a way that brings a continuing requirement. You buy a building and then you got maintenance aspects just to - not that I'm suggesting that you buy a building. But that's the kind of dynamic.

So do we want to spend it all at once? Do we want to spend it out over time? Do we want to turn it into an endowment so that it's available indefinitely in a smaller amount? So those are other classic questions to look at. Also, do you want to spend it all the one area or do you want to divide it up into multiple areas? So these are kind of the general kinds of questions that I would hope that the community would deal with.

A couple of guidelines on the sort of the boundaries, if you will. As mentioned, we have a kind of legal requirement not to exceed our remit. There's two parts to that. One is not to exceed the legal requirements for maintaining our tax status and so forth. And the other is within the bylaws to stay within our remit. I mentioned not creating a due bill.

Another is whatever we do let's not consume all of the funds in the mechanism that we put together. So I don't want to be in a position where 80% of the money is consumed with putting the structure together to decide who's going to get the other 20%. And to take it a step further, not to take this as a hard and fast guideline, but in some preliminary conversations, 10% overhead was viewed as kind of high. Five percent was viewed as kind of nominal.

So you can sort of think about if you put together too complex a structure to decide to make decisions or you're going to break it up into tiny little grants and every grant takes a lot of work to decide, then the overhead goes up. So that's just another piece of management.

A more subtle thing which I don't think is immediately obvious to everybody, you get a present for your birthday or wedding present or something and sometimes you get a check, and attached to the check is don't spend this on the rent. This is extra money for special things.

Translated into the context of ICANN we have an excess of \$100 million a year coming in. We have a very well established and elaborate budgeting process. And if we use the funds to do things that did not make it through our budget process then we have some crossover effect. We undermine the discipline of the budget process.

So I would argue, and this is where I'm shading things to tell you my opinion and would not be necessarily be - is that there are worthy projects that should

have been included in the budget but weren't. And we use these funds for that then we have paved the way for not making the decisions that we may need to make. So it's a tricky business cause you say, well, what are you ever going to spend it on that was worthy that shouldn't have been in the budget. Well, that's a subtle question. But it's one that I think is worth some discussion wherever we wind up with. I'm almost done. Two more things.

There is a danger of conflict of interest. We're going to have people involved in setting the framework. We're going to have people involved in making specific decisions about where the money goes, and were going to have people actually benefiting from getting the funds.

What happens if the same person is in two or three of those categories? One of the small benefits that the board can provide to the community is that the board will not be in the position of benefiting from the funds and so we are clean from the start, if you will. But that's only available if you want.

So it's a service that we offer but we don't have to. But I just want to raise the consciousness that it will come out badly, I think, if we have very active people involved in trying to set the framework, make the decisions, and then say, I'm the best person to do this. This will play badly for all of us, I think. I would counsel that the right thing to do in this period of time, for however long were talking about, some number of months, is to think about content first and process later.

So Jonathan and I have had a little back and forth. I'd like to see a rich dialogue of proposed ideas, discussion about them without tying them to a specific decision process. And then we can come around and create the decision process. There is no hurry, there is no timeline, there is no deadline. We don't want to wait forever to deal with this but we are not driven by any of the usual artificial deadlines that we often have to deal with here.

So I would argue that we should have concepts before deciding who's in charge, get proposals out into the public domain and be thinking about that. And then have a substantial enough period of time to discuss these. Not the usual you know 21 day or 45 day public comment period and then urgently go to the next cycle. I think to me is still relatively different. And we want to separate, just emphasize my point again, is the brainstorming process from the decision process.

And the other thing that has been on my mind is we view ourselves and ICANN is be a very inclusive but even with that there is a lot of people in the broader Internet ecosystem that we don't touch on a regular basis. And it may be appropriate to touch them with these kinds of funds.

So I mentioned the research community for example, I mentioned DNS software. You did not see the providers of DNS software just to pick up that particular case; showing up here on a regular basis. And yet, if you go and look, the buying software work which runs and 80 to 85% of the machines around the entire world is funded on a shoestring. NSD is funded on a shoestring. There is fragility that that concerns me.

That I think is an important problem to deal with as a separate topic. But I raise it here just as an example of people that do not regularly roam our halls and have meetings scheduled. And so if we set up some mechanism and say, well, we're inclusive. Everybody just use our mechanisms. It will turn out that there's a whole lot of important people that just aren't included in that.

So I would think about how do we reach them? Or think about their issues. Or get them to think about this. And again, I'm putting a lot of my personal view in this as opposed to an official statement. So with that I think I have, in fact, covered the several points that I wanted to convey.

Jonathan Robinson: Thanks, Steve. Thanks for those very thoughtful points. And also for being prepared to make some very historic points you might have taken from

board input and also your own personal view. I think it adds to the discussion rather than takes anything away from it. So much appreciated. Any questions or comments or thoughts on Steve input at this stage? All right, Paul.

Paul McGrady: Paul McGrady and I apologize for clapping at one point when no one else did but I think the notion of not setting this up so we depleted in the process and figuring out what to do and it's really important and it was painful to hear that.

Jonathan Robinson: I see a number of heads nodding around the room. Klaus?

Klaus Stoll: Klaus Stoll (unintelligible). I think one of the main thoughts I took out from your wonderful thought there is I think we should make right from the start a clear separation between those who are setting up the processes or managing that or those who have beneficial memories of it. And I think if we make that a very, very clear rule right from the start it will make the discussion much more shorter and much more honest. I think that everybody who's involved who knows who's not in the creative process of thinking about how to do it but who actually engaged with doing it, evaluating it, making the decisions about it should be automatically excused from being direct or indirect unofficial resolve this process.

Jonathan Robinson: Good. Interesting. Any other comments or thoughts? All right. Let's move on then. They'll be other opportunities to discuss.

Steve Parker: I completely agree with you despite the fact that I have the exact right project for which is the exact right about the money and I know exactly how to do it.

Klaus Stoll: By the way, me too.

Jonathan Robinson: All right. I'll throw my hat in the ring too. All right. So if we could have the next slide please? So here I'm just going to spend a very brief minute or two on what happened today so we make sure we're all on the same page here. We had the initial prospect of a CWG being formed. And so the GNSO

reached out to the other supporting organizations and advisory committees within the ICANN board or ICANN universe to talk about a community initiated cross community working group and to get expressions of interests and actually around the Singapore meeting.

We got substantial expressions of interest and look towards producing a drafting team which is the way in which this would normally work. So what would happen is you get the concept, you put the notion out, you put get the support, and the perspective chartering organizations behind that. And they would then come together to form a drafting team which would then scope of the work. And potentially come together to start doing that work and drafting the scope of the work.

In going through that process it became apparent that there was some value in just going a little bit more carefully and having this kind of conversation where we had a more open ended opportunity for contribution before we go down into a process and actually heard views and thoughts on all aspects of how this might work.

And so in a sense we've covered that through the high interest session and I will make some comments on the outcomes of that earlier in the week when we come to a wrap-up of (unintelligible) comments for that. And so we sort of asked the prospect going down to the CWG route is still very much alive. It is alive in the context of having substantial prior discussion and the formation of trying to gather ideas and thoughts and inputs into all elements along the lines of what Steve said, frankly, on the previous light so that's where we all the moment. This is, if you like, a precursor work, the preliminary work, and the taking of all inputs.

And it certainly struck me in discussions with Steve in head of this one area that could get some very valuable input in addition to the kind of things we've heard already would be to hear from others who've had to manage substantial amounts and do work in the broader public interest or interest in

the local Internet community or however they process it. And that is where the origin of talking to some of the CC's came. And, of course, there was something else when we reached out for potential participants in the CCWG. The CC's expressed via the CC and the GNSO that some reticence to participate in a chartering organization but offered to provide input from CC experience.

So here we are we have the opportunity to hear from three such parties. And so I think we should go ahead and do that. I'm not sure exactly what order the slides - I mean the slides suggest we'll hear first from Seara and Nominet and then FIND. If you're happy to do that in that order, I suggest we go ahead and do it for approximately ten minutes each. So over to you (Mark). And if you could just introduce yourself and then go ahead please.

Christine Willett: Next slide.

Jonathan Robinson: Go ahead.

(Mark): My name is (Mark) (unintelligible) and I'm with your Linden of the Canadian Internet Registration Authority. Thank you very much for inviting us to present on a project that we're actually were very proud of. So I'm here to talk about what we call a community investment program. Like for the benefit of those of you in the room who may not know who Seara is. We're a self-funded, not-for-profit organization in Canada mandated to manage the Gautier Registry. We're a member-based private organization. We receive our mandate from industry Canada. And in the letter that grants us the authority to manage the Gautier Registry, it also notes we are to carry out activities in support of the Canadian Internet community which is where the community investment program comes from. Note that we currently have 2.4 million domains under management.

So the Canadian Investment Program or the CIP is an initiative we started about two years ago so is relatively new. And we grant a minimum of a million

dollars a year for community-based projects that fundamentally and generally speaking enhance Canadians Internet experience and lop it into the types of projects that would fund a little later on.

But the funding is made available to Canadian not-for-profits registered charities, research institutions like universities and community groups. Really the point of the program is that it's a fund grassroots initiative that are not huge but can make a substantial difference in the Internet in Canada. Individual projects are eligible for up to a maximum of \$100,000 in funding. But generally it's projects are funded between 25 and \$50,000. And the projects that we fund have to be completed within a 12 month time frame.

This is a bit of history behind the program. The community investment program receive CIP's, as we call it, is really a formalization of work that Seara's been doing for a number of years. We've always made investments into the Canadian Internet community where we thought we could make a bit of a difference.

Starting at around 2013 we recognized that we really needed to make that more of a strategic and targeted approach to making investments. So we undertook a fair deal of research looking at programs around the world like (unintelligible), like (unintelligible). We looked at some corporate social responsibility programs from the private sector. And so based on that information, our Board of Directors in August of 2013, took the decision to establish what's called the community investment committee. The committee is comprised of eight members, three of which are Seara board members.

And the additional five are appointed from the Canadian Internet community. So they're leaders from the Canadian Internet community. So it's a bit arms-length from the organization itself.

In January 2014 the first meeting of the community investment committee was held and we launched the first call for applications in February of that

year with assessments of applications and funding distributed by May of that year. So it turned around quite quickly. But in May we funded 29 programs for a little over \$1 million. We just completed the second round of the CIP with funding announcements made in May of this year.

So in terms of the criteria, as I said, CIP grants are available for not-for-profit community-based organizations academics, and that the intent is really to fund grassroots projects. But what we look for when we assess the applications is we're looking for programs that have a clearly demonstrated need. That have measurable outcomes.

That we'll be able to tell if they made an impact in theory in which they're focused. Projects that are just (unintelligible) sustainability of the funding program. We look for projects that are sustainable beyond the community investment program funding that they would receive. And we also look for projects that have effective leadership team behind them. And that offer good value for money. That aren't just tremendously expensive for little return on investment.

So as I said in 2014 we funded 29 projects for 1.2 million Canadian which would be 800,000 US over 600,000 pounds. But a 2014 we received 147 applications for funding. And for a very new program in Canada we thought that that was actually a tremendous number. In fact, the target that we had set for applications received was between 30 and 50. So we did better than three times that. In 2015, we received 131 applications and funded 25 projects for a total of \$8 million.

The projects that we fund through the CIP can really be categorized as other infrastructure, online services, research, digital literacy. I'll run through a few statistics and examples in a moment. Of the 54 projects we funded to date, they represent a wide variety of organizations industries areas within Canada, and also representative of Canada's geography.

Canada's a very large country with significant differences between geographic regions. We have remote isolated regions in the north. We had densely populated cities within 100 miles of the US border. So the projects really reflect that diversity that is Canada. And I'll give you an example of some of the programs that we funded.

Looking at remote communities in Canada this year we funded what's called the First Mile Connectivity Consortium. And they work on connecting remote indigenous communities in Canada. So they are doing that work with us. We've also funded an organization called Steam Labs. They developed a curriculum and training program that empowers public school teachers through the integration of Internet of things technologies in classrooms.

We've also, another good example is project (unintelligible) University that uses Internet-based technologies to assist visually impaired people to know what's in their surroundings. And I certainly encourage you to visit our Web site [Seara.dta](#) to see a list of the 54 projects that we funded and that really skims the surface. That just skims the surface of what we've done. If you go to the Web site - 54 projects - and you really get a sense of the diversity of the projects that we fund and the nature of how the program is evolving.

So it is a relatively new program. Two years we've gone through two funding cycles. And the question around the table, I'm sure is, is it a success? Do we find it successful? Next slide, please.

Generally speaking at this point in time, we believe the program has been quite successful. It's a work in progress. It's an evolving program. The feedback we've received from Canadians and from grant recipients has been very positive. It's difficult for us at this point to assess the impacts of the individual projects because it's - we're only in our second year. Some of the projects ran for a year.

With the reporting requirements, it'll be 18 to 24 months before we'll see reports that are substantial and see whether or not we've met, you know, whatever success indicators we set out at the beginning.

Achieve success indicator for us, though, is the feedback we've received from the grantees who have been very interested in partnering with us beyond the granting program.

And a lot of that is due to the fact, I believe, that we don't just hand over a \$50,000 check and walk away. We work with the grantees as much as possible. We give them media training. We assist them with promoting their project within their community and nationally.

We give them support at their - at launch events if they do such things for their programs. And as a result, I think, the program itself has achieved a great deal of media coverage in Canada.

We've had, both at the local level, the projects exist and at the national level. It's been, in our mind, a success in that regard. We'll see when the reports start coming in, what the impact is.

Jonathan Robinson: (Mark), can I ask you to sort of wrap up a bit now? I'm just mindful of time, if you wouldn't mind. I'm just conscious there is a hard stop at 6:30. We've got...

(Mark): Absolutely. So next slide, and it's actually my last slide, so just around some learnings we had between the first year and the second year is that - and I'll concentrate really on the more important aspects.

We refined the application criteria from year one to year two because of the diversity of projects that we fund. So a program that is from the academic community has very - a very different flavor than, say, one from the not-for-profit community.

So we've tailored the application process to reflect that distinct flavor. And in terms of impact, again, it is - it's become somewhat apparent that it will be difficult to assess the impact on Canadian's Internet experience because the projects are various and diverse. But as we move forward, I think that that - how to measure that will emerge somewhat organically and somewhat strategically. But I'll leave it at that.

Jonathan Robinson: Thanks very much, (Mark). I'm just a little conscious of time. I know we've got a hard stop at 6:30, so I'm going to move us straight on through the other presentations and then that'll hopefully leave us with a little bit of time at the end for discussion. So let me hand straight over to you, (Russell). Thanks very much, (Mark). We'll go straight to you, (Russell), to talk about the experience of (nominate).

(Russell): Good afternoon everybody. I'll try and get through this reasonably quickly but the first thing I'll say is that the 2008 nominate launched the nominate trust and essentially it's led to now the trust being the largest, UK's leading tech for good social fund. And that's been a fairly rapid rise over the last couple of years.

I thought I'd spend some time now, if I could go to the next slide please, just to talk about some of the background. And I think what's important to start with is just some context.

So I think most people know that we are - nominate is essentially custodians of the dot UK suffix and we've got over 10 million suffixes in distribution at the moment. We're a not-for-profit company.

We have historically looked at the surface is that were built up over the years and, as I said, this kind of accumulated in 2008 when we decided that we're going to look at a surface that we're generating on an ongoing basis and develop a trust.

And we went through a number of different permutations thinking about the various aspects of what we might want to set up and what sort of contribution we might want to take.

And actually when we looked at the various options, we looked at how we can promote social benefit and do we essentially give them money to another charity and effectively fund different charities with them money or do we set something up ourselves and really dictate the agenda for a social tech innovation fund?

And that was in there at the time but I had been told there was a fair degree, a discussion about what the merits of doing one or the other. But where we ended up was we set up the trust and really what we did was we set that up with a 5 million pound donation, roughly \$8 million.

And since we set it up in 2008, we've cumulatively invested over 35 million pounds, or roughly \$55 million in the trust. So I just want to come onto what the trust does and shed some light as to its focus.

So if we can go on to the next slide, that's it. We established the nominate trust as a UK charity and there are a couple of reasons for that, one of which is, because we're doing yearly contributions, we get a tax benefit for doing that by having established charity.

But there are some certain laws and limitations to what you need to think about when you're setting up the charity. We essentially looked at the principles of the trust and make sure that we were very clear on what it was meant to do.

And that was really to look at investing in tech related projects that had a social impact. Initially in the UK, but quite quickly, we're looking at projects

that span be on the UK. And, in fact, now we're looking at developing more and more projects internationally.

We did the surplus, and (respectively), going back a while, it was around 6 million pounds a year from the surplus and effectively, what we've done is, we've reduced that amount based on how much the business needs in our view at nominate and how much we're prepared to fund on an ongoing basis.

But I think we're it perhaps ties into some of the discussions that Steve mentioned as we also had an (auction) for short domains in 2011. We took those proceeds in used those two advance the nominate trust.

So the trust, in essence, and its mission, is to provide (tech for good) projects. And, you know, in many ways what's it has done is funded some very interesting projects which really has had an impact on a number of different areas.

You can go on to the next slide please. So this is just effectively reinforcing what I mentioned earlier on which is, what we've done really is we said we're going to look at the fund and really identify innovative technology projects that address complex social challenges.

And that was really the mandate and it comes into a number of different fields. So we can go to the next slide, please, because I'm going to try and get through this reasonably quickly.

The source of things we set out to fund range from healthcare to the environment right away through education. But the - really the articles of association and the remit is broader than those three categories.

The reason why am bringing these three office because actually they are very interesting projects that, in and of their own rights, and so effectively the

grandson the projects that we do are non-equity. There are around about 250,000 pounds or less - ranging between 250,000 and 50,000 pounds.

They are a grant so, as I say, it's not equity and it's not that and we put money into these companies. These companies are primarily pre-Series A, at very early stages of their - of development. And we'll either go in as nominate trust and/or will partner with other organizations.

So these are examples of once we've invested in over the course of the last couple of years. To give an example, the first one is a 3-D printing for orthotics, and essentially what the company is doing is designing limbs for children with 3-D printing, so really using technology to have a very significant social impact.

The next one is around looking at the environment, so this is effectively trying to have peer-to-peer energy market places which is really a very interesting area, and starts to open up the concept of trading and sharing renewable energy.

And then the third one is one which is really targeted at young people, so effectively this is a program - a company that's really focused on developing their own programs that enable kids, primarily in the UK but now beyond, to look at developing platforms and digital applications for social good. So it's really looking at what we can do to give funding to accompany that's going to empower younger people to develop apps for the greater social good.

Now I want to come onto the next one which is just an example of one which is perhaps more international in focus. And if we go to the next slide, please. (We Farm) is a project that we've funded now for a while the point it would raise here is we do initial funding's but essentially we also do follow-on funding's.

In the source of companies we look for our ones that we believe have got a strong management team, have unique area in the marketplace that we think they're tackling and can scale quite quickly.

So we looked at (We Farm). It's a multilingual platform for sharing agricultural data and how you grow crops and thinking about how you really tackle some of the very remote farming challenges.

And this was initially by SMS but effectively it's more now on the Internet, so it's a combo between SMS and the Internet. But this is been cofounded by Cafe Direct, which is a sustainable company in the UK which really looks at bringing tea, coffee and other produce into the retail market but does it from a sustainable source.

This has essentially spawned a number of initiatives in Kenya, Tanzania and Peru and, you know, effectively what this - this has been quite a successful project.

It got an award from Google for about half a million pounds quite recently and it's really starting to expand internationally which goes back to my earlier point about making sure that we're looking not just at projects we can scale in the UK but internationally as well.

If we can go on to the next slide please. I mentioned earlier on - how come onto it in a moment, a little further, is partnerships is a critical component for making sure that when we think about a new organization, in this case, when we started with a number that trust we didn't do it just by ourselves.

We really did work with partners. And there are number of very strong benefits working with partners, one of which is the initial scale and experience that other partners can bring.

Comic Relief, as you all know, is a very popular and a very successful charity in the UK and what we've done this we've essentially pooled some of our money with Comic Relief and essentially funded a number of different projects on the back of their reach because they've got - they were just a bigger organization.

Same goes with Make Things Do Stuff - if I can say it. The campaign there is a similar sort of thing where we teamed up with a very successful organization to get more scale.

And then the final one is slightly different in the sense that they are bringing more entrepreneurs and it's a network of entrepreneurs that will help advice companies on how to develop tech for good programs and scale them.

So not just funding the start up, but equally giving them support as they grow through their lifecycle. Next slide please. I don't think you can do the charity in the trust without trying to make sure you get some attributions, some PR and some scale and awareness because actually what that does, it's great for the brand.

That, in turn, means that you're getting approached by lots of people in the community who are looking at nominate trusts who can offer these benefits. And so what we did, is we did a social tech guide which is essentially a curation of lots of the projects that we funded over the last four or five years.

And we've also set up what we call Nominate Trust 100, which is essentially celebrating some of the real successes that we see, so every year we run, for the last three years we've run projects which celebrate the top 100 projects that we funded.

Next slide please. So I just wanted to pull out a couple of key learning points for nominate trusts and then I'll come onto some key learning points for

nominate. I think the first point is when we're doing a program like this, we started in a relatively modest they.

We put 5 million pounds together. It was a small team that was developed over time and we spent a lot of time trying to hone the processes such that, you know, we've got a very good and flow but equally we can filter out the (weak from the chaf) and try and get a very coherent process of how we find the right organizations that we think we should be backing.

What you'll find in this market place is a lot of people trying to get grants but the quality of applicants varies very considerably. The brought on the right mix of people here that have experience in funding both equity projects and that projects but equally understood the social (tech) space.

And I think that's important complement when we certainly looked at the trust and its success factors. We effectively also look that we're there were opportunities for funding key areas that we thought were going to make the most amount of difference.

And as I said earlier on, I come back to it - partnerships was a very significant learning point for us. The (red bus) process is in systems. I've kind of touched on it but that is something which has to be in place if you're going to be successful at filtering out the quality projects.

Sustainability and scale of the various projects - I think particularly when you're working with banking, young teams, lots of enthusiasm, high failure rate. We need to - you know, we really needed to look at where the opportunities were to - were with teams that really have the ability and the eye for the business model and the capacity to scale.

And then I guess finally, we've essentially shared the learning experiences with others as we're doing today, of course, but I think it's important to

nominate, to make sure that we're working with others and we're helping them essentially set up funds and use our processes.

We're happy to share best practice in whichever way we can. If we go to the next slide please. Okay, so this is learning points for now minutes. And I think what we were going through the overall reflection, if you will, what's been successful and what now nominates learned, we set up a very purposeful dedicated charity vehicle.

We put very strong processes and governance around that vehicle. For example, none of our board members sit on the nominate trust. We keep a fairly clear distance between the two organizations from a governance standpoint.

We've also maintained contact, so we try to make sure that actually the nominate trust in the areas it invests in are synergistic to nominate as possible. So good example of that is we are - recently going to Wales as many people know.

We (launched) a Wales gTLD. And were actually looking at where we can invest in social projects in areas in Wales because that's not complementary areas. Equally, IOT is a part of our strategy going forward in nominate and the nominate trusts are also looking at we're they can fund projects that are going to have a big social impact in IOT and we've come onto a couple of projects like that - Internet of Things, sorry.

So there're a number of elements that we said quite early on that we need to get aligned if are going to maximize the benefits between now minutes and nominate trust.

We also co-located, so we have the office that's based in Oxford. The main office for nominee trust is also based in Oxford which means we can share

costs, keep cost down and maximize its impact by sharing best practices and processes and costs.

And I guess finally, we made sure that we've got an ongoing process to look at what the funding will be going forward. As nominate looks at its future, we do essentially a three-year forecast of what we're prepared to commit to the business going forward.

And I think that's helpful for nominate trust to make sure it has invisibility as to how much it can land and -- sorry -- to grant in any particular year. Without the visibility, I think it's very hard because you're kind of flying blind and you don't know how much you should be prospecting for potential granting organizations.

So with that, I will perhaps park here and take any questions at the back of this. But there are further slides in the deck if people want to go through that. But hopefully that's shed some light on some of the things which nominate have been doing over the last couple of years.

Jonathan Robinson: Thanks very much, (Russell), and just to try and give a sense of where this might end up, so I mean, there is very valuable content clearly from (Mark), from you and I'm sure from Roelof.

And where I suspect we're going to try and get to (with all of this) and (unintelligible) session is that I think we'll want to we've all of this into some kind of document or essentially at some document that feeds into this process, so we can pull all of these collective learnings into something.

So although the time is tight here, it's not the last opportunity to get this information into the process. That - so I think we'll proceed with - that's the likely thing. Let me - I'm very conscious of time. It's quarter past six.

We've got until 6:30, something I'm going to hand over to Roelof right away and make sure that we do that. And then if anyone wants to ask questions, we'll hopefully get a few minutes at the end to do that.

Roelof Meijer: So now it's up to the nominated speaker to be (next one), concise and brief, huh? Maybe - just Jonathan, in reaction to what you said, it was the beginning of this month, for the first time, the center brought the people who are responsible for the different shapes and forms of trust at ccTLDs in your path to get at.

And the working group, when it is finally (there), it might want to use their experience because like nominate, first (unintelligible) fund is a separate organization. It has a CEO who can give you much more detail than I can do and will do.

Okay, can I have the next slide? Oh, that's very small but this is just to give you context. I think most of you are aware of that but a country (code) is a very specific market or target group, if you want, and it's a local Internet community and in most cases it's the people in the country or the territory for which the code is.

There are exceptions. Dot NL is not one of them. And 95% of the registrars have (touch) address. Our market share something like 75%, but out of the other 25%, so people in (organizations) that use another domain, domain is the first choice. In most cases they also have a dot NL domain.

Can I have the next slide? Oh, this doesn't look good. Okay, okay. Well, it's not because you're missing quite a bit I think. Let me get the slide in front of me myself.

So the strategy of SIDN has two aspects in the core and one is the organization or continuity so we would like to continue to exist for a pretty long time. And we do all kinds of things to maintain a role and to - and

diversify and make sure that we continue to put our expertise and other means into new endeavors.

And the other core as maximizing our value to the local Internet community and the international Internet community. And of course, the second one also has to do with the first one. If we do the second one well, we will continue to be the registry for the dot NL domain and we will be more successful in finding new activities to undertake.

An important part of our strategy is the phrase that you see below, that contributing to the growth, the innovation, the availability and the use of the Internet. Can I have the next slide?

And we started to do that by supporting, in most cases financially, but in quite a few cases also with (staff) and with projects that did exactly that. And we found that we were quite successful in that so there was an increasing amount.

We - and the operations for dot NL were getting more and more efficient so we were - our surplus was also increasing. And we found that to make the impact of the projects that we were financing as large as possible, we had to professionalize.

It was putting - it was distracting us from our core activity. We didn't have the expertise. We didn't have enough people. We didn't have the processes to adequately select and assist and monitor and evaluate the projects that we were financing.

At the same time, we've got an increasing pressure from our registrars which I could summarize as give us our money back. I think nominate will recognize that. And maybe even ICANN recognizes it too.

So we consulted peers of which the nominate trust at that time had already started and I had lengthy discussions with (Leslie Cowley) about that and that was very educational, I can say.

We had research a program executed by economic researching consultant organizations into what would be the best use of our surplus. One of the options they are looking (into was, in fact), giving the money back to our registrars are reducing our prices.

And after all these consultations and also getting the advice from the research, we decided to create what is now called the (DS IDN) fund. Can I have the next slide? Don't you worry, Jonathan, it is the one before the last one.

The goal of that first is to increase the economic and social value of the Internet. The main focus is the Netherlands economy and the Dutch people. And the goal for (SIDN) is to create edit value, to build our reputation and our position and to find a use of the surplus that we are generating that would be supported by our stakeholders.

Just some characteristics - it's a separate organization. It's a charity organization in fact. A gives financial support to Internet related projects from education to research to security activities, (NTD, those) project (fences) of registrars.

It got a 5 million start last year and we (envision) that we can add an amount between 2 and 5 million euros per year depending, of course, on our surplus and what the domain name market does and also, of course, depending on how successful the trust is in reaching its objective and how many good projects they get that they can actually finance.

Last slide please. Well, then, some lessons learned, and I think (unintelligible) because we already adopted the lessons learned of the nominate when we

created this. For instance, to create a separate organization to keep it and arm's length, to have no or very few board members of the registry in the trust, et cetera.

We started last year. We launched - we officially launched the beginning of this year. We recruited a CEO that set up the organization in September of last year. We supported its in-house like the nominate first, also based on a lesson learned from nominate or a recommendation.

We do the technical stuff. We do the finances. We don't do the marketing. We don't do their communications. I think, but a very important point, is - that was why I post this question when I saw the list of possible areas that can be funded by ICANN.

I think it is very important that you align the goals, the goal of the trust is in line with the overall goal of your organization otherwise there will be endless discussions with your stakeholders about why are you doing this?

And that means that the goals of the projects that you are financing will have to be aligned with the goals of your organization. Like our Canadian colleagues, we got off to a very good start in the sense of the number of applications we got in the total amount that was involved with them.

We haven't finished - or the fund hasn't finished the selection process, there is definitely a caveat in how many good projects we will actually finance. Another lesson learned is that we should have managed the consultation of our registrars better because many of them were mobilizing themselves to, now for once, make sure that they were getting their money back.

We didn't inform them when we were building our plans but we only informed them when we have finalized building our planned so we, in fact, informed them of the launch.

And we had somebody from the nominate board there was also than a board member of the dominant trust to help us there. It didn't really work very well. And in the end we regretted that we had done that. So I think that is also an important lesson to make sure that you involve your stakeholders, but I think that's a lesson that you have already learned it seems.

I don't know if that's the relevant at all for ICANN, but we are in heavy discussions with our tax office. We will probably have a court case with them because they want to levy all kinds of taxes on us.

And the argument that if we would be a commercial organization, this would not be the case, but the fact that we are not a commercial organization, make whatever money we pay to the front, not the operational costs, but a gift. So I can - I will keep you informed of what comes out of that, but it might take a couple of years. That was the last slide.

Jonathan Robinson: I think that's probably a universal lesson - be aware of taxes.

Roelof Meijer: Yes, that's right.

Jonathan Robinson: Look, we're really tight for time. That was great input. I think I'll probably take us to the last slide that I had and then are there any other - are there any quick comments or questions that anyone would like to make at this stage? Anyone would like to make something - Edmon?

Edmon Chung: So I (don't know whether it was now or later), but anyway, those are great, great presentations. I think they're very informative. In fact, you know, from dot Asia, we run a couple of funds as well.

In fact, in our application to ICANN, we set aside a percentage of proceeds from dot Asia registrations into a fund to fund projects that support Internet development in Asia as a nonprofit.

But I think I wanted to go back to what Steve mentioned earlier and think about this as a- you know, this seems to be almost jumping into, you know, the model of how money is spent.

But I'm - perhaps we should look at things like, you know, how did the Telecommunications Bureau, when they optioned the 3G, you know, spectrum out, you know, how do they spend that money?

Or, for example, a school that sold off a piece of land and, you know, to - and how did they spend that money? A church that sold off a piece of land, a country club that built a new building and, you know, these one-offs that, you know, maybe we should look at also those types of models because that may be more informative for how we can - how we should approach this whole project.

Because, you know, those kinds of models might give us better ideas what, you know, what the schools do, I mean, when they sell a piece of land. What do nonprofits when they, you know, suddenly have a one-off piece of money, how do they go about that? You know, that might actually help us a little bit more as we consider the whole project. That's my input.

Jonathan Robinson: Thanks, Edmon. I - what - I mean, clearly we've got a short time now and this is making me think that we'll need more to do this. Let's go straight to Bertrand.

Bertrand de la Chappelle: Yes, two quick comments. One on the process - on the slides regarding the preparation of the CCWG, I would caution against the traditional way that we're doing it in ICANN where we spend the time setting up a group that's the charter that develops the program to discuss how we - because he usually devolves into using the design of the (charter) as a proxy for the substantive discussion.

I think the work that you've done by setting up this informal discussion is absolutely the right approach. What has been presented is eliminating in terms of what are the options that people have done. Collecting more information in that kind is very important.

I love the list - I mean, the checklist that Steve was doing and actually it would be worth just mentioning all the things to keep in mind and developing it a little bit further and maybe having a call for input, just a very informal call for input on what are your first thoughts on those ideas before watching the real development of the charter.

And the second point, more quickly, in the list of cases that Edmon has mentioned, I would single out one in particular which is probably not the reference that we have in mind which is the (options) of licenses for telecommunications because we all very well know where it went.

It usually went to the global budget of the company - of the country in question. Here there is no such thing as a global budget of the world and unfortunately, in a certain respect, what we have done with the new gTLD is the allocation of licenses for the use of the semantic spectrum.

So there are analogies that might be done here. The problem is that -- I don't know but the problem -- there's no global treasury that is receiving this. But the analogy is useful to explore I think.

Jonathan Robinson: Edmon, did you want to make a quick response and then I'm going to try and wrap up.

Edmon Chung: Some jurisdictions do set aside - I don't know whether it was spectrum but certainly and options that have set aside not in the general budget.

Jonathan Robinson: Okay, so mindful of time, I think the right thing to do here is to just try and bring it - so where we came from the high intercession on the - Monday was it

was very evident, that platitude, say, that's clearly broad and substantially interested in the topic.

There were ideas contributed about how funds could or should be distributed which is clearly, having had this kind of thoughtful input, to some putting the cart before the horse, so we - but then that was recognize that actually principles, processes, framework, work needs to be done.

And, in fact, even before that, the kind of work that we've been doing here is just this kind of broad-based discussion and feeding ideas into the mix. And so I think (unintelligible) I'm not 110% sure - I don't think we're ready yet produce a discussion paper but may be that we can start to get a draft out.

One idea I have this that - I mean, we've - what we've done in the past is the way in which it certainly works - work has gone in the GNSO when we do policy were, we do and issues paper, I mean, some form of discussion document that really starts to set up the landscape.

And then, to Steve, to your point about drawing in greater interest, what we could do is we could publish that discussion paper very broadly and start saying, "Here's an initial drafts. Let's tackle that." But I think for as long as we start to build a structure and a framework and then people can come in at different levels in terms of the key themes, conflict of interest, framework, structures and so on.

So I feel like we've set ourselves on a good path here and we're all willing to go slowly both because of the deliberative nature with which you want to approach it in the constraints on community time and resources.

So we're just about at the bottom - at the half-hour. In fact, we're almost exactly on, so I think I'm just going to thank everyone for the contributions and the pre-preparation and thoughtful nature of them.

It's all on record. We can publicize this, that's gone out. And we can use that to feed into future work. So thank you very much everyone. It's a little bit of a late session in the day so I hope we'll be able to publicize this and use it to draw more input in. Steve.

Steve Parker: I 100% concur. I think, unlike many other sessions that are going on, this was organized, smooth and cohesive, and I think we're off to a great start frankly. And I completely agree with the sequence that you have in mind. So I think that's good. And we'll obviously be in communication.

Jonathan Robinson: Yes.

Steve Parker: Thank you, (Christine), and thank you all for the presentations on what's happening in your respective foundations and trusts and so forth. Very, very helpful. We're not going to do any of that but very, very helpful.

Jonathan Robinson: All right, let's stop the recording. Thank you very much everyone.

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