ABU DHABI – ccNSO Members Meeting Day 1 (pt 2)
Tuesday, October 31, 2017 – 10:30 to 12:30 GST
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BYRON HOLLAND: —and look at how we have done and initiate the conversation as we head into that review period. So, in terms of how we have done, you can see it here, over the years starting just after our agreement. The blue is what we are actually contributing. The total bar represents the 3.5 million that we said we would contribute, and therefore the orange is the gap in what we committed to contributing versus what we actually are contributing.

UNKNOWN SPEAKER: Byron, it's not showing very well on the slide, so the first column is 2014, and the last one is '17, and the other two are the two years in between.

BYRON HOLLAND: Yeah, sorry, that looks like the slide has not picked it up very well, but essentially, it's representing the 3.5 million dollars that we committed in 2013, and like I said, blue is what we are actually contributing. Orange is the gap between that number and what we said we would contribute. So, I just wanted to

provide some background and some history to bring everybody back up to speed and take stock of what we said, what we determined, and at a very, very high level, what we're actually doing.

UNKNOWN SPEAKER: OK, thank you, Byron.   Before we continue, Xavier, in the meantime, certain things have happened. We've had the new gTLD process and a lot of new gTLDs added to the zone. We had the INS2 transition, as well as just a general cost increase. So, is there anything you want to say about your role in the 3.5 million before we continue?

XAVIER CALVEZ: Sure, thank you, Roloff. Can we go back to this slide that showed the breakdown of the amounts? Thank you. I did a very quick and dirty update of this table, and there's some cost increases in the same categories. I didn't try to change them at all.   I simply tried to update the basis of calculation for this model. And based on a few increases of costs and the fact that the IANA functions costs that are now all in PTI—I used that amount in 2013.   We only used the very direct cost, so the department of IANA. Now, I use the entire PTI costs.

But at the same time, the weight of the CCs in the root, in terms of numbers, the number of TLDs in the root, is a lot less weighted with CCs, because now we have also a lot more gTLDs, versus 2013. So, higher-cost base, but lower proportion of the CCs, and the resulting very quick analysis that I did is in the range of 3.8 million in total, so we are relatively close to using the same model. We are very close to what that amount was in 2013.

UNKNOWN SPEAKER: OK, thank you, Xavier. So, to cut it short, in 2013, we committed to contribute a total of 3.5 million financially to ICANN and the ccTLD community. Our contribution has been fluctuating a bit, but it's somewhere between 1.7 and 1.9. In fact, if you look at the total, we can conclude that the whole exercise of three years' discussion and taking the decision has not really impacted the total amount that we are contributing, contrary to what we committed to.

So, one of the questions that we ask ourselves is, "What are the obstacles that CCs are experiencing in living up to their commitments?" Is there anybody who wants to speak on that? And if nobody speaks on that, I will assume that nobody experiences an obstacle. Melanie—oh, sorry, Debbie?

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DEBBIE MONAHAN: An obstacle is that we have to proactively ask for an invoice every year, so we pay each year, but we have to go seeking an invoice so we can pay. So, I think ICANN needs to get better at actually invoicing the CCs, so that they can pay, because I've got a feeling that a lot of that gap is that not all CCs go out seeking an invoice, because it takes quite a bit to get one. And so, I think, if ICANN could sort out their invoicing process, the blue block would increase.

UNKNOWN SPEAKER: Thanks, Debbie. Before I take Leonid, do others recognize this? Have you experienced the same problem? Yes, I can raise my hand that—so, something like 10 CCs have experienced this problem. OK, Leonid?

LEONIN TODOROV: Leonid Todorov, APTLD, for the record. I just want to admit that I've grown sympathetic with ICANN, simply because, at times, I feel a little bit in the same boat, trying to talk to our members and explain to them what kind of value we can provide as an association to them. Is it a fair exchange for them? So, I do understand that these things are really hard to quantify. But my point is that, as I represent to some extent a cluster, a group, rather, of cash-strapped ccTLDs, very small ones, of which quite a number are actually government bodies or technical arms of

those bodies, I can hardly imagine that many of them would sign up for that arrangement, simply because their government's not necessarily being that open and embracing towards ICANN, or ignorant of ICANN's existence, which I've noticed in many cases.

So, my concern is that that wouldn't fly with quite a number of very small ccTLDs, and I guess I will be talking about their problems later today. Also, at times, I'm a little bit concerned about these arrangements, because that—yeah, thank you very much about this revenue band, because it may be perceived as classification of ccTLDs into, let's say, first-graders and sixth-graders, if I'm not mistaken, so they may perceive it as if they were discriminated, for example, paying $500 USD a year would mean that they would exercise less powers and privilege, and would be entitled to smaller benefits.

Finally, let me just, once again, get back to the issue of that. Well, at times, governments and associations should just do yet another review and take a closer look at what is going on inside them. For example, there might be some budget cuts within ICANN which would enable ICANN not to ask for this specific arrangement. Just to cite a very recent example, there was a DNS forum in the country of Belarus—this is Europe—fourteen ICANN representatives, fourteen ICANN staff, came there, mostly from the United States. So, my question is, was it so necessary

to deploy such a big team for a fifty-strong conference? Thank you.

BYRON HOLLAND: Leonid, can I just ask a question there? I would just make a comment that, if there's a concern that you're only paying $500, and therefore had less power, you could always pay more. My joking aside, my question to you is, as we went through the process, we recognized that a service is delivered, and whether you're a government entity or not, governments still pay for services that they receive across the whole range of activities. Is there something here that is different than other procurement activities that these governments are engaged in, where they feel that this service is not worth anything? Or why would they say zero is an appropriate number, when they are actually receiving a real and tangible service from IANA PTI?

LEONID TODOROV: I cannot speak—yeah, that's a fair question. I cannot speak for those governments in the Asia-Pacific region, but believe me that I've noticed quite a number of cases in which governments are simply ignorant of the mere existence of ICANN, nor did they ever receive any kind of service. I'm talking about mostly those very small ccTLDs.

UNKNOWN SPEAKER: Leonid, can APTLD play a role there? Because in the end, I know that the finance working group tried to involve all these operative ccTLDs, and it is something that we committed to. It's not just something ICANN asked from us. No, there was this weird amount that the CEO of that time mentioned, and we came up with the response after doing a good inventory of the good services we were providing and the value we were getting and providing and the services that we were getting from ICANN. So, it doesn't really help us if we don't live up to the promise. So, is there a role you, as the CEO, can play within APTLD?

LEONID TODOROV: Well, actually, it's under our mandate to do so, to breach that gap between ccTLDs in the region and ICANN, but it takes two for a tango, because we are ready to do that, but a big question is whether ICANN is ready. I can cite quite a number of examples in which ICANN fell short of living up to whatever expectations those ccTLDs can have. So, it's a very special process of rapprochement. Thank you.

UNKNOWN SPEAKER: Deerhake? I seem to remember you walked up to the mike also in 2013.

STEPHEN DEERHAKE: Yeah, where should I start? First, just because I heard what Leonid was saying, and arguing, I think, to a certain degree, yes, that's one point we can have a closer look at, and that's what ICANN is really doing for us. And what they are doing for us is that—where's the money we need to spend? That's just one particular point. Another point, and you asked not to open up the can of worms, but then, if you are asking me why I'm not meeting my obligation, well, then I need to open up the can of worms, once again. And the can of worms, for sure, is that service that I am enjoying by ICANN, for sure, is not measured the number of domains I'm administering. So, to my point of view, there could be something wrong with the revenue bands, and that, for sure, is what I have been arguing about in 2012. So, that could be a point where we could start discussing, and that's my obligation, or that is my problem with not fulfilling my obligation. And then, a very personal point—I have to sell it to my supervisory board. I have to sell why I'm spending that amount of money to ICANN and what kind of service I do get in return. And I'm having a hard time to argue that I need to spend, well, $225,000 a year, hard.

And finally, to not only complain, but coming up with a solution, a solution would be if we would stick to a revenue band-based system, then how about calculating if we would introduce more

bands, if that would contribute more to the amount of money we are really invoicing? At least for Center as a membership organization, as well, this would work out, so probably it would work out for the CCN and so on, as well. Thank you.

UNKNOWN SPEAKER: Deerhake, before you go, are you proposing that we add a band, although we're not going to change this now, but I'll remember it when we do the evaluation next year—are you proposing we add a band zero greater than 10,450,000?

STEPHEN DEERHAKE: No. We have a band from 5 million to 6 million.

UNKNOWN SPEAKER: On a serious note—

STEPHEN DEERHAKE: No, I'm going serious again. What I was proposing was that we introduce not, what is it, six bands, but that we would introduce ten or twelve, so that, for example, if you are between 50 and 250 thousand, and you pay between 500 and 10,000 dollars, there could be a band G1 saying that is from 50 to 100 thousand, and that will deliver 5,000 USD. So, it just introduces more bands, and you get more money.

BYRON HOLLAND: Can I just ask a couple questions? Because you've raised important issues, and I just want to understand them a little better, and I'm not insensitive to your general comment, because in CA, we just clicked over 2.5 million, so in theory, for next year, I would have to double my contribution. So, I'm not insensitive to the notion of the bands.

Now, way back when, we had a discussion on how many bands and how granular, and different models like center model, so if you'll recall, we looked at half a dozen different models, which included a center-type model, and in the end, we determined the banding one, while not perfect, was the one that this community accepted.

But my question is around the notion of scale, and obviously, that's particularly germane to certain registries. We occupy a privileged position, in that, to some degree, it can be argued that we all hold a monopoly on this particular resource in our country. Nobody else can, to some degree. And the other thing is that the revenue that's associated with that scales, so that you have a revenue scaling. It's not inconsistent to have a cost scale with your revenue.

Is that a valid approach? Essentially what I heard you say is you don't get extra value just because of the scale of your domains

under management, but there is a relationship there, don't you think, or no?

STEPHEN DEERHAKE: Yeah, sure, there is a relation.   The problem to that argumentation currently is that I'm experiencing a growth rate from 0.1% right now, so yes, the number of domains is scaling, but if I would scale my contribution to ICANN to the same degree, the gross rate of my stock is raised.   OK, I can commit that right away.   That is not the problem.   And actually, we raised the contribution.   So, yes, but it wouldn't help.

UNKNOWN SPEAKER: I'll try to sum up your arguments, and I thought I heard two main arguments.   The first one is that you don't agree to the fact that costs that ICANN incurs scale to the domains that you have under management, so I would summarize it as, "You have an issue with the core of this proposal, or of this decision," in fact, so that's one of the reasons why you're not paying.   And the second one is that you have difficulties in convincing your board that this is a good thing to do.   Is that right?   Because I just want to get the temperature in the room, if our colleagues are having the same problem.

STEPHEN DEERHAKE: Basically, my first argument was that the whole model lacks reason. But I can buy it—

UNKNOWN SPEAKER: My I suggest an addition to that phrase, "in my opinion"?

STEPHEN DEERHAKE: Let me put it that way.   My contribution—I feel that my contribution is more or less the equivalent to what a CC should pay to ICANN, not only because of the service ICANN is providing a CC, but because we are not paying for—

UNKNOWN SPEAKER: Sorry, Deerhake, because we are now discussing the outcome. We'll do that next year. I'm sorry to interrupt you, but what we want, what we're doing now here today, is seeing where we stand, finding if there are any obstructions, so that we can live up to our pledge to pay three and a half. I think you've made clear what is stopping you, and I would like to ask the room—are there are other CCs that either don't pay because they disagree with what we agreed upon, or that you have problems selling paying this to your board?

AUDIENCE MEMBER: It's not the same question.

UNKNOWN SPEAKER: Two questions. They're not the same. There's, one, are you not paying because you don't agree? And there's the other one, are you not paying because you just can't get the permission from your board or whoever determines if you pay or not to do so? Anybody? You?

AUDIENCE MEMBER: Well, I'll talk to that point.

STEPHEN DEERHAKE: OK, and number three, there are other sources of revenue. We just heard about the revenue for ICANN from the auction processes, where money for ICANN could come from, not only from the CCs.

UNKNOWN SPEAKER: Yes, but we agreed that we would cover our costs, and I think personally—I think that's a very wise position. But that's something maybe we can discuss later.

STEPHEN DEERHAKE: I'll get away from the mike. Thank.

UNKNOWN SPEAKER: Thank you, Deerhake. I think your colleague is at the end. He's probably going to disagree with you. I'm looking forward to that.

SIMON JANSSON: I'm a board director from Australia, so I have a question and a comment.   We have no trouble financially making a contribution, so I'll say that from the outset.

UNKNOWN SPEAKER: It's good. You mean that you don't have a problem making a financial contribution? Or financially you don't have a problem, but you have another problem?

SIMON JANSSON: Well, financially, we've—

UNKNOWN SPEAKER: OK, you have the mike.

SIMON JANSSON: The question I have is, is the amount of money that we're contributing being reconsidered in light of this policy coming up? It was mentioned that it was being reviewed. Are we revisiting this, or are we just discussing that, "Hey, it's come up again"?

UNKNOWN SPEAKER: Upon the information we got from Xavier, we can conclude that the 3.5 million that we committed ourselves to is still a valid amount, so we're not revisiting that.

SIMON JANSSON: So, speaking personally, from my perspective, ICANN really need to demonstrate real, tangible value. And when I look at this, what do we get for our money as a ccTLD? And that's the temperature that I get in the room, is people saying, "What do we get? What's the benefit to us?" Now, speaking personally, I don't see any real benefit—

UNKNOWN SPEAKER: Simon, sorry to interrupt. This is the exercise we did between 2010 and 2013, so we actually, as a community—we looked at what ICANN was doing, and we agreed on the value of those services. So, that is something we don't want to revisit before next year, and I think, even if we do it, we will end up with the same thing, because there's not a lot that has changed there. We're still getting the same services.

SIMON JANSSON: Well, there's a little bit, in that ICANN's had some cash from new gTLDs and things like that, so I think you need to eventually factor that in. But it was just really a comment from me. I think ICANN needs to demonstrate tangible value, and then I think you'll find that a lot of the questions around, "Should we pay? Is it involuntary? What if"—I think that will go away.

BYRON HOLLAND: Thank you for that. And just to clarify, what we were looking for is—we made a commitment. We're not living up to it. Why is that? This would help inform the five-year review, which is, "Is there something wrong with it? Not enough bands? Too many bands? Value isn't there?"—those reasons, right now—I think what we're really trying to do is say, "We said we'd deliver on 3.5. We're not. What are the reasons for that, and is there anything we can do in the short term that will also inform the discussion we'll have starting next year?" So, you've made your point, I think, which is—I think I hear you say, "I'm not experiencing the value."

SIMON JANSSON: The value just is not there, period. So, I think that—

BYRON HOLLAND: That is a fully legitimate—well, we could debate it, but it's certainly a legitimate comment that helps us understand, "Why are we not living up to the 3.5?"

SIMON JANSSON: Thanks.

UNKNOWN SPEAKER: Pierre?

PIERRE DANDJINOU: Thank you, quickly, because I'm one of the happy payers, going from—

UNKNOWN SPEAKER: It's good to have somebody in the queue with that.

PIERRE DANDJINOU: From 50,000 to 150,000. I had a question on the slide that you showed with the financial contribution from the ccNSO—yeah, this one. Isn't 2014 the first year after the implementation of our decision? And so, what was the year before? Did we experience an increase at this moment, or not?

BYRON HOLLAND: Yes, and sorry this slide hasn't shown up correctly, but on the left, it would be 2014. Furthest to the right is 2017. And the year prior, 2013, was 1.7 million, and in 2014, we went to 1.9. We did come up. We stabilized, and now we're going down.

PIERRE DANDJINOU: And now we're dropping. That was just to show that there was a benefit in the exercise itself.

UNKNOWN SPEAKER: Talk in the mike, Pierre.

PIERRE DANDJINOU: Sorry, just to show that the exercise was beneficial, in a way, except in the last year, where we don't know why there is a drop, I guess. And so, yes, I don't know if we have any explanation on this drop in 2017, because it's an impressive one.

UNKNOWN SPEAKER: Thanks, Pierre. I think that's a great question for Xavier to answer.

XAVIER CALVEZ: Thank you. I'll answer directly the question from Pierre, but in answering it, there has been, as you know, several TLDs who

have progressively increased their contribution during that period. It's not necessarily appearing, because there are also some TLDs that have decreased their contribution to the guidelines. So, it just takes one who was contributing a lot to go back to the guideline level, but that represents a significant decrease, to suddenly offset all of the increases that have occurred separately, but on the smaller amount.

So, when you have three TLDs that increase by 25k. That's a lot of money for each of them. But when one decreases by 150k, it more than offsets those three.   So, that's what happened. There's a large TLD, or large contributor, historical contributor, to ICANN, who decreased its contribution through the first three years. Every year, the decrease has been a bit stronger, and in FY17, it's zero, and we're talking about, from '14 to '17, a gap of 300k.

UNKNOWN SPEAKER: That makes it—one TLD has offset everybody else's increases, basically. It's as simple as that.

PIERRE DANDJINOU: Thanks, that was just my question. And just to say that, about the fact that ICANN is not delivering—I know that we are going to have this discussion next year, but we just talk about the

discussion we have with the GNSO on the country and territory names, and we have to remember that, during the first round, and during the last discussion, we couldn't speak out from the ccNSO, because we are always accused not to pay anything and to open our mouth, so we are going to negotiate a new applicant guidebook, maybe, new rules, but I think this is not the time to behave like everything is free for me because I'm a CC, because otherwise we will not have any influence in these debates. That's my opinion.

UNKNOWN SPEAKER: Thank you, Pierre. As an impartial chair, I couldn't agree more with you. Bart, you wanted to say something?

BART BOSWINKEL: Yes, with respect to the 2017, this is based on the Excel sheet, or on the PDF, that I sent around, I believe it was Friday evening. This is pending for 2017, so there are still some invoices in process, etc., but this was done in preparation for this meeting, so that number will go up, so it's a bit distorted view for 2017.

UNKNOWN SPEAKER: I am representing Armenia registry, I.am. It's a small registry, under 50,000 domains, and we have contractual relations with ICANN, and we pay according to our contract a certain amount

of money. So, I won't say that our contribution is not voluntary, but contractual, so does it mean that ICANN will just increase the sum we should contribute in the contract? Because these are voluntary contributions, and our contribution is contractual, and that is the first question.

The second question is, the amount of domains—can you bring back the previous slide? Yeah, so we are under 50,000, so we are—and you see the dramatic jump between the last and previous to last bandwidth, so it might take ten years for us to grow from 50 to 200-250,000 domains, but the jump is so dramatic that it can be impossible.

Next, we have a great amount of registrations from China, which artificially increase our domains, so it means that we should stop foreign registrations or limit them, in order to not artificially increase the number of our domains. So, that's my question. Thank you.

UNKNOWN SPEAKER: OK, the third one is a difficult one, because I assume that you get paid for every Chinese registration that you get, but it would be a bit difficult to find out which registrations would validate for contribution, and which registrations would not. That's my first response to your first question. I think it's better that Xavier answers that one. And the middle question about the bands,

and this is something that's been said by a few others—we agreed, when we agreed to this model, that we would prevent a sudden increase in contribution if you go from one band to the other by the fact that it's voluntary and you can choose an amount anywhere in between. So, it's not that you pay 10 or 15. No, you can pay 11 or 12 or 13. So, while you're growing to the next band, you can increase the amount. But your first question on your contractual contributions, I think Xavier is best positioned to answer that one.

XAVIER CALVEZ: I will be after I ask to repeat the question, because I didn't understand it. I apologize. Could you repeat the first question?

UNKNOWN SPEAKER: The first question—we have a contract with ICANN, and we pay our payment according to that contract. Now, it is much lower than this voluntary contribution. Should ICANN increase the money we pay within our contract?

XAVIER CALVEZ: Yeah, I will follow up on the nature of the contract that we have and the amount that is in the contract to see how we change, if at all, the contract. But we'll follow up with you separately, if

you don't mind, because I don't have the information readily available. Thank you.

BYRON HOLLAND: OK, Igor? Thank you.

UNKNOWN SPEAKER: Probably Bart could respond to that question, no?

BART BOSWINKEL: I'll do it offline.

XAVIER CALVEZ: We will get back to you offline. Thank you.

UNKNOWN SPEAKER: I have to look at another chair, because we are running out of time, and she's hungry. Is that what you meant? But we still—so, can we take the queue and then go for lunch? Is that OK?

BACKGROUND SPEAKER: It's lunch break. Go for lunch.

UNKNOWN SPEAKER: You're inviting the people to leave when we are lining up?

BACKGROUND SPEAKER: If you're not hungry, you can still ask your question.

UNKNOWN SPEAKER: OK, good suggestion by Byron. We will take your comments, but we will not start a discussion. Otherwise, we won't be able to reach the end of the queue. That's especially valid for you, Giovanni.

ABDALLA OMARI: OK, fine, for the record, I am Abdalla from .ke. Now, two comments—maybe they may be suggestions for next year—when you look at the bands, my first suggestion is I look at band F, because most of the African ccTLDs fall there. 50 to 250—maybe a progressive payment, whereby 50,000, over 250, times 10,000 dollars, so that it's also a bandwidth in the payment, not a fixed charge. The second challenge is, I'll talk about registry. Before, when we had about 30,000 domains, we had higher revenue than what we have. We have now tripled our domains, but the revenue has gone down. The issue was, we had to reduce our price. So, just thinking—should we talk of revenue rather than domains? Because you can have more domains with less revenue, but there are guys with very few domains with high revenue, depending on price. So, food for thought, because we

are paying in dollars, so I think you should consider the dollars you receive, not the domains. Thank you.

GIOVANNI SEPPIA: Thank you, Roloff. Thank you, Byron. I would never be nasty against Xavier. We've been lovers for so many years now. But first comment is that I've been hearing a lot the word "commitment." Commitment, in legal English, has a very specific meaning.

XAVIER CALVEZ: I'm an engineer. I'm not a lawyer, so I never speak—

GIOVANNI SEPPIA: I'm just pointing out this, that commitment, in legal English, has a very specific meaning, and I fail to read in the November 2013 guidelines the word "commitment," first point. Second point is that many of us—we have accountability frameworks in place with ICANN. There is a specific amount managed as voluntary contribution in those accountability frameworks. This is a topic that I brought up a couple of ICANN meetings ago. Those accountability frameworks will have to be updated, because of the new ICANN framework, and in the European and worldwide TLDs, also, to make sure that they are compliant with the GDPR rules. It's something that we have brought to the attention of

ICANN since almost one year now, and we were looking forward to having some sort of feedback from ICANN regarding their accountability frameworks. At the same time, I wish nobody could experience what .eu experienced when our accountability framework came to an end in 2013-2014, and we set two meetings with ICANN staff. Nobody of ICANN staff showed up. That was London. And above all, after, I believe, between 30 and 100 emails, we were provided with the new gTLD contract, standard contract—

UNKNOWN SPEAKER: Giovanni, I really, really sympathize with all that, but is this related directly to this—

GIOVANNI SEPPIA: Yes, it is, because it's relative to the renegotiation of the accountability frameworks, which is part of the guidelines for voluntary contributions. Thank you.

UNKNOWN SPEAKER: Thank you, Giovanni. Andreas?

ANDREAS MUSIELAK: Andreas from .de. So, first of all, we increased our band by almost 50%, what we pay, and I think this is already a big

increase. So, as far as I know, that's a voluntary contribution, so it's not a commitment at all. I know there are a couple of ccTLDs here in the room which pay nothing, so I think—and it's important—if we see the chart, we see we are not even covering 50% of the costs, and I do not assume that this will increase, even if we give a real commitment, because it's difficult for some of the ccTLDs, so that's my serious point here. If we can't increase, we have to look if we can find a decline in the costs, on the other hand. If you see center, and you see we all contribute, at least the European ccTLDs contribute, and we see, with a small team, what you can achieve—that is one of my points I have. So, I think it's really difficult to reach 3.5 million. Thank you.

UNKNOWN SPEAKER: Thank you, Andreas. Peter?

PETER VERGOTE: Good morning, Peter Vergote from .be. I would like to make a couple of remarks, not in my capacity as—three very short ones. I would like to make those remarks in my capacity as a participant or member in the auction proceeds cross-community working group, because there has been made reference to the auction reserve fund, and even hints that somehow the proceeds could be used in correlation with ccTLD

community contribution. Now, let me start by saying, this is basically money coming from gTLD applicants. It has nothing whatsoever to do with ccTLD contributions. Secondly, this is, with a high probability, non-recurring revenue. It's a one-off that comes from auctions of gTLDs that were in contention. So, we should not consider this as to be something that will be regularly added to ICANN's income. And to that last remark, the basic goal of the cross-community working group on auction proceeds is to provide advice, to develop a mechanic to re-distribute the funds to the larger community, not only gTLD applicants, but the whole ICANN community, so this money is going to go.

So, I would plead, especially, with—in the back of our head that we are going to have an evaluation in the coming year, that we completely leave this reserve fund out of the scope. Thanks.

UNKNOWN SPEAKER: Thank you. And I think most of us would agree. Thank you for that contribution, Peter. Irena?

IRINA DANIELLE: Hello, I'm Irina Danielle from .re, Russia, and responding to your question on whether it's because it's hard to sell for the board, yes, I would say that it's quite difficult, or even extremely

challenging, to sell to the board the necessity of spending the certain amount of money on this contribution, and taking into account that we are from different countries, in some countries, let's say, hundreds of thousands of dollars is a certain amount of money, but in some countries, converted to local currency, it's a very big amount of money, and we have not only to prove that we have enough value returned to us for this money, but also to prove that this is the best way to spend money, comparing to providing financing for other potential projects that might be in the ccTLD registry mandate, or might be expected by the shareholders or the ccTLD manager. Thank you.

UNKNOWN SPEAKER: Thank you, Irena. Before I try to sum this up, Byron or Xavier, any famous last words?

BYRON HOLLAND: One of the things I've heard here, and we had a lot of conversation about this back in 2010-2013, was around value and what value, and it was harder to nail down the value during that period, one, because part of it was in a pre-Xavier era. It was a lot harder to get to the costs and understand the value. I think, as we have this conversation and what I've heard here today, that refrain has been articulated a number of times. One of the great things that's happened in a post-transition world is

we've split out PTI IANA, so we can very, very clearly understand the costs, and I think we could all argue that IANA is our most fundamental supplier of anything that we buy and procure. IANA is probably the number one service provider to all of us, in a certain sense, and now we have a very clear understanding of what IANA PTI costs, so I would encourage everybody to take a look at that budget as we continue to have this conversation.

UNKNOWN SPEAKER: And I would like to add, we saw some examples of that in the SLP working group last Sunday. In the last five years, this organization has so professionalized that it is very easy to see what ICANN is spending its money on. And maybe, Xavier, you can, at the end, tell people where they can go, but on the ICANN website, there's a link you can go to, special pages where you can see all the projects. You can drill down. You can see the cost, etc. So, it's much easier than four years ago to see where ICANN is spending its money, how those projects are doing, etc.

OK, the idea was to come up with some solutions, to drag up the net, see where we stand, and see how we can move things forward. I heard invoicing being a problem, so Xavier, I think that is something we should look into.

XAVIER CALVEZ: Can I make a quick comment on that?

UNKNOWN SPEAKER: Very quick.

XAVIER CALVEZ: Just two thoughts—there's absolutely improvement to the reliability of the billing process that we need to make. We've made.

UNKNOWN SPEAKER: I cannot even hear you, so—

XAVIER CALVEZ: Sorry. There's definitely improvements to the reliability of the billing process that we need to make, and we've talked about it with the same group in Johannesburg, and I think that there's also, in improving the overall processing of these contributions—there's also an alignment on expectations of the process itself. A number of conversations have led us to understand that there's gaps in expectations, so as an illustration, we are not invoicing anything to anyone who's not asking, so if you are expecting to receive an invoice, for example, unless we've received a request to be invoiced, we are not invoicing anything. But that could change, as well. So, I think

we simply need to align on the expectations. Some CCs have needs of documentation that are different than others. So, from a processing standpoint of invoicing, I would request that we can work together over the next two months to develop a process or set of processes that work, that address most of everyone's constraints and needs, and as well, expectations, so that we can have a predictable set of requirements for billing, and then we will obviously commit to that.

In the meantime, we're trying to improve the process, as well, but there's limitations to that. Thank you.

UNKNOWN SPEAKER: OK, thank you, Xavier. So, another one was, and it was Leonid who brought this forward—many CCs, especially the small ones, not being aware of ICANN, not being aware of the services that it's providing, so not being aware that there is this voluntary contributions, so I think there, a simple solution, sorry to put it back to you, Leonid, might be that we help the regional organizations in getting that message across. What's that?

I think we agreed somewhere along getting this together that the value we provide to ICANN and the value they provide, etc., was about nulled out, so—then, of course, there are a few people who said they have a problem with the model, and I know that .ee had that from the start. There's not much that we

can do about it at the moment, but it is something that we will have to take into consideration when we do the evaluation.

A few people said that they have, and Europe was one of them, that they have problems convincing their board. I sometimes find it a challenge, because it's a significant amount, and there's no contract. That's the biggest problem. So, I have to ask for an invoice, and I send an email, and that email costs me 225,000 euros, and emails are supposed to be free, I learned. So, maybe that is also something where we can share with each other if you experience problems in convincing your board. Talk to your peers, because this is a problem I think many of us have, but there are good arguments, in my opinion. You just need to use them.

Then there's a sense of ICANN not providing value, and this is something that we have to take into the evaluation, because it was something we purposely addressed when we were working on this, and I'm sure that the value hasn't changed, or at least it has not deteriorated. I think the worst case is that it's remained stable, and the likely case is that it improved.

Many people talked about adding bands or the jump between bands being too big, and this is one of the reasons why we made it voluntary, so you can pick your amount. And if you're in between two bands or you have just moved in the next band,

that doesn't mean that you suddenly have to double your amount. And even at the beginning of this whole exercise, we decided that you can take two or three years to grow up to where you have to go, so this should never stop you, I think, from paying, and you have all the possibilities, at your own discretion, to gradually increase the amount, if you want to go to the next band. Amounts and frameworks—yes, this is something we have to convey to ICANN, as well. It's the same with us, by the way, so I'm sure many of us will have this. They signed some kind of framework or an exchange letter, and there's an amount in there. If I would pay the amount that is in there, you would get angry with me, I think, although it's a voluntary contribution, but still—so this is—let's bring it to ICANN's attention. That might help.

On a personal note, I used the word "commitment." I didn't do that in a legal term. I wasn't trying to tell you that you committed to a particular amount. It's voluntary. My message was that, when we decided upon this, I think we—my sense is that we committed ourselves to increasing our contributions to roughly this 3.5 million. That was the message that I wanted to get across. Anything else from the room? Well, thank you very much for your contributions. Thank you, my fellow—

No pun intended there, but thank you. Enjoy your lunch. See you back after lunch.

[applause]

[END OF TRANSCRIPTION]