
JOHANNESBURG – GAC Meeting on the Independent Secretariat

Thursday, June 29, 2017 – 14:00 to 14:30 JNB

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CHAIR SCHNEIDER: Thank you. I think we need to move on because we have to leave this room at 3:00 sharp. So we can't go into -- because there will be the next community session here, I guess.

So let's move to the next agenda item and ask Tom and Olof and whoever else to come up to the table.

This is about the independent secretariat. It's about an update where we are. What I can tell you so far is that we've been working on a number of aspects of this. One is the renewal of the contract. The other one is the, let's say, sustainability of this year's funding. The other one is the funding from the years to come.

We are -- "we" meaning ACIG and ICANN with the support of the GAC Secretariat Funding Association, which is the legal structure that is used for the transfer of the money, have been working intensely in the past months on preparing a renewed contract.

As you may recall, is what we have repeatedly said, that the current contract is expiring 21 days after this meeting, i.e., 21 or so -- 20 or 21 or 22nd of July. That means that's where the

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current contract ends, where the services from ACIG end unless we have a new contract. That's the situation.

So we are in a very constructive spirit working with ICANN and with ACIG so that we have a follow-up contract which is not trivial but we are making progress.

For those who don't recall how this works, so far the thing is that the GAC has no legal personality on its own. The GAC is a part of ICANN, so the legal person that would sign or is signing a contract with a supplier of services is ICANN. It is not the GAC. So this is why this association called GAC Secretariat Funding Association was created, in order to be a focal point where GAC members that contribute to the funding of the secretariat pay the money into and then this association where you have the initial funders, initial donors, Norway and Brazil and Switzerland, as a facilitator, that are members of this association. Then forward the money to ICANN who then forwards the money to ACIG. This sounds a little bit complicated, but it's actually the simplest thing that we have been able to come up in order to make this possible at all. So this is all explained in the documents that you received several times during the past two years that we were discussing this, but just to recall.

So I don't know, Tom, if you have any additional remarks with regard to the contract and the situation where we are in addition to the fact that we're trying to get the new one sorted out before the old one expires.

TOM DALE:

Thank you, Thomas. Just a few points to put the information on funding in context.

As you're aware, ACIG has not been involved in the funding sources issues. We've kept quite separate from that. But a number of aspects of both the current and a potential new contract are starting to impact upon the GAC and the services that we provide, so I just wanted to explain sort of that link.

As Thomas said, the actual contract which is between our company and ICANN expires on the 20th of July. We are working with ICANN and with the chair to try to have a new contract to extend beyond that time. It's difficult to predict if that will be successful within the time period, but everybody is working hard to make sure that it does.

The new contract is intended to provide a link between funding available and services provided and to ensure that there is scrutiny by the chair so that the services provided and the funding are matched.

That link has already started, as you're aware, since the end of April, a few weeks after the Copenhagen meeting. Services have been provided at that level of 1.0 FTE, and while that's been the subject of some amusing discourse during the meeting and I still have a sense of humor about it, there are some serious issues that I need to draw to your attention as the service provider.

Although the funding issue does keep changing and we're -- my understanding at the moment is that the 1.0 full-time equivalent level is unlikely to be increased in the foreseeable future, as you're aware we are doing -- we have been providing services at that level for some months now.

I have to stress to you, though, that this is not the service that you put out to tender. You put out a tender for a secretariat service at 2.5 FTE. Or, sorry, that's what was agreed.

The service that we are providing and which it appears we will continue to provide, but no more, depending on changing circumstances, is not a full secretariat service in the usually understood sense of the word.

So we're happy to do that and we'll look at ways to do it effectively, working in cooperation with both GAC members and ICANN staff, but it's not what it was almost three years ago, almost four years ago now, when the GAC went to market.

Finally, the practical impact of that is that we, I think, under any new contract arrangement, and indeed, now, as of today, are looking at providing services and indeed planning for attendance at meetings essentially one meeting at a time and planning services in between the meetings accordingly. It would be good to be able to say we had a commit- -- we are able to make a commitment, for example, to services to and after, and attendance at, ICANN 60, but until the funding sources are made clear, we cannot make that commitment because that involves things such as travel and other expenses and at the moment, that has to be clarified.

After 2017 and into next year, it's not possible to say, from our point of view, what will transpire under any new contract. That will have to be -- we will have to wait and see.

But in the short term, we will continue to provide those services at whatever level that the chair agrees. At the present time, that is 1.0. We hope it's working for you. But we are conscious of the fact that, as I said, it is not the original project that the GAC set out on back in 2013, but any feedback on the practicalities of what we're doing and suggestions for changes within the resources that are available are always welcome, either to the chair or directly to us, and we'd be very happy to take those on board.

Doing more with less is something governments are always told to do and we're happy to look at ways to do it if you can find some ideas.

Thank you, Thomas.

CHAIR SCHNEIDER:

Thank you, Tom.

So what you have on screen is for -- to explain this a little bit is the basis under which we've been operating was more or less around half a million Euros per year. The original donors have paid 200,000 Euros each per year, and basically these five years have been over in 2015, so we basically have been using a little bit of the air that we got during these years to actually cover 2016 with this and also a part of 2017.

So what -- what the expected costs are for this year are 300,000 - - around 330,000 Euros. That would be like two-thirds of what we had before.

We had to cut down the service from 2.5 to 1.0, however, for two reasons. Because with the payments coming in ex post, of course we pay things in 2017, we pay services that are delivered in 2016, so we really -- in order to not run out of money to pay -- to get -- to be there without any services, we agreed -- and thanks to the flexibility of ACIG, we agreed to reduce the 2.5 to

1.0 already, before the expiration of the current contract, so that we could assure a minimal service until the end of the year.

Or actually we hope to ensure it, because if you look then at the further numbers, what we have received -- what we have been confirmed as contributions so far is 320,000, and we have not yet received them all, so those who have said that they will give money to us, please actually do it, because otherwise, we'll run into a problem.

And then there is around 50,000 that is still under discussion, where national governments try to contribute but this is not secured yet. So if we get more, if we get some of these 50,000, actually we still need to cover something like 13,000 to actually cover the expected costs, but we could actually, even this year, go up a little bit with the secretariat support if others would join in that are thinking about it or if others that have not yet started to think about it would start to think about it and actually make it possible for them to contribute.

So that's the situation, the way I understand it is, but maybe, Jorge, who is actually managing, together with some colleagues, the funds in more detail, I don't know whether you will add some more details about the current situation and the prospects also for the future. If I may defer to you. Thank you.

SWITZERLAND:

Thank you, Chair. Jorge Cancio for the report with my GAC Secretariat Funding Association hat on and also my support of the GAC chair hat on.

The numbers which are on screen and which I guess that the secretariat will circulate to the GAC list and later add to the minutes of the meeting so that everyone is clear about the situation are the ones we have. Any surplus that may have been there from previous years is away, so for 2017, we are really covering the costs with what is getting into the fund in 2017, and I think it's important that although the countries that are -- and the public authorities that are mentioned in this paper are in a small font, it's important to really be very grateful to them because they are making this possible that we still have a secretariat being provided on an independent basis.

So I would call on all others who have had -- have shown interest in the past or have shown that they are undergoing internal discussions, that they make this funding possible. Because, as Tom explained before in a very diplomatic manner, to explain it more shortly, we are away from what we wanted as GAC in terms of GAC secretariat support services and these cuts really have entered into force since May, let's say, to their entire extent, and we will see how this keeps on having an effect, because going from 2.5 to 1.0 is really something that has a big effect on what is possible as a human being to deliver in terms of services.

So jokes aside, this is really a very serious situation, and I think we, in this moment where the GAC is confronted with so many PDPs, work streams, is dependent on the high-quality secretariat support we were receiving before at 2.5.

So after this pledge for you all, also to give some data on 2018, let's say that I sent an email to all prior donors and all potential donors and all those in the GAC who had shown interest in the last, say, six months in this issue one week ago, and I have received already some replies. Of course this has been a very short time frame, but the current state of more or less confirmed pledges for 2018 would stay now, one week after this email, at between 172,000 and 222,000 Euros.

But as I said, only like five or six countries of the 27 I have addressed my email have responded up to now, so I would really urge the rest of those who have received my communication to respond as soon as possible.

And this amount, between 170 and 220,000, would correlate to the expected costs for 2018 in the following fashion.

At a level of support of 1.0 FTE for 2018, we are estimating the cost at around 240-, 250,000 Euro. We have to be also aware that the exchange rate between the Australian dollar, which is the currency in which the contract is agreed, and the Euro is changing, and for instance, in two thousand- -- in the last year,

let's say, has gone in the direction of seeing a rise in the value of the Australian dollar, which makes the Euros less forceful in paying for services, let's say.

So this is on the numbers. I would be very happy to answer any questions.

As you know -- or if you don't know by now, now you know it much better -- you can always send me an email, communicate with me if there are any issues. I'm very happy to answer any questions.

And returning to the GAC Secretariat Funding Association, I may share with you the news that as we explained in Copenhagen, we were looking into possible amendment of the statutes, and this amendment has the following intention.

It wants to make membership fees to the GAC Secretariat Funding Association possible.

Now this amendment has passed, has been adopted by the association, so in the future, donors may go as the current donor base of around 15 countries through direct donations channeled through the GAC Secretariat Funding Association, or they may apply to a membership to the GAC Secretariat Funding Association, and they can set their membership fee, for instance, and these fees are established in units, as in other organizations,

and these fees may go from one unit, which would be a thousand Euros, to how many units you would like. If you would like to give 200, the better. But it's up to the member to decide the number of units he or she may contribute.

So, just to let you know again, now you have this possibility of paying in with the concept of a membership fee. And many of our countries are members also in private organizations, be it ISOC, be it other organizations worldwide which deal with the DNS with Internet governance, so perhaps this is an option for you that would ease things up. And with this, I think that I have covered all the items I had. And as I said before, happy to get any email contact now, in person, whatever you like. We try to be as flexible as possible to serve the GAC in order to make this independent secretariat function possible. Thank you.

CHAIR SCHNEIDER:

Thank you, Jorge. And I think it's also time to give a personal thanks to you and to -- whoever else in the Swiss administration is working on this because I think it's fair to say without you we wouldn't have any money at all probably for this year and the secretariat wouldn't even exist anymore. Because it's not a trivial thing to do to run around and talk to people and explain this construct and so on and so forth and have your president

and minister write letters to others about this so thank you a lot for this, Jorge.

Now, this is the situation. We don't have much time. We have several options. One is voluntary contributions to the GAC secretariat through the foundation or other ways. The other one is that has been solicited by a number of people to create a membership structure. As I said before, the GAC has no legal entity so you can't be formally a member of the GAC. This is why there's now this option that you can be member of this association that is there to fund the secretariat. You can define your own level of membership fee because that is something that may help for some administration, if they have no legal basis to provide for voluntary funds, you can become a member and pay a membership fee. Like at the ITU you define -- or at the UPU you define how many membership units -- fee units you pay and you declare this yourself. So these are some of the options. We are also in discussions with ICANN to see to what extent they could support us, but that is, of course, not such an easy thing and that may make a little bit longer. May be part of a long-term solution but definitely not for the short term. The Netherlands. Thank you.

NETHERLANDS:

Yes. Thank you, Chair, and thank you, Jorge, for all your effort and work in the foundation, or the secretariat support foundation. I just want to highlight, I think, two things. First, of course, I want to appreciate as one of the first donors, together with Brazil and Norway, appreciate the new incoming donors which I think that the sheet is not completely -- it should be scrolled a bit up. I think not all donors are there. Maybe somebody could scroll it up because I think they deserve some appreciation and we see them there.

Secondly, I think we, as first timer or the first donors, we still are contributing, and we have seen that still our contribution is necessary. It was necessary for 2017 meaning that it makes the - - let's say the pledge of Jorge even more urgent. Because, of course, we have donated now in a relatively smaller way but our donation is still relatively high compared to others. And I think -- and I speak probably or so for other two donors that this cannot be continued forever. So in the end we will probably have to go to a level which is proportional and do the same as others. So this makes the pledge I think even more urgent as we would not be able to continue the next years on the same level as 2017. Thank you.

CHAIR SCHNEIDER: Thank. And actually the order is not perfect in terms of amounts but that is something that will be corrected, I guess, in the future. Austria and then Norway.

AUSTRIA: Thank you, Thomas, this is Christian, for the record. I talked with some records and some countries, the problem, they couldn't pledge something is because the recipient is a private organization and they are afraid that behind that there might be some core construction nobody knows. So I think what would help is, as it was done the last time, an official letter from the minister where firstly, it is explained why Switzerland engaged so much in the secretariat matter and second explain the construction with the private association. I think it would help to convince the financial departments in the -- in the ministry. I'm happy to have not such problems, but I know that in other countries it is really a problem in explaining why it -- it's not an international organization, which is not possible. We know that. So that would help if the minister could write again such a letter.

And then secondly, I simply want to repeat that what I said at the last -- last meetings when I look to the list. It's more or less -- with some extensions, it's more or less European countries. And I think that's sad. We are traveling here, we're coming here, we spend money in traveling. I think it should be possible that a

small amount of money will be given to the secretariat as well because we all receive the papers, we all have an advantage of a working secretariat. So if some -- I don't know exactly how many countries are here, but we are some 50, 60 countries here in this room. If everybody spends, let's say, 500 Euros or 500 (indiscernible) or whatever, it would be a great step. Or let's say a thousand or 2,000. I think everybody will be in the position to give a little bit. Every dollar, every Euro counts. So please, I say to all my colleagues, go home to your ministry and say an effective work requires an effective secretariat, and we are the recipient of the work of the secretariat and nothing is for free. There is nothing such as free lunch. So we have to contribute for that. 500 Euros from every country would be a great step. Thank you.

CHAIR SCHNEIDER:

Thank you, Austria. And, of course, you're right. We have not invented ICANN as a private institution so we cannot invent an intergovernmental institution that you could give the money to. We are very happy to send whatever letter to bother our minister to sign, whatever letter, but we'll do it to those that have signaled an interest and told us that they need it. We're not going to send around letters like we did last year to everybody. We'll do it to those who are serious and then we're happy to help. And even can send personalized letters. That is not the

problem and our minister which is this year our president, she's always willing to support because we think that this is in the public interest. So whoever needs a letter, we're happy to help. Iran.

IRAN:

Thank you, chairman. No problem with that. It may be that's only for those countries who might have difficulty. But for those private sector or organizations and countries that may be promoted and that -- that is good. Letter sent. But I don't mention who. Someone told that why not fund the money that ICANN have currently, \$335 million in the auction plan and they are now discussing the charter of the auction and some people say that the small percentage of that will be reserved for the underserved countries. ICANN says that the small percentage will be given to ICANN to put in their account. And why not GAC do the same thing? I told them that I as a member of that group cannot ask. This is a matter to be discussed at the GAC first. Now they're discussing how this money will be used in future. No doubt it would be much, much more than \$330 million because of the situation that now thinking of 1,000 application per applicant and so on and so forth. There will be a huge amount of money. So what is the problem to the GAC? Can we discuss it? Cannot we discuss it? It doesn't mean that we don't - - but I agree with those people, some of these European

countries may not be forever to do that. And the money is there and they put it -- invest it in the banks, a different account. I am following that group. And discussing it. But they didn't raise it at that group yet. Because even as a participant I didn't raise it. I wanted just to share with our GAC colleagues. Would you like to consider that or not? Thank you.

CHAIR SCHNEIDER:

Thank you. This is a valid discussion. We've already discussed it in the leadership team, and we basically have started preparing a communication to ICANN asking them to somehow participate. I don't know what the timeline is of the auction proceeds -- procedure in front, but if we don't find a solution until then we may not have a secretariat until that period. And the thing is you would need to convince the community as a whole, not just ICANN as an organization. That may be a difficult task because then others will say well, we also need money for an independent secretariat, which is something that we should not necessarily be against it, but that's not a quick fix, let's put it that way. But if you are in agreement we can reach out formally to ICANN through whichever -- whatever channel and ask them to seek for support for funding the secretariat on a short-term basis and to look into ways to secure this more sustainably on a longer term basis.

The other issue, of course, and this is where we are with the public policy issues, ICANN has a budget plan and if we want money from ICANN to help us do our work, then we need to put this into the budget or ICANN needs to put this into the -- its budget and that is now a community process where -- that goes through the Empowered Community. The Empowered Community can discuss and reject the budget. So if you consider this -- our secretariat as an issue that is relevant for us doing work on public policy issues, we may have to think about how to frame this and communicate this and make sure that we get support for all the idea and that there is somehow a budget line because ICANN cannot just invent where they spend money. They also have procedures. They may not be as sophisticated as institutions that are 200 years old, things are in development, as we've heard also earlier this week, with regard to planning and budgeting, but there's some diligence and some planning going on in the budget for financial year '18 that is starting from, if I get it right, next week. That is done. So there are some procedures. We cannot just say here we are, give us half a million. It's not like this how it works. Thank you. Yes, Iran.

IRAN:

Chairman, perhaps I was not clear. First of all, that money is kept as account keeping by ICANN is not yet ICANN budget as such. It's totally different. Entirely separate -- separate money.

ICANN keep it out of that account and keeping and so on and so forth. But if you want more information, why not at least you or leadership talk with Erika Mann dealing with that auction group or with Xavier to see whether there is a possibility. Not in the -- even ICANN comes and ask money for that for its budget. So it is not ICANN budget as such. So we can raise it at the level of the auction plan sub working group. It will be discussed and then included in the charter, comes to you, the chartering organization. You can comment. I'm just saying that consider the possibility. But I don't think it's ICANN budget as such. Thank you.

CHAIR SCHNEIDER:

Thank you, Kavouss. That is clear. I was talking about two things. One is the -- the auction proceeds money that will be available if you're lucky in 2020, if everything is agreed probably. I don't know what the timeline is. And there we would rely on the five members that we have that follow this Cross-Community Working Group to inform us about the processes, about the timelines, about the options. This is one of the duties that we expect of those that are members from the GAC in this process, to inform us about opportunities for us to use this.

But that is not the short-term thing and it's not whether that will pass in the end this the community.

The other thing is to take it of the ordinary ICANN budget and that is what I was referring to. And, again, these two things are not short-term issues.

Norway and Egypt. Thank you.

NORWAY:

Thank you. No, I would just like to also thank all the work that's been doing -- that's been done by the Swiss government. It's a lot of work. It's an enormous effort to reach out, sending letters, and also providing for all the necessary documents and information that everyone needs on an individual basis for the different countries to contribute. I can assure you that if you contact them, you will get the best help you can, that you need, to contribute. So I must underline this.

And also that, Kavouss, it's, of course, important what you mentioned, that we have to work with ICANN. But as our chair says, it's a long process and we need something now to reassure that we have good services as we stand now. We cannot have the secretariat go away for a long period and then maybe in 2020 have some other solution.

It's not -- it will be critical for our work. So please for those of you who have said that you will contribute or those of you who said you strongly consider it, please go home and see what you

need of information to be able to contribute and contact the Swiss government. Or if you have other questions, you can also contact the other donors. Please. Thank you.

CHAIR SCHNEIDER: Thank you. And before giving the floor to Egypt and then Switzerland, then we have to wrap up, as Austria has said, apart from a very small number of countries, they're all from Europe. And I think -- of course, we try to be nice and supportive and work for the public interest. But it would be good to see more countries from Asia, from Latin America, and also North America is not overrepresented here on this list and also Africa. These are your 50 countries. So there's really room -- and also for the Europeans who are not yet on that list, there's room to join because we really need contributions now.

Egypt.

EGYPT: So I didn't ask the floor for this but just to note that also Nigeria showed interest in contributing. And there was an email recently, a couple of days ago, I think, that was shared in that respect.

But, anyway, following Iran's intervention, as I also participate to the CCWG and auction proceeds, not as one of the five

nominated members from the GAC, but still this has not been discussed thoroughly within the cross-community working group. But just to give the sense of how the community thinks about this because the GAC secretariat was mentioned as one example that they do not want to see the auction proceeds fund. The principle that was mentioned was that they do not want to see the auction proceeds go to day-to-day operations of ICANN matters that can be funded otherwise. Again, I'm just conveying what has been said not by everyone but by a few giving an example of what should be funded and what's not.

I have already shared this with the GAC leadership, but this has not been shared with the GAC. Since it has been raised, I thought it might be appropriate to convey it. Thank you.

CHAIR SCHNEIDER:

Thank you. Switzerland and then we need to wrap up because there's something important that we're trying to achieve in the last few minutes, if that's possible. Thank you.

SWITZERLAND:

Sorry to be between us and that important thing, but I think this is also important. We as GAC Secretariat Funding Association are here to help in the short-term solutions for 2017, for 2018, but we are just a channel to get the funds.

I think that we should decide here and now that the small working group will be formed under the leadership, that will look into midterm solutions to have more stability on this because time and again we hear the ideas about the auctions, about ICANN secretariat funding, but time passes. And this is not something to be discussed 20 minutes every four months. But we need to have a small group that really thinks into what are the midterm solutions and prepare something from here to Abu Dhabi for the GAC to consider. Thank you.

CHAIR SCHNEIDER:

Thank you.

Can we -- can we agree that we will form this -- we agree. We can just make a call for volunteers to contribute.

We are already 20 minutes over. We have ten minutes left. Then we need to free this room, so I have to stop this discussion here. And it's actually time for action, not for discussion, on this issue, as Switzerland has rightly set out.

There are two things I'd like to clarify. One is the communique. Very quickly, Tom, have you received -- we have received some elements for the sessions today. Tom has circulated them. The only thing that is missing is actually this particular discussion,

which we do not have to spend much -- so we know what to say in the communique.

And then, of course, we won't be able to reflect the geographic names session of the afternoon. But that's, I don't think, no problem because we have already some text on geographic names, and I don't think that will fundamentally change.

So what is the procedure? Do we give you -- so, like, basically, we are planning to finalize this during the afternoon at the latest in the evening so that this is going to be released in the evening? If you have comments on the text that you have received about today's sessions, please look at them fairly quickly. Do we give a deadline? 3:00? Whatever, we haven't received them, please try to not do wordsmithing but leave to, like, really if there is something factually wrong because otherwise we will never sort this out.

By 3:00, we will take whatever we have, add a few sentences on the secretariat, and that's going to be the communique that will then be released in the afternoon.

Yes, Iran.

IRAN:

Thomas, why we comment on geographic names. We add something? Yesterday we said it was finished. What is the add?

CHAIR SCHNEIDER: No, I said we will not do anything to geographic names, even though we have a session in the afternoon. Nothing of the text of yesterday will be changed. It will be just complemented by small, short reportings of the sessions we had today.

So this is it.

[END OF TRANSCRIPTION]