PRAGUE – ICANN Finance Open Session
Sunday, June 24, 2012 – 16:00 to 17:30
ICANN - Prague, Czech Republic

Xavier Calvez: In another couple of minutes we'll start. I also suspect that maybe some other people are still looking for the room.

[background conversation]

Xavier Calvez: It seems we're going to be set up soon. Let us start so that we don't incur further delay. We should have the presentation soon. Thank you everyone for participating. This open session is to provide feedback on the budget process in a number of more specific parts of this process. Now that we're standing here in Prague on the final leg of the Fiscal Year 13 budget construction, I guess. So we will provide a little bit of an update on where we are in the process, and what has been accomplished over the past few weeks. We'll speak about the public comments. We will then also speak about the SO and AC additional budget request and responses.

The way I suggest we handle addressing questions is that if you don't mind that I just go through the reasonably brief presentation on each of these sections and at the end of each of those sections we'll go over your questions and comments and the remote participant questions and comments, just so that we make it as a efficient as possible. And

Janice will help me keep the timing right and ensure that we stick to the timeframe associated with this session.

How many remote participants do we have Janice? Two? Okay, both being ICANN staff unless I'm mistaken. Since it's only two we can name them – Maya Reynolds and Aba Diakite are on the remote participation with us. They're both in California on this Sunday morning, so good morning to you. Both Aba and Maya are in the Finance Department and they have both very deep involvement in making this budget process work.

So, an update on where we stand on the budget process. The main deadline that was in front of us when we were in San Jose, for those of you who were there, was to publish on May 1st the draft detailed operating plan, which happened that date. We had subsequently to that publishing a few calls, three from [Emory] during which we went over the content of this document more to enable you guys to have a more direct and faster way to get into this information, to understand it in terms of its structure, to have also the possibility to ask a number of questions that help you get into the information.

So those calls, which I believe we will continue to have, are there to just make your life a little bit easier in trying to get into the information. We will consistently try to schedule them close to the date of publications, so right after the date of publication. And where we need make sure we improve on is providing more notice to what those dates of calls are because we've not done enough of a good job of that, at least for the May 1st presentation. We scheduled the calls when we were about sure

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that we were going to be able to meet the May 1st deadline, and that was too close to the May 1st deadline. So we will do that in the future.

So public comment happened from May 1st to originally May 24th, and then extended to June 8th. That's the first comment period. The reply to the comments were scheduled to happen until June 15th. So the entire public comment lasted from May 1st to June 15th, with June 8th being the deadline to provide the first set of comments. So the first set of comments was allowed for a period of 38 days ultimately. Starting June 8th, or a bit before because we started looking at the comments before the deadline, but effectively we had the full view of the comments by June 8th, and we have gone through from that time a process of consolidating those comments, reviewing them.

The Finance team as then distributed those comments across the departments of the organization that had expertise to answer some of those. We have them of course collected those answers, compiled the answer to those comments into a fairly large Excel document. So we extracted from the documents that we received in the public comment those parts of the document that were providing for either questions or comments, we put that information into an Excel spreadsheet. And in front of each line item we formulated an answer.

The answer could be a various kind, "this is what the answer to the question is" or "we acknowledge and we will follow up with in the next action," or for some of them, a limited number, we're in the process of formulating the answer. And by the time we completed that process we published this document, this Excel document on our website in the public comment forum for the budge. So on June 19th you have an input

where we have provided the responses to the public comments, and we wanted to make sure we can do that prior to the beginning of the meeting in Prague, so June 19th is last Tuesday. We have also sent an email on Thursday the 21st to let the SO and AC Chairs know that we had published those comments.

So, the good thing in that is that within let's say six business days of the closing of the public comment period we were able to provide responses. The difficult part of that is that date of June 19th is extremely close to the beginning of the Prague meeting during which the budget gets approved. So it's a very tight deadline for everyone and I will speak a little bit more about it later – the machine here is overheating and has shut off by itself. So part of what we're going to deal with on Wednesday in a Finance meeting with a number of representatives of the organizations is to talk about the budget process, of which the budget timeline so that we try to identify solutions to avoid the situation that we are in of not having enough time to produce the comments, to consolidate the comments, to respond to the comments throughout this process.

And when I say "we" I mean we as a group. The community organizations have formulated their frustration with the timeline associated with the public comment. We are struggling to provide adequate answers in a timely fashion to those comments, so everybody is frustrated and we need to find a way to improve that timeline so that we make our lives a little bit easier. Are we going to give the presentation? Okay.

[background conversation]

Xavier Calvez: Excuse me, are we going to get the presentation back or do we need to stop until this cools down? Okay. So, the update on the budget process that I was at was, I think last Thursday. As some of you may know, the budget has been submitted for approval to the Board yesterday and has been approved yesterday. So I suspect we'll start the section on the questions soon.

[background conversation]

Xavier Calvez: So, any questions at this stage?

Male: What was submitted and what was approved?

Xavier Calvez: That's what we're going to talk about now.

Male: Oh, thank you.

[background conversation]

Xavier Calvez:	While we're fixing the projector let me…So on the basis of the document that was provided for public comment on May 1st, and on the basis of a number of comments and subsequent adjustments that were identified subsequent to May 1st, there is a number of modifications that have been made on the May 1st document. I'll go quickly over them.
	The IDN Variant Project was adjusted to what the IDN Work Groups conclusions, where those conclusions came after May 1st, and as a result, once we had the conclusions of the working group, which provided an update to the budget of that project, we adjusted the amount that was in the May 1st version; similar issue with the Visual Similarity Process Enhancement Project. We also as a result of a few comments, I think two from Steve Metalitz and I think from Robin Gross as well, we amended and extended the description of the Uniform Rapid Suspension Project.
	There were a couple of adjustments to the SO and AC budget requests, including the addition back of the SSAC retreat in precision of the travel support for NCSG, which I think – yes?
Male:	May I ask a question? Isn't that, that was for the usual constituencies, not the one specific item, is that correct?
Xavier Calvez:	Sorry, I didn't understand your question.

Male: I'm sorry for speaking up. I thought you might want to clarify that bullet point. If I recall the draft correctly, the draft budget referred to travel support for three officers of each of the GNSO constituencies, not specifically the NCSG.

Xavier Calvez: Right, and that's why we have corrected that in the updated version of the budget.

Male: Still on that point, a clarification. So the two constituencies of NCSG get their three travel allocation plus the Executive Committee of NCSG gets three travel allocations?   The stakeholders group – sorry, so the Executive Committee of the stakeholders group gets three travel allocations?

Xavier Calvez: No. So it's the six organizations – I want to make sure I use the correct vocabulary because that's exactly where I got in trouble before was not using t correct vocabulary. Maybe we can just list them – can you pull up, Janice, the list of the six organizations that have three travel seats named from it so that were are explicit. Per meeting.

[background conversation]

Xavier Calvez:	So for Fiscal Year this is two meetings, right. There is only two meetings during the Fiscal Year 13.
Male:	We do need to say that the two meetings are anomaly because there will be four in the next year because one just falls over the line.
Xavier Calvez:	Exactly. Yeah, we've entered a period where we're going to have comparability issues year on year because in 2012 we have the usual three meetings, in 2013 we have two, in 2014 we'll have four and then back maybe.
Male:	Right, but it's the same number per calendar year at approximately the same time, but one falls over that line.
Xavier Calvez:	Exactly and seeing purposes and so on, it just happens our Fiscal Year falling the way it does, the meeting for next year that's going to be in July will just fall on the other side of our Fiscal Year end.
Marilyn Cade:	I think there's a different question. So let me see if I understand the question and Chris can correct me, but constituencies put in project requests that included a request for travel funding as part of a bucket of money. Is this a separate allocation of additional travel for one particular constituency or is this part of the overall allocation?

Xavier Calvez: Assuming I understand correctly your question, I think that when we indicated that three officers would be "supported" in the May draft, as a generic answer to a number of requests for funding, I think we didn't clearly label the beneficiaries of that action, that funding, and as a result we needed to clarify that. So, what I wanted to just pull is the six organizations who get three seats per meeting being funded so that we list them and as a result we don't list anyone else who…

[background conversation]

Xavier Calvez: Sure, sure. No problem.

Female: I can get the numbers and I can get them to you (inaudible).

Xavier Calvez: Yeah I think everybody will benefit from ensuring that we have that list.

Rob Hoggarth: I know we can't, and I'm sorry, I'm just sort of jumping in so I don't want to take your thunder here. The draft budget indicated the non-contract constituencies of the GNSO. I don't know what adjustments you all may

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have made at the Board meeting and things like that, but if that was not changed then it is just the non-contracted constituencies of the GNSO.

Xavier Calvez: Thank you. And when we can we'll come back to listing those.

Male: The clarification, so it's the constituencies but nothing for stakeholder group leadership – is that the situation?

Xavier Calvez: Let's just move on from this point until we have the list and then we can come back to it. Of course as originally planned the other change is to have removed from the May 1ˢᵗ presentation any reference to scenarios on the new gTLD program, referring the 500 scenario, the 1000 scenario and keeping the 2000 scenario as the basis for the budget as it relates to the new gTLD application processing figures. Yes, go.

Jon Nevett: Just a quick question, Jon Nevett. So did you keep the total number for the new gTLD budget the same, other than the $500,000 that you refer to up there in the 2000 scenario?

Xavier Calvez: Right, there's been some technical adjustments of amounts just notably to take into account the fact that where the delay in the closing of the period of the application deadline, things have shifted a bit, so yes. That's the type of adjustments that have happened. So if you have

other adjustments in mind ask me and I'll tell you if they've been made or not.

Jon Nevett: Well are there still 8.6 million dollars in quality control? Is it still not taking into account the realization of efficiencies and other savings that would come out of 200 applications versus four times 400 applications that we pointed out?

Xavier Calvez: So, I don't agree that there is no efficiencies in the budget. It's not true that it's four times 500 for the cost, but we can have separately that conversation because I know there's…

Jon Nevett: Oh there's a whole bunch of line items…

Xavier Calvez: Some of them are yes, but not all of them. Not the ones on which there is economies of scale. So there's a number of things that existed and continue to exist in the budget, and a number of things that didn't and still don't, relative to potential economies of scale and relative to some panel reviews that may be easier or shorter due to the nature of combined applications, or applications from the same applicants and so on. So there are a number of costs that we should normally expect it to be lower than the budget on the basis of same applicant for several applications, though not all the panels and not all the applications would be less because of that.

So anyway there is a number of economies of scales that have not…

Jon Nevett:
I understand you think you did that in May, but we pointed out that we think you didn't do that sufficiently. So the question, my only question for this purpose is did the new gTLD budget change since the version you published…

Xavier Calvez:
The numbers have technically changed a bit but the assumptions that I think you're pointing out to have not changed. So just to pre-empt potentially another question on this subject, there has been also a discussion relative to the number of applications that's been revealed being 1930 and I'm still speaking here of 2000 if anyone cares about the difference which is about 3%. Because the budget was finalized prior to the reveal date, which originally was expected to be earlier as everyone knows, and the reveal date having happened late and very close to finalization of the budget, and the difference between the scenario of 2000 versus the actual number of 1930 was not material.

We have decided not to delay everything else to update the figures because of that. And a 3% variance for a budget is a reasonably small variance anyway. Another change that was made is some of the comments were pointing out to the, I think, outrageously high cost of the independent objector. We had incorrectly labeled the objection process costs as independent objector costs, though the independent objector costs in that line item were only a portion of the objection costs. And that line item includes also the ALAC objection costs and the

GAC objection costs. So it's the entire objection process costs that are included in that line item, which from memory is 25 million.

Jon Nevett: Question? So you just changed the name you didn't change the amount of 25 million that people raised concerns about?

Xavier Calvez: No. So yes, we haven't changed the number because the assumptions of the number of objections for the independent objections, for the GAC objections and for the ALAC objections has remained the same. The people who are saying independent objections of 25 million is too high, the independent objection cost is not 25 million, it's 9.6 unless I'm mistaken.

Jon Nevett: So what are the others?

Xavier Calvez: ALAC objections and GAC objections.

Jon Nevett: By dollar amounts?

Xavier Calvez: I can't remember which one is which, but out of the three components there are two that are between 9 and 10 million and the last one that's 4, 5, or 6; I don't remember.

Jon Nevett: What are the four line items, I'm sorry three?

Xavier Calvez: Independent objection…

Jon Nevett: 10 million for objections?

Xavier Calvez: Slightly less. I can't provide the precise figures but that's the range.

Jon Nevett: And then 10 million for ALAC objections?

Xavier Calvez: I think it's for the GAC objections.

Jon Nevett: 10 million for GAC objections and five million for ALAC objections?

Xavier Calvez: Right. So I will be precise with these three components with the correct amounts in front of them. This is based on an assumption of how many objections there will be for the panel of 2000 applications, and how much costs would each objection cost as an average, which is not a simple thing to assess.

Chris Chaplow: So we all hope that will be less. It could well be less then if there aren't as many objections?

Xavier Calvez: I was going to say that, so yes we're hoping it will be less, but it is going to be, we don't know. What is going to be the number and what is going to be the average cost is what we will find out. We have used the help of your legal team to try to narrow the cost of an objection. Objections can be anything. You know the independent objector for example, the GAC objections we have a little bit of a more precise idea what they could be. So also a little bit more experience in dealing with objections from governments. So that's slightly easier to narrow down. The independent objection cost is a little bit more difficult to narrow down. Yes?

Male: Since the draft was based on 500 applications, now we have four times this number, so I think that the objections would be more than was foreseen for 500. So I think that the cost has to evolve.

Xavier Calvez: It has.

Male: Ah okay.

Xavier Calvez:	It has. So the cost we're talking about is the one associated with 2000 applications. What I would like everyone to remember is that in the May 1st presentation we had three scenarios. In each of them was associated with the same amount of detailed information and assumptions to come up with each amount. So, as I said before, we have only in the final presentation removed the 500, the 1000 and in the consolidated picture replaced what was originally the 500 with the 2000 scenario figures. Any further questions on this? I'm already late.

The public comments – so as I was explaining earlier we have received public comments up until June 8th, which was the revised closing date for public comments. Subsequent to that we have also received replies to public comment. We have extracted and consolidated the public comments received by June 8th into a spreadsheet that allowed us to them document answers to each of the comments or questions. And we have published this response to comments in the public comment forum for the budget. So where you guys have posted your questions, we have posted an additional item corresponding to the answers. And it's the file that Chris has a copy of here, with similar format with the comments by line item and in front of those, the response.

Sorry, for the sake of precision can you come back to the previous page please? There is another change that we have made that I need to finalize with the help of Sebastien Bachollet from the Board. It's a comment on an ALAC request. We can speak of that as well, it doesn't change the fundamental but it changes some comments and I need to finalize that with him. We [arrived only] last night and I need to be able to provide that correction. It's in the AO and AC request table, so I know

it will be visible enough that I want to make sure that we mention this. Let's move on to the…

So we have received comments, these are categories of comments, of course we did not intend to go over each and every one of them. There's 120-30 lines in our template. But we have tried to provide here a view of what categories of comments we have. Some relate to the budget process itself. Some relate to the structure or the information that the budget document contains. Some are more specific to the new gTLD, core operations is a broad category of comments. We have a number of comments also on the projects and on either questions that are specific to each project, or to a project, or comments that are more general, relative to the way we provide information to projects; the way we lack information sometimes on projects.

We had a number of comments from the community on budget requests. The overall timeline of the budget process is also something we had comments on. And I think notably relative to the public comment period being too short and not allowing enough time to provide comments, which is the last category we have there. The link appears there of where that document that contains all the comments and the responses is. Let's go over the details.

Planning type of comments – strategy planning is one, and I'll put the first two bullet points a bit together. I think the comments pertain mainly to we need to be able to align and make more explicit the links between our strategic objectives, our current year and our actions and projects in the budget document, so that everyone can understand better why we are carrying out a project, how it relates to the overall

strategic planning, and why is it being prioritized this year versus others. So a better and more explicit understanding of the consistency of what we budget for with the strategic objectives. Yes?

Chris Chaplow: Just a quick question, the project numbers in the framework part I thought were very useful and then they disappeared into the draft budget.

Xavier Calvez: When you say the project numbers, is the numbering of the projects…

Chris Chaplow: The numbering of the projects.

Xavier Calvez: To identify them with the…understood, thank you. We'll try to make sure we keep that. I know Aba is making notes as we speak, and if he doesn't he should. Thank you, Aba. You heard that, Carol?

Carole Cornell: The project numbers, can I just…

Xavier Calvez: Yes.

Carole Cornell:	And we did record that and Aba is noting and so am I, so you can breathe easy.
Xavier Calvez:	Early community involvement in the planning – so I think, I can't remember exactly now the precise comment about that but I think it's both related to the strategic planning as well as the planning of the budget. And my intention is that this year we'll have a finalized budget timeline for Fiscal Year 13 in Toronto. On the budget document overall, more detailed information required. This is a generic comment. The way I look at those comments is understood how do we address that practically speaking. And I will come back to that a bit later, because that's largely the purpose of our session for Wednesday with a number of community representatives, Wednesday, three days from now in Prague.
	Core operations, having more detail and functional area costs, so understanding better the components of the cost of the functional area. Rationale and decision making on expenses, having also more detail on that. I'm struggling a bit with that one because the more granular we become the less the rationale for spending should be, in my view, required. What I mean by that is I don't think we need to formulate a rationale for spending money in the Finance Department for example or in the HR Department. What I mean by that is we'll need to understand probably a bit better that each of the organizations are accomplishing. And I think that if we have the ability to do that, the consistency with the strategic objectives in the mission of ICANN should be relatively clear.

So we need to find a way to address this comment. I'm not sure that it's necessary on each line item of the expense that we need to provide a rationale otherwise the budget document will be 300 pages and not 70. So we'll need to think about how to address that. Next page. So, project work having more details, having presentations, having publications overall. So I think generally speaking and paraphrasing the comments, there is a notion of having a more structured and consistent and probably a little more detailed view of the projects.

I think there is also in the comments the notion of having a monitoring of the project and a rendering of the projects with actual costs that allow to track the life of a project from a financial standpoint as part of the budget – sorry, let me finish quickly. And I think this comment is not just a budget comment, it is also a comment relative to how do we, on an ongoing basis communicate on the progress and the financial impacts of the comments. Yes Chris?

Chris Chaplow: Chris Chaplow here. It wouldn't necessarily be that your document had to have all the detail about the project, but at least a reference to some other place where that project was amply described. That was for me the core of the problem, there were project names and titles and we weren't sure what that project was at all, and in some cases it was completely a new item.

Xavier Calvez: Understood. Public comments – so on the public comment there was a certain amount of frustration coming out relative to, we've taken out of

some of the comments the words that are there, "the process not taken seriously and inadequate." I think this comment is really speaking about the amount of time that's allocated to the public comment was not sufficient. And that's something that I think we all struggle with, so we'll need to find better solutions in the future for that. And again, that's something that I want to make sure we manage to address starting with the Wednesday session.

Community requests we handled. So a certain amount of comments on the approval and implementation, on two different subjects – implementation details, some of the answers that we have provided are generic answers to several similar requests and I think we need to be able to provide a bit more views on how this is going to work. Not always easy at this stage we're at, but we'll keep that in mind.

Travel support clarification – this is the type of comments we have taken into account in trying to clarify the travel support response. So some of those comment were taken into account in making changes to the budget presentation. You have here a nonexhaustive list comments relative to the new gTLD program. We already talked about the independent objector costs, applicant support and so on. I won't necessarily go into the details on that.

Marilyn Cade: Could you go back, I have just one question. On the use of excess funds, do I understand that that is actually still more work in progress so to speak with the Board and the community on – the community in the past has spoken and I'm glad to see Alan here and a few others, Tijani, the community in the past has spoken that the excess funds should not

be refunded, but should go to capacity building and support for security training in developing countries and travel support and other things of that nature, rather than trying to allocations of fees back to an applicant. But I know that was a past consultation and many of us contributed to it. I'm assuming, should I assume that this is still the open topic of how the excess funds will be used?

Xavier Calvez: Right. So, there's been, with people who are in this room and others of course, a lot of comments and questions on excess funds. At this stage, to answer more directly your question and then I'll comment a little bit on it, the use of excess funds is a question. It still needs to be answered. And I think the only thing that has been consistently said is that how these funds need to be used will be the result of a process which will include an extensive consultation with the community.

Once I've said that already there's a number of people of course who don't agree with that, which shows that there's a need for debate. One thing that I want to say, which I know is controversial but is the reality, knowing what the excess funds are is something that's going to take time because of the reasons why we may have excesses, right. We're working with a budget. By definition a budget is an estimate of what's going to happen in the future or its financial impact.

We're talking about a three year project, minimum. There's so many elements that it will impact the costs of the project and the timing as to which those costs will be incurred, that what the excess is or what the various pieces of excess funds will be is something that's going to take time to determine an we'll continue to use estimates. So I think I've

answered your question Marilyn, right? Let's move on. Sorry Alain? I need to stop turning my back you guys.

Alain Berranger: Thank you Alain Berranger from the Not for Profit Operational Concerns Constituency. I have noticed, but I haven't done a full analysis, maybe the full analysis has already been done by you, regarding the 1930 applicants, I know that some are from the not for profit sector and that's why I am speaking to it. And I would confirm my support of what Marilyn said, but I would add that I suggested that the two million dollar fund for supporting worthy applicants that were financially challenged could be seen as a place where extra excess funds could be located.

And the other suggestion I will make which will not be popular with the private sector, but maybe some of the excess funds could be reimbursed to the not for profit sector. We'll be operating these new gTLDs on a not for profit base. Or returning their own excess funds to the demanding community. I give the example because in Quebec 40% of our market is underserved by high speed, so I know that .quebec will be subsidizing underserved communities, although underserved communities in the developing world also need to be helped. So that's not a question, just a point.

Xavier Calvez: Understood, thank you. Let's move on, thank you. So I think we have talked extensively over the past month of the SO and AC budget request process. There's been a number of I would say improvements that we have tried to implement on the process itself on the definition of

criteria. On building tools that support an assessment of these requests. So having said that there's also a number of improvements that we need to continue to formulate as it relates to this process.

It was slightly easier this year to deal with the selection process of these requests because they were relatively limited in number and amount in the sense that they were aggregating, the submission were aggregating in an amount that's relatively manageable and therefore it was a little bit easier to deal with it. But nonetheless, irrespective of the amount of submissions or the amount of requests, we need to be able to iron out the process that we use to collect the information that we use to analyze those requests and assess them against a framework of criteria's and then feedback this analysis to the community. Ad I recognize that we still need to improve on that.

One element that I want to emphasize on the SO and AC request budget process is that when we have consolidated those requests we have identified that a number of those requests were similar or sometimes identical, but generally similar, and that we were able to identify a solution that could address a number of requests at one time. Even though when you have a "one-size fits all" type of approach it doesn't necessarily fix everything about every request. But we have identified categories of requests that we thought we could address with one given solution.

An example of requests was the ones relative to organizations wanting to be able to meet, either in a small group or larger part of their groups to work. I would say it appeared to be more about finding time outside of ICANN meetings to work together. Some of them were labeled a

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little bit as outreach, but not necessarily looking out but more bringing members in. Anyway, bottom line, it appeared that if we were able to organize a meeting where each of these organizations that had that request could be bringing the people that they wanted to be able to meet with, we could allow for that work time to happen, one, but also add to that value of allowing these various groups to also be together at the same time.

And while they're working together in addition it will also allow them to interact with each other, which we thought would be helpful to the process and an added benefit. So as part of what we wanted to be able to mention here is that we have produced what we've called those notes in response to the SO and AC additional budget. And those notes are there to provide an overview of a generic solution provided to a selected number of requests that are similar in nature.   We are mentioning here the inter-sessional meeting as one of those that I was just describing. Tijani?

Tijani Ben Jemaa: Yes, but you refused any ICANN meeting event, so inter-sessional is a non ICANN meeting.

Xavier Calvez: I don't think we refused any non ICANN meetings because we are suggesting sometimes some funding to IGF meetings for example. Maybe I didn't understand your question.

Tijani Ben Jemaa: No. The meeting was an activity of ICANN and IGF, it's different. But some community asked for activities outside the ICANN meetings and those were rejected because they are not inside an ICANN meeting.

Xavier Calvez: So if I want to try to answer that I would say not all were rejected because the inter-sessional meeting is the way to accommodate meetings outside of the three ICANN meetings. So it's not that they were rejected it's that the common solution was suggested to address them.

Marilyn Cade: A common solution was suggested, it's called inter-sessional meeting. But it's a pot of money but is the money already designated or is it still possible to propose an inter-sessional event out of a pot of money that's in the budget. That's in the budget but not – sort of like designated inter-sessional meeting, but it's not allocated to a specific event right now.

Xavier Calvez: I'm sorry to be thick, I'm not sure I understand your question. So what I think we're thinking of doing here is organizing a new meeting in a location to be determined with logistics to be determined and so on. And that would address the needs for meetings together of certain organizations to work.

Marilyn Cade:	So if I were to give an example, let me pick on Alain and on you Tijani, so hypothetically if the CSG and the NPOC and ALAC decided to hold an inter-sessional meeting to work together on something, there is a line item in the budget that says "inter-sessional" meeting and we could still apply for that money in this budget year or not until next year, not until next year's budget. I think that was more the concept of could you still build an inter-sessional meeting, propose it and hold it, in this year's budget that's just been approved.
Xavier Calvez:	I think the answer to your question is no from the perspective that what we're suggesting to do with this specific answer is to schedule a meeting in a place and a time and bring a number of organizations, among which ones have requested to be funded to meet together, so that we allow them to meet together to work. And at the same time to be at the same time in the same place with other organizations that therefore can enable them to interact with each other and potentially as well be communicated a certain amount of information be able to be exchanged with maybe ICANN staff or management.
	So it can have three purposes I would say, or several purposes in one. But it's not a generic inter-sessional meeting fund, I would say, that…you see what I'm saying? I think Rob wants to comment.
Rob Hoggarth:	My only comment again, and not participating in the Board discussion I would just again look at the draft budget note two on page 74

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addresses that very specifically and directly in terms of the concept of the meeting, what goes into it and what the Boards plans are with that.

Xavier Calvez: Right. So that's why we mentioned here "Note two." We have addressed a number of questions and comments, I don't remember what we meant by "outstanding issues documented."

Janice Douma Lange: That was more or less, this is Janice for the record, I'm sorry. That was more or less if our time had run out and we weren't able to capture everyone's, so we're ahead of time a little bit so we've got play.

Xavier Calvez: So on the budget process overall, as a reminder, May 1st document the changes that we've discussed earlier and this is the budget that's been approved yesterday by the Board. While you guys formulate maybe more questions, next year we know that we have a slight oddity in the planning because our third meeting of the Fiscal Year will actually happen in the subsequent Fiscal Year as we were discussing earlier, so certainly the timing of approval of the budget will be disconnected from an ICANN meeting because we will I'm sure want to approve the budget before the end of the previous Fiscal Year.

And therefore ensure that it's approved before the end of June 30th and it will then be disconnected from the ICANN meeting; the ICANN meeting being I think scheduled for the third week in July if I'm not mistake. Yes, would you mind coming closer so that you can use the

microphone for the scribes or the remote participation, it would be helpful.

Male: Yeah, maybe two generic questions, but what is the community budget request? Can you highlight it in a couple of words or where can I find it?

Xavier Calvez: Could you state your name also please?

Male: Yeah, my name is [Vladi Mishenko], (Inaudible) Foundation.

Xavier Calvez: Thank you. I think that in a few words, as part of the budget last year was implemented a process that allow community organizations to formulate specific requests for funding of a number of activities. And in order to support this need a process was created with a timeline associated to it where quickly described, community organizations submit with a certain format a request, this request is received by the ICANN staff, by finance, and then we assess those requests and we provide the rationale as to why the requested can be funded or cannot be funded.

And there's an envelope of the budget, a certain amount of the budget that is dedicated to satisfy those requests. And upon approval they get included in the budget.   And where you can find this, what we have done this past year, or this year that we are finishing now, is

providing the process – well first of all we had discussions on this process in the ICANN meetings in Dakar and in San Jose. And separately we provided templates to fill in requests by email to the representatives of the organizations. Your question makes me think that we did not provide a link or documents on the website to be able to do so. And that's probably something we need to do, addressing your question. Thank you. Alain?

Alain Berranger: Yes, I want to make a general point. First of all, from my experience with organizations of similar size or bigger, I find the level of detail of the proposed budget quite interesting and even remarkable. Of course if there is too much detail then the budget becomes a straight jacket. So I want to support the idea, and I think Marilyn you indicated such an interest, for some of the community activities it would be interesting and useful and even flexible to have what I would call funds where from the budget point of view the objective, the purpose, the relevance, the efficiency is well-defined ahead of times, so to meet a budget requirement.

But where the use would be based on proposals from the communities, so that Marilyn could actually, has actually referred to that concept. I forgot to mention my name, Alain Berranger from NPOC.

Xavier Calvez: Thank you. So, I'm trying to see the point therein. So to make the difference with what we had just talked about, it would be a process for

which the community provides input on how to use funds, not necessarily for their specific benefits but for different purpose.

Alain Berranger: I would agree with that because if you consult the community way ahead of time for the budget then it's an annual circle and it's difficult for communities to think about the general good of what's good for ICANN versus what's good for their constituency. Now presumably what's good for a constituency is good for ICANN. But you remove, by creating these funds, say funds for community meetings or funds for cross-constituency to achieve this or to achieve that, these would be outreach objectives. Then you'd get a more impartial recommendation because it would be disinterested on the specific use.

And I find that the use of these funds in certain aspects of ICANNs global outreach are developmental, like underserviced community. And in developmental agencies I know for a fact that these funds, there must be a better term for it, but funds which are defined precisely in terms of objectives and outcome, but whose use is left to either competitive proposals or proposals – there is a term for it but I can't….thanks…

Xavier Calvez: Do you want to add to…

Alain Berranger: The term was unsolicited proposals from the community. Okay.

Marilyn Cade:	I would only say that I think is a future discussion and that there's time for such a discussion. There have been discussions in the past. There was an extensive amount of work done at the time of the Reserve Name Working Group that examined the ability to release an auction single letters in the existing TLDs. And there was a fair amount of community input at that time about if significant funds in the terms of several million dollars became available through these auctions, such as for o.com or whatever, it happened to be the one I was advising on, that those funds would go into a category; certain categories like training and security or participation.
	But I think it's premature right now to spend a lot of time on that, but maybe in preparation for thinking about the next step to think about whether it is rationale to be able to be considering such an approach.
Xavier Calvez:	When I was hearing you describing this I thought you had in mind the potential excess funds from the new gTLD program or is it…
Marilyn Cade:	I was just using in the past the community had commented on how excess funds, they were just coming from a different place.
Xavier Calvez:	Yeah. Because I think your point Alain was not specifically about which source or fund but could be embedded into the annual budget of ICANN should it allow for it to have a number of funds that should be reserved for a certain number of unsolicited…

Alain Berranger: Yeah that's correct. That's better said then I did.

Xavier Calvez: Okay, understood. Okay thanks. Any other questions on the – yes Chris?

Chris Chaplow: Just of a general nature. Actually I felt a sense of relief when I saw your slide that the Board had approved your budget, and I'm sure you did actually, you and your team; that's your first year through the whole cycle, so you're probably walking on air at the moment, so that's great. And the timing of the cycle is much better than we've known it before. A story from the previous year when actually the budget reply, it wasn't reply in those days, the budget round finished two hours, closed two hours before the Board Finance Committee meeting. So we've got a few more days now on that.

We found the reply round challenging obviously, so I'm not really wanting to repeat that.

Xavier Calvez: Sorry to make sure – the reply, so the reply period on the first round of comments?

Chris Chaplow:	Yes the reply period had eaten into the comment period and shortened the comment period, which I'm sure wasn't the idea, but that was a consequence. So we sort of had to live without the extension.
Xavier Calvez:	Yeah and certainly just to conclude on that, we have made the trade-off when we're into the comment period to say let's extend the comment period, to the expense I understand and I recognize of the reply period. Because we said if we don't have any comments there's not going to be any replies anyway to anything so we need to allow for more time to produce comments. And I recognize, I know that you produced your comments within the first deadline before extension, when I say you I mean you Chris and Marilyn. So you have made the efforts to be able to reply by the original deadline and have made the efforts to reply to those comments as well within the deadline.
	And I recognize the fact that a lot of comments came later that you do have less time to reply. So that's one of the things that we need to make sure we fix in the future. Just a very simple statement from me which is only the basis to have further work on that down the road starting on Wednesday is that in hindsight we should have structured the process and scheduled it differently so that we enable both a longer comment period time and preserve the reply period time.
Chris Chaplow:	And perhaps, so that we can hit the ground running, you met the first of May deadline for the publication of the budget, sitting where I was I didn't know whether you would or not. So we didn't really get

ourselves up to speed until we saw the budget, so maybe a week before a note to say we're on track and we can get the engines started as it were.

Xavier Calvez:

Understood. Ideally in the future, I know what I'm going to say is going to get me in some trouble, but I'll say it nonetheless. Ideally in the future I will try to have the presumption that we meet a deadline that has been set. So when we say May 1st it will be May 1st. I certainly recognize that in the circumstances of the new gTLD program, if you remember, May 1st was supposed to be the reveal date originally. I have been a little bit anxious as to our abilities to effectively finalize a draft document by May 1st. We were able to and I'm glad we were able to meet that date, because it has been set a very long time ago, nine or ten months ago, and at least we were able to meet it, which I'm happy for.

But I recognize we were a bit anxious about it and that we have as a result, and that was not the right thing to do, we have a result waited a bit to be sure we could to schedule the next meetings and so on and we'll have to do things better in the future.

Chris Chaplow:

I've just got one reflective comment. Obviously a lot of work went into the budget, a lot of work went into all the comments, and the work into the document in the comments, you know the 107 in the chart. Actually that has only resulted in one slide of about eight changes from the draft budget to the actual budget. So for a lot of comments and a lot of detail

from all different sides of the community pushing and pulling in different directions, it still actually hasn't made much difference.

Xavier Calvez: Well that's probably part of the process issue that I have, which general answer to your point in preposition on a way forward, with the timing of the public comment process, and as a reminder, we received most comments between let's say the 24th of May and the 8th of June, things are done already. What I mean by that, and I will qualify because I don't want this taken wrongly. When I say things are done I mean in the sense of if the comments that we received pertain to structuring differently the data. This is something that we can only do at the beginning of the budget process.

And once we arrived early June, the comments that pertain to a high level of detail, unless they're specific to a project for example or a very specific part of the budget or very specific section of the budget, we cannot anymore revisit the structure of the data, which would need to be by the way where the community at-large, meaning not only the organization that made the comment, to say "okay what do we want to provide, how are we going to provide it and structure our process up front so as to allow that improvement to happen."

So I think that the more generic the comments are in the comment period, the more difficult it is, or sometimes completely impossible to take them into account right there in that budget process that's getting concluded as we speak. The only way we can take that into account is as an potential improvement for the next year's budget. And that's

what I want to be able to start right there in Prague on Wednesday; that's the purpose of that meeting on Wednesday.

Because otherwise you guys are going to make the same comments all the time. And I know it's the case and I know a number of people have been frustrated with making the same comments all the time and never see any improvements towards those comments or towards the specific points that those comments were providing. So in order to try to do something about it, we needed to get up front and not at the back end. So long answer and generic answer to your point, when the comment was related to something that was usually either an error or material mistake or an adaptation of a comment that was providing clarification, we've tried to do that.

The more structural the comment was the less we have chances to be able to implement it in the current year. And there were some comments that were, I would say sometimes reasonably simple enough in terms of what it takes, but that the time required to do it would just not allow us to finalize the budget. So I mean I suspect a number of you know what a budget process is by practice. Between June 8th and coming to Prague on June 21st with everything that there is to do you can't make structural changes anymore. So long answer to your question, but I wanted to give you the understanding that I want to be able to do something about those structural comments. The issue is we can only do it at the beginning of the process and that's what we're going to try to do.

And it's going to take its time because structural changes to the data mean structural changes to processes, to tools and potentially organizations as well. Yes?

Marilyn Cade: I have a question, I'm going to pose it but it may be better that we park it and come back to it at another time. And I had to be out so you may have already addressed it. We raised the point this morning in a CSG discussion, Commercial Stakeholder Group discussion that it makes no sense to continue with a budget that – I understand it's been approved, but let me make my statement and then ask a question – makes no sense to continue with a budget that has the kinds of increases in accelerated work when we have a need to tightly focus and to in particular focus on operational improvements and excellence.

So the Board has moved ahead with approving a budget and not taking advantage of community comments. So my comment is that I strongly, I have strong concerns about the Board approving a budget without taking a final hearing in a public forum from the community on the budget. So on the timing, for me, that is an outstanding issue. I have real concerns about it. I will speak to it at the public forum. I will speak to it when we meet with the Board. But it puts the budget, to me, out of sync. It may be that the Board thinks "get it out of the way on Saturday or Sunday, we're done here," but it takes the community, last minute, out of the opportunity to at last share any major concerns. But I take your point about it's still too late to make big structural changes.

Xavier Calvez:	Just without necessarily trying to answer or address, but just to ask for I guess my own education. The type of comments that you think could be formulated by the community in the public forum – or let me rephrase it – during an ICANN meeting, during the various meetings that happen during an ICANN meeting, what are those that can only be done there and that cannot be formulated as part of the public comment period for example.
Marilyn Cade:	Well Xavier we had a major change between the public comment period and coming here and that is that the Board made a decision to accept a CEO who isn't going to show up for 90 days and to double up on the work assignments for senior staff, which puts major probably impediments in the ability to focus on achievement of certain projects. So I could have formulated those opinion before I got here had I known that, but I didn't know it at the time of the public comment process.
Xavier Calvez:	Maybe not my place, but I would actually argue that you can still make those comments and that the actions that should or should not be taken by the Board that you would want to be taken by the Board should be taken irrespective of the budget. Because you know what, the budget is an estimate of what's going to happen. If we decide well maybe yes we should consider hiring another executive or promoting from within on a temporary basis, basically finding a solution to the issue that you're pointing out. I think the fact that the budget is approved doesn't change anything to that end and can allow for it.

If you would have taken another example maybe the answer would be different but…Yes?

Male: [Vladi Mishenko], (Inaudible) Foundation again. I don't know whether it's the right place to put this question but that's about the budget. ICANN is a non-profit organization but it's on the top of the pyramid. Beneath the pyramid is the whole business. And what we can see now in the market that the providers of free IDs like Google and Facebook, they are eating up the market of domain names. So we don't know where we are in five years from now. If everybody gets the free ID from Facebook then nobody needs a domain name. Does ICANN allocate any budget to look into the future of the market and investigate what's going on there and how can we secure the business of the domain names.

Xavier Calvez: There's a very technical answer to your question and there's a much more philosophical and general answer to the question so I'll go with the technical answer first. There's not specifically funds that can be identified, that we can point out in the budget document for that purpose. Having said that, the structure of ICANN, I think that's now the generic answer and probably a bit of my opinion rather than an official answer to your question, and I suspect that you should keep that question for also other people to answer.

But I think that what we want to be able to do is that as part of the mission of ICANN I think we want to be able to allow for that type of

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discussions to happen. I just don't know today if there is for example a recurring process or a recurring audience that gathers at ICANN meetings or outside of ICANN meetings to look forward into the marketplace of domain names.   Or more specific community organizations that maybe in the GNSO, maybe your colleagues here can comment, that look more specifically at the marketplace.

I know there's, was it yesterday or today, there's a briefing of the GAC on the domain name marketplace for example. Today right? It just finished. So there is a number of places where that type of question can be added, can be dealt with. That's not a specific process that's labeled today that has specific funds allocated to it.

Carole Cornell: Hi, this is Carol Cornell. I wanted to say you're welcome to either one of the strat planned meetings that is occurring Wednesday and Friday and give your ideas and input because the strat plan is the feeder for the operating plan, and so is a logical connection.   We'd welcome your thoughts and ideas.

Xavier Calvez: Any further comment or questions?   We just managed because we forced ourselves a little bit to make sure we're slightly late since we started late and I apologize for that.   Thank you everyone for your participation, your questions and attending. Yeah, yeah I think they are making sure that we are trying to leave.   Since I have them on the phone, Aba and Mya and Janice is here I'll just take a second to let them

know that the Board had a round of applause yesterday when they approved the budget and congratulated the team, so that's for you.

Male: And we also congratulate you.

Xavier Calvez: Thank you. My comment was not meant to ask for a round of applause, but thank you.

[background conversation]

[End of Transcript]