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BRIAN WINTERFELDT: It is Tuesday, November 5th, 2019 at ICANN 66 in Montreal. This is the GNSO IPC Open Session at 17:00 in hall 511C.

BRIAN WINTERFELDT: All right, everyone. We're going to go ahead and get started, if you could make your way into your seats. Has the recording started already? Fantastic. Welcome everyone to the Open IPC meeting. Before we jump into our actual content I'm going to turn the floor over to our secretary, Susan Payne, o welcome some of our new members.

SUSAN PAYNE: Yeah, thanks everyone. Susan here. The finance team are on a bit of a schedule, so this is just really quick. But we have three new members who joined us just before the ICANN meeting, so we have Rick Lane, who a number of you have seen in previous sessions. Neil Peluchette and [Toka Chambers]. I hope they're all here. We'll take a bit more time at the end, maybe, to have them sort of properly introduce themselves when we've got a bit more time, but I just wanted to mention that we have three new members here with us.

We also, I know, have at least one member from the NexGen who's come to listen to our Open meeting. But I can also see a few others in

the back who possibly are guests. So just to say we're going to go to the finance team first and, I think, then we have another presentation. But after that we're having a kind of meet the IPC and we'd love to hear from you all.

BRIAN WINTERFELDT: Great, thanks Susan. I'd like to turn it over to the finance team to introduce themselves and to give us their presentation.

BECKY NASH: Thank you very much. Good afternoon, everyone. This is Becky Nash from ICANN Org, and I'm here with my colleague Shani Quidwai. And we're going to give a short presentation on FY'19 financial results and several other topics. So if we could go … I've got the clicker. We'll go to the next slide. There we go.

Well, just to introduce ourselves again I'm Becky Nash. Shani Quidwai from our finance team is here. And then our ICANN CFO Xavier will not be presenting but he's here in the room.

The agenda, as I indicated, I know we have a set of slides that are prepared. The topics are the FY'19 financial results, our reserve fund replenishment strategy, and then two sections on the planning process, and then some time for a Q&A.

Just before we start we'd like to highlight that tomorrow, on Wednesday, here at ICANN 66 we do have a session on the FY'21 annual operating plan and budget, and the five-year operating plan

and financial plan. So we would welcome participation at this session tomorrow where we'll be going much more in-depth about the assumptions as it relates to funding over that five-year horizon, and also the assumptions for the operating plans for both the one year and the five year.

I'd also just like to highlight as part of our efforts in reporting on accountability and transparency, the ICANN Org publishes many financial results on our website or reports that are available. We just highlighted on this slide that we do have throughout the year our unaudited quarterly financial reporting that gets published along with several other publications that are interesting throughout the year. And then on an annual basis we do publish several annual reports.

We've indicated here a checkmark for those that have been published for the 12 months ending June 30th 2019 which includes our fiscal year '19 audited financials along with the annual report is now available. And a board expense report, and then the funding by source and the ccTLD contributions. Those have all been published for the annual period of 6/30, or June 30th, 2019.

I'm now going to cover our fiscal year '19 results. So as a reminder ICANN's fiscal year runs from July 1st through the following June 30th. So the 12 months ending June 30th 2019. We have ICANN funding, which was $3 million higher than the same period last year for FY'18. So the funding of $136 million for the 12 months ending 6/30/2019 was $3 million higher than the same period the year before, and compared to the budget for FY'19 it was just slightly under by $1 million.

So funding was lower than budget during the fiscal year '19 mainly due to slower than anticipated growth of the new TLD registrations. So the subscriptions were lower than what we had anticipated in our annual budget.

However, ICANN Org was successful in managing expenses where total expenses of $130 million for the 12 months ending 6/30/2019 were actually $1 million lower than the actual expenses for the same timeframe the year before for FY'18. And, in fact, were $8 million lower than the budgeted expenses for FY'19.

This main driver for lower expenses than budget in fiscal year '19 was primarily due to lower than planned headcount throughout the year. The resulting revenue of $136 million, less the cash expenses of $130 million, did result in a net operational excess of $6 million.

So that means that our funding was $6 million higher than the expenses that we actually incurred during the year.

On this next slide we do have more information on the expenses for fiscal year '19. So at the top of the table you can see that the left-hand side is our fiscal year expenses by cost category where we had total cash expenses of $130 million. And that's compared to the budget of FY'19 of $138 million rounded. So we had approximately a positive variance of $8 million, or lower expenses than budget.

We'd like to highlight that the personnel expense is lower than budget driven by open positions. At the end of the period, which is the

6/30/2019, we had 36 lower positions than the budget. Throughout the year the average headcount was 32 positions lower than budget.

The next category that we report here is the travel and meetings expenses which contributed to lower than budget expense primarily driven by the two meetings, one for ICANN 63 and one for ICANN 64 where the actual expenses were actually lower than what we had budgeted for those locations and those meetings.

The next major variance is the professional services which were also lower than budget by $1.7 million. And this was really due to favorability across many different projects and many different functions where we did not spend those funds due to the timing of the work.

This next slide provides a view of the trend and the headcount growth. The main idea here is to show that since FY'16 through FY'19 you can see that ICANN Org's headcount has really grown very modestly. This is in part due to the fact that as we've been discussing in our annual operating plans and budgets since FY'19 that funding for ICANN is really stabilizing, and as a result we are being very conscious of headcount growth and keeping a stable headcount growth.

At the time we did the FY'19 budget we can see that we had a much higher headcount anticipated, but that is where we were showing that we were lower in headcount and thus lower in expenses during that fiscal year.

On this slide we have a recap of our ICANN's funds under management. On the right hand side we could see total funds under management have increased to $464 million at the end of June 2019 and that's compared to the same period last year at the end of FY'18 where we had $455 million.

The tables on the left in blue provide that same period of comparison by type of funds under management where we're showing that the auction proceeds at the end of June were $208 million. They were lower than the same time last year due to the reserve fund replenishment strategy that was approved in November of 2018 where a transfer from auction proceeds went in to the reserve funds.

The next category there is the new gTLD application fees which are the application fees that were collected from the 2012 new gTLD program. And those fees are reducing as the program continues to incur operating expenses.

The reserve fund, as you can see, has increased and that's a result, again, primarily of the reserve fund replenishment strategy that we're going to cover in another slide. But that is a positive trend where the increase is now where the balance is at $116 million. And then the funds on the right are the operating funds which represent the ongoing operations and expenses for approximately three months.

On this slide we recap the reserve fund replenishment strategy just highlighting that the reserve fund is a crucial component in ensuring ICANN's long term financial accountability, stability and sustainability.

As many of us know the reserve fund was depleted in recent years primarily to cover exceptional expenses incurred during the IANA stewardship transition.

So the ICANN Org collaborated with the board and the community to develop a strategy to replenish the reserve fund. There was a strategy proposed to the community and published for public comment and we received many comments. And, as a result, last calendar year ICANN's Board approved an eight-year plan to replenish the reserve fund to an amount that would equal approximately one year or 12 months of operating expenses.

ICANN Org has made significant progress in replenishing the reserve fund and is, in fact, tracking ahead of that plan that was approved. The balance in the reserve fund at the end of fiscal year '19 was $116 million, and as we saw in the last slide that was an increase of $47 million as compared to the prior year. Primarily that was due to the board approved transfer from the auction proceeds, but there have been periodic contributions from operational excesses, or when we have lower expenses than funding, it makes available the possibility to transfer a contribution from the operating fund into the reserve fund. And ICANN.Org plans to continue to recommend to ICANN's Board an increase in the reserve fund on an annual basis.

This slide is a trend of the reserve fund and the projections that you can see from the FY'19 ending balance through FY'20 and FY'21. So, again, ICANN Org has started to budget in the annual operating plan

and budget process an annual contribution that intends to recommend to the ICANN Board as replenishment to the reserve fund.

I'm now going to pass it over to Shani, my colleague, who's going to cover the planning process.

SHANI QUIDWAI: Thank you, Becky. In this section I'm going to go over a high level overview of the FY'21 budget and the five year FY'21 to FY'25 plan. We plan to discuss those in more detail during our session tomorrow. But you can see here on this chart that we do produce separate documents for the IANA functions and then separate for ICANN operations. For both of them we do a five year operating plan, a one year annual operating plan and budget, and then we do report quarterly on our progress and achievement against that one year budget. All of those financials are posted on our website on a quarterly basis, and the link is on the slide that Becky had presented earlier.

At a high level both the five year and the one year plans are very similar. Both of these plans describe the work that the organization is doing, the purpose, the activities, and connects it to the strategic plan and highlights the resources and risks associated with that.

The key difference between the one year and the five year plan is that the one year plan is much more detailed and the five year plan is at a more high level. There will be more specifics around initiatives and resources and things of that nature in the one year plan whereas it'll be a high level view in the five year.

This slide right here is just an overview of our calendar in the timeline. We have already completed one public comment on the five year operating plan in financials specifically around the strategic initiatives. We're in the process of developing the draft documents for the one year budget and the five year plan this month. Those will be reviewed with the Board and posted in mid-December for public comment.

That public comment will end in February and not pictured here we are planning to have a webinar in early January to answer any questions that people have about the documents once they've had a chance to see them after the posting.

From there we plan to have consultations at ICANN '67 to discuss some of the public comments that we received and any potential changes to the budget. With all of this we expect to have the Board approve the budget and have it adopted in the early May timeframe, which is very similar to what we had this current year, the fiscal '20 budget.

All of the dates that I just reviewed were for the ICANN operating plans and budgets. IANA has a separate calendar. That process starts about six months earlier. We are already in the public comment window for the IANA budget. That posted on the 14th of October and will close the 27th of November. So there's still about a month or so left to submit public comments for the IANA budget.

And then from there we will review the public comments, post the public comment report and make any changes to the budget before recommending to the Board and adoption in mid-January.

Here we have just some high-level dates regarding the additional budget request process. This is a mechanism for the community to seek additional funding. These dates will look very similar to the last year. We are expecting to kick off the submission process to start on the 11th of November shortly after the meeting with a closing date of the 31st of January. From there we will review any of the requests at ICANN 67 with the various groups. And then we plan to notify and publish the results of those in early May when the budget is adopted.

In this next section I'm just going to go over some of the trends and assumptions that go into both the FY'21 budget as well as the five year operating plan and financials. Here you can see our funding growth rates over the last few years and it really has begun to stabilize and the growth is moderate as Becky had mentioned.

Our five year projections are very similar and that project modest growth of one-and-a-half percent. We do have three scenarios of funding growth within our five year projections. These are base case, or the most likely, scenario that we see, but there is a high and low scenario that we'll review in more detail tomorrow. But we view those scenarios as less likely outcomes.

We touched on this a little, but you can see that we were experiencing headcount growth in FY'15 through FY'17, and then as the organization has become more focused on containing the growth and

our funding has moderated you can see that we've seen some slight declines over the last few years. We do expect this headcount to remain relatively similar throughout the five year trend with about 400 to 410 or so.

Here are some of the assumptions that go into both the five year and the one year plan. We do not plan for any work that has not been approved by the Board. But we do include a contingency funding in our budget to acknowledge the fact that there will be Board decisions made after these plans are approved. So we do want to ensure that there is funding available for that, but we won't specifically make an assumption that something is going to be approved.

We do have annual contributions to the reserve fund in our plan. This is different than what we have historically done where we have been making contributions to the reserve fund, but they weren't planned. We are now building that into our plans. And our expenses are less than our funding in the plan whereas historically they had balanced. And then the last point was about the headcount, that we expect that to remain relatively stable.

With that these were all the materials that we had. We wanted to open it up for Q&A. I believe we have ten minutes.

PAUL MCGRADY: Actually, I just wanted to apologize because I distracted you during your talk because I heard that there's $1 million less in revenue because of the lowered anticipated demand for new gTLDs. And then I

muttered under my breath about the soft demand for new gTLDs. So, please forgive me for being the crazy uncle in the attic. I didn't mean to mutter so loud that I distracted. Thank you.

BECKY NASH: Thank you, no, that was just fine. And just to highlight that for FY'19 it is that funding was lower than our budget. So, of course, it was increasing over the prior year, but as we're seeing funding is increasing at a much slower rate. And that is why our projections under the published – the first public comment for the five year operating plan and financial plan revealed a very steady growth over the five years.

UNIDENTIFIED FEMALE: Hi, Becky. This is not a question. A comment. I want to thank you. I think you've made enormous progress from the reports that we've been hearing over the last few years and I think that the finance team is to be commended for that and ICANN Org. It seems like the scales are tipping in a positive direction particularly when it comes to the reserve fund. I know that there was some controversy about taking some of the auction proceeds and putting it toward the fund, but whatever side of that argument you are on, the projected fiscal health of ICANN today is much better than it was even two years ago.

So, for that, I want to thank the finance team for figuring that out and I would only ask the question that I'm assuming there are plans to continue in this positive direction, and that ICANN will not be deficit

spending, and that there's a real commitment to keeping the financial house in order.

BECKY NASH: Well, first of all, I want to thank you very much for your comment there. We appreciate that. I think in presenting these slides we really wanted to stress the fact that we, as an organization, has started planning or budgeting for a contribution each year to the reserve fund.

And what that means, as Shani had indicated, is we basically have funds available for expenses after a planned contribution to the reserve fund, and the positive step that we've also been discussing here is the reserve fund replenishment strategy which had significant public comment input for an eight-year plan to ensure that the reserved fund came up to a level of projected 12 months of expenses. So, thank you.

ANNE AIKMAN-SCALESE: I just wanted to know if any of the future projections, however far out, are dependent on any application fees for subsequent rounds, or none whatsoever projected in the current budgeting process.

BECKY NASH: Thank you very much for your question. As we highlighted on one of the slides is that we're not including in the five year operating plan and financial plan any assumptions on something that has not yet

been approved by the Board for implementation. So there aren't any funding assumptions for a subsequent round in these projections.

ANNE AIKMAN-SCALESE: Okay, thanks. Sorry if I wasn't paying enough attention. Sorry.

XAVIER CALVEZ: I just would like to add a bit more information to the answer to your question. We have purposefully not included in the five year operating plan, including the projections that you've seen, the potential impact of the next round of the new gTLD program.

This is not because we don't believe that it's going to happen. It's simply to be from a planning and financial standpoint cautious to not count on potential additional funding that could potentially come from that program if and when it would occur simply because the timing of it is very uncontrollable at this stage and unpredictable. The funding for ICANN, of course, comes only once. Applicants have been evaluated, have contracted with ICANN, and then the funding for ICANN comes in. And this is too speculative at this stage when that would start in the next five years. And therefore we've simply decided to be conservative and cautious to not include is so that we don't plan on obtaining it to fund our operations. So it's a cautious approach rather than attempt to predict the timing of the next plan.

ANNE AIKMAN-SCALESE: Great. Thank you very much, Xavier.

BECKY NASH: So we don't see any more questions at this time. Do you want to make a comment?

XAVIER CALVEZ: Yeah, just an additional comment since there is no other questions. To Paul, who was pointing out to the funding projections, and I just want to put in context that the variance that we see versus budget on the domain name registrations, we're talking effectively about $400K of lower funding than we had budgeted. And we're talking of that about over $130 million. So it's an extremely minor variance as you can see, and we actually to congratulate ourselves for forecasting on that perspective.

The other part of the million variance, which is very small, is mainly due to the privacy-proxy accreditations, which was a policy that at the time of budgeting of FY'19, which was somewhere in November of 2017 was going to move forward. So we had budgeted accordingly both funding and expenses for this program. But it didn't happen because of GDPR. It's on pause and we'll resume that whenever it's decided with the community to do that.

So that's the variance. And, again, in context it's half a percent. So we're happy with that, honestly. Thank you.

BECKY NASH:
Well, thank you very much from the finance team. It was a pleasure presenting to you today. And we hope that you will be able to attend the planning and finance session tomorrow at 1:30. Thank you.

BRIAN WINTERFELDT:
Great. Thank you so much. I really appreciate your time today. Thank you. Thank you for coming. So next up we're going to have a presentation on the ICANN Legitimacy Study. And we're going to hear from Jan Aarte Scholte. But I don't believe Jan is here yet. Is that correct? All right. So, we will just take a very short break while we wait for him to arrive. Sure. So we have the suggestion. Instead of a quick break to go around the room and I guess all of us introduce ourselves?

SUSAN PAYNE:
Yeah, why not?

MICHAEL GRAHAM:
Brian?

BRIAN WINTERFELDT:
Yes?

MICHAEL GRAHAM:
Could I say something really quick? Just sort of a heads up.

BRIAN WINTERFELDT:
You have to introduce yourself.

MICHAEL GRAHAM: I'm Michael Graham. I'm with Expedia, Inc. I have three children, one of whom is getting married in Chicago, one of the most expensive cities in the nation to get married in. Thank you, Chicago. We're staying at your place, Paul. Anyway, I just wanted to …

BRIAN WINTERFELDT: Which place?

MICHAEL GRAHAM: I wanted to make a quick note. I have the dubious honor of having been appointed to the NomCom this year. And something that is a change, and I don't know if it's been mentioned, but I did want to bring it up, and that is that we're changing the schedule. There are, I believe, seven positions that are opening up next year, two on the ICANN Board of Directors, two at the ALAC, one with the GNSO, and one with the ccNSO. The application period usually would open up in the middle of January. It's going to open up in the middle of December and close in early February So be aware of that.

If you know of, or are someone, who would be interested in those positions watch for the NomCom and in the ICANN Wiki for the announcement of the applications. If you'd like to talk about the position so that you have some understanding of what's coming up in the requirements I'd be glad to talk with you some other time. But I did want to bring up that change in schedule so everyone was aware of it.

BRIAN WINTERFELDT: Thank you. Did you want to add something, Damon?

DAMON ASHCRAFT: He just said it beautifully. We had a meeting and we said please promote that to your constituency and that's exactly what Michael did. So thank you.

BRIAN WINTERFELDT: Fantastic. Well, in the interim our guests have arrived. So I'm going to ask them to go ahead and introduce themselves and they could go straight into their presentation.

UNIDENTIFIED MALE: Thank you, Brian, and thank you everyone for being patient with us. Every other constituency this afternoon has been late. So we've been very late, late, late, and then the one time that …

BRIAN WINTERFELDT: Well, the trains run here on time at the IPC.

UNIDENTIFIED MALE: Yeah, you do. The one time we show up late you're on time, okay, that's Sod's Law, I guess. Thank you very much. I should say also I'm Jan Scholte. I'm at the University of Gothenburg. [inaudible] is also at the University of Gothenburg. And together we've done a study on

legitimacy in ICANN. A number of you have spoken with us when we did the work. We did it under conditions of anonymity, so I can't name you, but I can wink at you, sort of, and we very much appreciate that you helped us. Without you we could've have done it.

So we're going to give you a few results here. We'll introduce the study, again, academic and independent, not commissioned by anybody, just some kind of weird academics who thought it would be interesting to look at legitimacy in ICANN.

We'll tell you about how ICANN's legitimacy looks like from outside ICANN, and we'll tell you what ICANN's legitimacy looks like from inside, so meaning the community, the Board, the staff. We'll say a few things about what your consistency finds most and least important in terms of what ICANN should do, and we'll say something about what your consistency thinks ICANN does best and achieves least. I say your constituency. This is you together with the ISPs and the BC. That's business other.

I just should say as kind of a headline message, we're going to tell you that legitimacy for ICANN on the whole is neither high enough for complacency, nor low enough for alarm.

But we'll show you that there are pockets which are weaker, and that also the further you go from the core of the regime, the weaker the legitimacy tends to get.

I should also say as a qualification at the very beginning, these are descriptive, not statistically significant calculations, not causal

explanations. We're going to do that next. We can come back in Cancun and do that. So, don't read too much into this. Don't make the big policy conclusion. I'm sure somebody will try anyway.

Legitimacy, the concept. It's about the belief that a governor has the right to rule and exercise that rule in an appropriate manner. That's the academic definition. The plain language definition is you think ICANN has the right to make the rules.

And it's about confidence. Legitimacy is about deeper confidence. Deeper confidence, deeper trust, deeper approval of a regime. It's not about liking a particular policy. It's not about liking a particular person.

So if you've got legitimacy then you can do something. Thankfully you thought that legitimacy was also important. We asked you. And 80% of you said you thought legitimacy was extremely important for ICANN. It's about as close of a consensus you could get. Most of the remaining 20% said it was quite important.

And you were saying ICANN's legitimacy is important because with legitimacy ICANN secures its mandate, it secures participation. Probably most of you wouldn't be here otherwise. It gives ICANN the possibility to take decisions and get compliance for those decisions. It helps ICANN to fend for itself in an environment of competing institutions. So ICANN legitimacy, very important. If you don't have legitimacy you are in trouble.

Our evidence base, we talked to a lot of people. We talked to every board member between 2015 and 2018. So there's no anonymity there. You know who they are. 305 members of the ICANN community and 132 staff. Now, those of you who are statistically inclined will say that's going to overweight the staff and the boards too much. But we weighted results. So a community voice is four times as important as a staff voice in our calculations. There are statistical reasons for that.

We also talked to outsiders, so people who are involved in Internet governance but not in ICANN. And we talked to 860 general elites around the world. This means in Russia, in Brazil, in South Africa, in the Philippines, in the U.S., in Germany, and asked them about ICANN.

We didn't do a public opinion survey, because academics don't have a whole lot of money, and we didn't think it was worth spending tens of thousands of dollars to discover that nobody in the public knows who you are.

This is about the general elite survey. So this is ICANN evaluated against 13 other global governance institutions. The red is ICANN. So you might want to read this as really positively, or you might want to read it negatively, depending on your disposition. I'll give you the positive first.

ICANN is coming out number five amongst these fourteen. So amongst global governance institutions ICANN is coming out in a fifth position. It's .1 average lower than the United Nations, so that's pretty good, it's ahead of the IMF, the World Bank, the WTO, Security Counsel, etc.

So that all puts ICANN in a fairly strong kind of position. You could also say ICANN is here. The other multi-stakeholder regimes for stewardship council, [inaudible] they are much lower. And if you really want to feel good about yourself then you look at the [FIFA] and you say you're doing really nicely.

Another thing that you might look at is this green line. This is national government. So the elites in the world are actually rating ICANN higher than their national governance for legitimacy.

So that's all quite positive. If you want to look at it more negatively then one thing you can do is say, well, 1.7 on a scale of zero to three is just about half. So it's not like a resounding endorsement. It's kind of sitting in the middle. So that's a limitation.

I would also say this redline doesn't tell you that 49.7% of the world elites didn't know about ICANN. So here's the 50% that knows about ICANN, but after 20 years of operation 50% of the world's elite don't even know you exist. So that's not exactly resounding perhaps either. And then, of course, the public isn't aware.

This is comparing ICANN's confidence with other institutions in global Internet governance. So here you can see that ICANN is doing a bit, that the RIRs and the IETF are coming out with average higher scores of confidence. But ICANN is coming out considerably ahead of the IGF and the national government on Internet policy and the ITU.

If you want to read this is a generalized way you could say that as you move towards less and less state involvement the confidence and

legitimacy scores go up. So the less state, the higher the confidence. That's a bit of a rough brush, but that's a take-home message you can take.

Now we'll look into ICANN itself and dissect the community a bit, and for that I'll hand it over to [inaudible].

UNIDENTIFIED FEMALE: Thank you. So what we show here is the distribution of responses to the question: how much confidence do you have in the current workings of ICANN overall? And it depends. We can look at it both from a cup half full/cup half empty perspective. So a positive interpretation is that we look at the total of the inside, or so the light blue bar, almost or more than half of the respondents indicated to have high or very high confidence in ICANN. So, the board, staff, and community together.

But a bit more negative interpretation is that if you look, for example, at the ICANN community specifically while half of them indicate to have only moderate, low, or even very low confidence in ICANN – so this is the yellow bar. And this share is even higher amongst informed outsiders. So the dark blue bar.

Now, what we did next is that we converted these answer options into numerical scores, so respondents who indicated that they have very low confidence in ICANN, they got a score of one, and respondents who indicated to have very high confidence in ICANN got a score of five, so we have a one to five scale.

And if we go to the next slide, then we can see that we show you the mean averages. So on this one to five scale. And here we can see that confidence is the highest amongst ICANN staff, so they report a mean average of 4.11. So the ICANN staff has between high and very high confidence in ICANN. They're leaning more towards high.

Then the ICANN Board reports a score of four, so they have high confidence in ICANN. And then comes the ICANN community at an average of 3.45. So between moderate and high.

Then we show you the total insiders again, so the weighted average, and then the general elites that Jan Aarte was talking about earlier. And so converted to a one to five scale this shows that it's just above the midpoint.

And then finally there are the informed outsiders who are also in Internet governance, and they give ICANN a score of 3.18 which means it's more towards moderate confidence.

So this suggests the closer you are at the heart of the ICANN regime the higher the confidence in ICANN.

So here we show you a breakdown of confidence in ICANN overall per stakeholder group. And so we asked questions about confidence in ICANN overall, but also showed you earlier confidence in the ICANN Board, confidence in the multi stakeholder community, and finally confidence in ICANN staff.

Now, we didn't find a lot of variation when it comes to different stakeholder groups with a few exceptions. So when it comes to

confidence in ICANN overall, academia has the highest confidence, although this is based on a relatively small number of respondents. And then also the government, they report relatively high or slightly higher average.

Then when it comes to confidence in the multi stakeholder community we see the business other stakeholder group, they report the lowest confidence in the multi stakeholder community. And when it comes to confidence in ICANN staff we can see that government reports the highest confidence.

And this is not only the highest confidence of all other stakeholder groups, but they also have more confidence in ICANN staff than in the community or than in the Board.

So here we represent a breakdown of confidence in ICANN by different regions. Again, this is just of the ICANN insiders. So, first, again, the total average or the overall score. And then we can see that respondents from Russia and Central Asia, they report the lowest confidence in ICANN overall, although I should mention again this is based on a relatively small number of respondents. And so a score of 3.05 indicates moderate confidence.

And then we can see the respondent from East South and Southeast Asia, they report the highest confidence in ICANN, so an average of 3.83. So that is quite a difference between the score of 3.83 and 3.05.

What is particularly interesting about these results is that we cannot speak of the so-called Global North/Global South divide, because, if

anything, respondents from Latin America or the Caribbean, sub-Saharan Africa, and East, South and Southeast Asia, they report slightly higher scores than, for example, respondents from Europe and North America. Yeah?

SUSAN PAYNE: Yeah, on that previous slide, I just wondered, is there any understanding that the numbers of people you are asking questions of in those three groups who have the highest levels … I mean, were you asking the same number of people from each of those regions? Or is this perhaps skewed because you actually only had a sample of two or something?

UNIDENTIFIED FEMALE: So the total sample that we drew is a random sample. So it reflects the composition of participants at ICANN meetings. So we did interview more people; participants in ICANN from Europe, from North America, as it is reflected in participation in ICANN meetings, but we ensure that we have a decent number of respondents for different regions. And I'm happy to provide those numbers afterwards if you're interested in them.

Jan AARTE SCHOLTE: They are over 50 for each region. Can I just add just a little? These are the people who are participating in ICANN. If you go to the elite survey – the general elite survey – and you look at the elites coming from South Africa, or the Philippines or wherever, their scores are really low

for ICANN. So the people from these regions who are coming into the ICANN regime and participating in the ICANN regime are having high confidence, but the ones who are looking at it from the outside are actually having very low.

UNIDENTIFIED FEMALE: Thanks, Jan. A quick question for you. Can you give us a better understanding of what you mean by elite?

JAN AARTE SCHOLTE: Elite is people in leading positions in organizations that seek to be politically influential. That means government officials, politicians, business executives, media, journalists, academic leaders, and civil society organizers. If you're really interested, there's a 24-page technical report online.

UNIDENTIFIED FEMALE: So we also looked at different social groups, and again, we'd like to underline we cannot say anything about [inaudible] relationships here. It's just descriptive patterns. But we hardly found any variation and mean averages between men and women in terms of their confidence as well as when it comes to different age groups or people with different English language skills.

Respondents who identified as white reported lower confidence than respondents who identified as Hispanic, but again, whether or not

there is a causal relationship between the two we cannot say at this stage.

So now we'll present you some results when it comes to the business other constituencies specifically. So we asked a question in principle, so regardless of whether ICANN achieves the matter in practice, how far do you find it important that ICANN …. And then we represented 15 aims.

So we asked respondents basically what do you think ICANN should be doing? And so first we show you the four aims that were commonly considered the most important, or that respondents from the business other stakeholder group consider it to be the most important for ICANN. And this was, more or less, in line with also other stakeholder groups reported.

And then we present the 14 aims that were commonly considered the least important for ICANN within the stakeholder group. And this pertains, for example, to norms of promoting human rights or democratic values. And the scores reported by the business other constituencies are even lower than those reported by than the total of the overall of the other stakeholder groups. So it depends on different stakeholder groups, how far they find these aims of promoting human rights and democracy important for ICANN. Go to the next slide.

So what we can see here is how far ICANN is perceived to achieve these 15 aims in practice. So what is ICANN perceived to do bet, so to say. So the four aims listed on the top, these are the aims that ICANN is perceived to do best, and again, the business other constituency does

not seem to differ a lot from the other stakeholder groups in how they perceive ICANN's performance.

Then we show you the four aims that ICANN is perceived to do least well, so this pertains to promoting human rights and to promoting democracy as well as taking decisions in a timely manner.

Now, to what extent is this problematic? On the one hand we could say that when it comes to this previous slide that we showed norms of promoting, or aims of promoting human rights and democracy were also reported to be least important for ICANN by respondents from the business other stakeholder group. So other stakeholder groups might have different views on the importance of this, but within this stakeholder group this was considered to be less important for ICANN.

So the fact that ICANN has not seen to achieve this in reality need not necessarily be problematic. However, this is slightly different from when it comes to taking decisions in a timely manner, because here we can see that the business other consistency report the lowest scores of all stakeholder groups, actually, so a score of 230 which means between a limited extent and a moderate extent. But when it comes to the importance of ICANN doing this the business other constituency report the highest scores of all the stakeholder groups. So they gave a score, an average score, of 4.64 in terms of importance.

So here we can see a big gap between what the business other constituencies think that ICANN should be doing and what it does in reality. But I would like to underline again that other stakeholder groups might have a different perspective on this and might have less

expectations in terms of speed but attach more importance to, for example, inclusivity and giving all stakeholders the opportunity to participate.

BRIAN WINTERFELDT: People want to ask questions.

UNIDENTIFIED FEMALE: Of course.

PAUL MCGRADY: Could we go back to the prior slide? Did you guys ask the question whether or not promotion of consumer protection was something ICANN should be up to? Did you ask the question of whether or not protection intellectual property rights are something that ICANN should be involved in?

I mean, to me, promotion of human rights, great. And it is. But one human right is the human right not to be phished, right? And the human right not to be defrauded. And I don't think that the average respondent on your survey is going to read anti-phishing and anti-fraud into human rights quite in the same way that if it had been spelled out. So, did you guys ask that question, or no?

JAN AARTE SCHOLTE: Not directly in that way. We asked a question about competition in the domain name industry, so that would touch on some of those issues.

We asked in another part of the survey, we asked whether people thought that content regulation was something that ICANN should be involved in which somewhat touches on the IP, but we didn't directly say IP and consumer protection as such. No, no.

PAUL MCGRADY: So just by way of background, the issue of content protection in ICANN is very loaded. And there are lots of people who would say that that is not the same thing as the IP issues at all. So I don't know if you guys will ever do a round two, but if you ever do a round two, what I see from this list, here are other than technical stability and technical security which we care a lot about, the things that matter to this constituency in a big way just simply are absent. So, for what it's worth, [inaudible] pass that along.

JAN AARTE SCHOLTE: Yeah, no, no, that's good.

PAUL MCGRADY: Except for the human rights. I'm a big fan of human rights. I'm not saying that these things aren't important. I'm just saying that we don't – at least I don't see myself reflected much in this. Thanks.

JAN AARTE SCHOLTE: Yeah, no, that's helpful. I would say that we did 127 pre-survey interviews to see what people thought were important. So you could probably say I didn't listen to some people as well as I should've.

XAVIER CALVEZ:	Jan, for your information, in Europe, protection of IP is a human right. I can give you some more details on that.
BRIAN WINTERFELDT:	So in the U.N., in the United Nations, as well, the Declaration on Human Rights.
UNIDENTIFIED FEMALE:	Yeah. We'd also like to mention, of course, this was a list of 15 aims,. We're only presenting eight here. But if you would like to see the total list of aims that we asked I would be happy to share this afterwards and we could see what falls in between.

So, again, as I mentioned earlier, in this presentation we've only covered two descriptives. We cannot say anything about casual relationships here, so a degree of caution needs to be used when taking this into consideration. But during the next steps we will run more advanced analysis and we will start looking into explanations for these patterns, and then ultimately when we have done these analysis we can possibly start thinking about possible reforms that could raise legitimacy beliefs even higher.

And if you're interested in this we can report on these explanatory analysis at ICANN 67 in Cancun. Thank you very much.

PAUL MCGRADY:	Thank you very much. I think this is really interesting stuff. I'm very interested in it. I'd love to hear more in Cancun. I would like to

challenge you guys to consider whether or not you want to run some supplemental aims on the IP stuff and see if that gets you another data set. It would be especially interesting to know that from a regional standpoint how important is ICANN's protecting consumers from intellectual property violations from a regional level. That would be super-duper interesting to see.

Secondly – and I know you guys said you didn't have the money to undertake a survey of the general public, but I think it would be super interesting if we could find you guys a grant, or a fund. Everybody seems to be grabbing auction proceeds around here. How about some of that? I don't know. But it would be really interesting to see if the general public agrees with the elites that ICANN has the legitimacy that it claims to have. Because I think that what this survey is, is not necessarily a survey of whether or not ICANN has legitimacy, it's a survey of the perception of whether or not the elites who happen to know about ICANN, or participate in ICANN, believe that ICANN is acting in a legitimate way, right?

We're basically ranking it based on its actions, not upon our feelings about ICANN in a vacuum, right? And so it would be very interesting to know whether or not the non-elite, not participating public, believes that ICANN has the intergalactic mandate that it has. Is it doing what it's doing because it has that legitimacy?

I don't know what number to compare that against. Some institutions seem obviously legitimate, like NATO. Right? But it would be interesting to see what the general public thinks. Because up until the

contract with the Department of Commerce expired, ICANN's legitimacy was obvious. It had a contract with the Department of Commerce. So it would be interesting to see what the global public thinks about that. Thanks.

XAVIER CALVEZ: Jan, a question, to what extent is your information laid down in a report? Is it publicly accessible? If so, where? Thank you.

JAN AARTE SCHOLTE: Paul, was it? Yeah, there's so much in there. The important thing, I think, would be to do a longitudinal study to come back. And when we came back …. So, we have started from nothing, so there's nothing there. It would've been great to have a study like this before the IANA transition, for example, and to compare before the IANA transition and after the IANA transition, but okay, we can't do that, because history has passed. But if we could do it again in years to come, and that includes some of the extra things that you mentioned, that would be superb.

The general public, I'm a little bit shy about that, because I've asked every single student class, MA and BA at a relatively good university about ICANN and I'm lucky if one in a hundred of those students knows about ICANN. So I really do think that if I went on to the street I'm going to have a big deficit of stuff.

PAUL MCGRADY: So I think, first of all, that big deficit of stuff is a really interesting data point of itself. If .1% of the whole world populations happens to know about ICANN and thinks it's legitimate and/or doesn't think it's legitimate, then that's something, that's actually worth knowing. And so the fact that nobody knows about it is interesting. And then secondly we have groups within this organization who come to these meetings, they wear the badges, and they assure us that they're representing the global public interest and the end users of the Internet, and the little guy. But if the little guy doesn't even know that ICANN exists, then how do these people know what the little guy wants what are here? Right?

So I do think that it's a very interesting question because if there weren't any groups in ICANN saying that, if everybody only represented elite interests in big this and big that, that would be one thing, but that's not how the multi-stakeholder model is set up. So I don't think that we can ignore the underlying stakeholders of the people who are involved in the multi-stakeholder process who claim representing those underlying stakeholders, just because they probably don't know about us. I think there's a big gap here.

Longitudinal, yeah. I hope you keep finding ways to come back over the next five to ten years. We're going to learn a lot about this. And I think you're right. Reforms have to be based upon data. And really we don't have any …. We have a lot of anecdotes and not a whole bunch of data. And this is going to give us a whole bunch of data.

Just because I am asking questions please don't think that I'm not very thankful that you're here because I think this is great.

JAN AARTE SCHOLTE: Oh, no, no. It's why we came here. We're not actually interested in our own story. We're interested in how people react. But some of the things that you saw here, again, would go against expectations. If you saw that the governments had the second highest rating, this is counterintuitive. I think most people, if you'd ask them in advance where the low views you would not have thought the governments would have the highest views. So there's some things like this that come out that are quite counter intuitive, or counter what you expected.

And that there is no difference in age, for example. Very often you hear that young people are feeling excluded or whatever, and that it's all controlled by older generations and it's hard to get in and so on. Well, anyway, amongst younger people who are active but they're not seeing it that way, apparently.

One thing, there is an elite – we have done other work, not on ICANN. I mean, on institutions where the general public does have a good …. Like the European Union, the United Nations. And there we've done across, we've done elites, and we've asked the same questions of citizens, and there is a systematic, every country, every institution, every elite sector, a massive gap between elite confidence much higher than citizen confidence.

But the problem with ICANN is that we won't get the data because we don't have enough public people who can give us a view. But that's data. I agree.

JAN AARTE SCHOLTE::   And Filip, yes. You can certainly get these notes from Brian and others. But there will be a full written report, eventually.

BRIAN WINTERFELDT: Dean and [Peter] I think have questions.

[DEAN EDWARDS]:   Just for the last statement you made. When you, at the beginning, when you were giving the rankings of ICANN compared to let's say NATO and the others, in the rankings that were given for NATO, the U.N., these other organizations, did that include rankings based on public opinion surveys that were included in your overall rank or not?

JAN AARTE SCHOLTE: Two separate studies. An elite study and then we also put the same questions in something called the world value survey, which is brought out in 66 countries around the world. And so those data are not included here.

[DEAN EDWARDS]:   Right. What I'm trying figure out is – and I'm not sure. I'm worried we're talking past each other. If, in fact, ICANN, or ICANN rated this,

whatever number it is, but that input as you've been very clear, does not include a public opinion survey, whereas let's just say the World Bank rated a different number, but in coming to that cumulative number it did include a public opinion survey, we're comparing apples and oranges.

JAN AARTE SCHOLTE: No.

[DEAN EDWARDS]:   But you're saying the constituencies, where you want those overall ratings for the international organizations, that constituency sources for the ratings were the same.

JAN AARTE SCHOLTE: Yes. Yes.

DEAN: Okay, got it.

JAN AARTE SCHOLTE: So this is elite survey data. No public opinion.

[DEAN EDWARDS]:   Got it. Thank you. Sorry, I know it's a silly question. Thanks.

BRIAN WINTERFELDT: Peter?

[PETER]:   I have a question about these ccTLD representatives. When you meet them in more informal discussions I can see that they express less interest in ICANN. They say that nowadays it's just dealing with the new gTLDs. I note that some of them are trying to find other ways to cooperate more practically, perhaps based on their regions. And also other organizations that are dealing with the regional topics.

So that's one question. And, of course, also, if you have any feeling about how some of the GAC members feel about it? Because obviously if you look at the slide, some other organizations that are not on this slide, but also deals with Internet-related topics that are of interest for the GAC representatives. Thanks.

JAN AARTE SCHOLTE: Yeah, no, thank you. The ccTLDs, yeah, the cc's, the ccNSO, they're difficult because they range across the different stakeholder groups. Some of them are civil society, some of them are government, some of them are business. So they're spread across these. We do have data for each ccNSO. We didn't show it here, but we could, and it's a good question you ask. It would be interesting to isolate the ccNSO data and see whether it's different. So we will do that. Thank you.

GAC members. Well, what we have done, if you go – let me, sorry – where am I now? Here. If you break this down and you look at the government representatives, and you look at what the government

representatives say about ITU, for example, the overall average is 2.50, but the government people say about the ITU 3.12.

I mean, we didn't do this aggregation here. So the government people are feeling stronger and the government people are feeling a lot stronger about the national government as you might imagine. So the overall average is 2.96. The governments feel of themselves, 3.71.

Yeah, so we can unpack this in all kinds of ways. But thank you. Those are really good points.

BRIAN WINTERFELDT: Great. Any additional questions for our guests? Just briefly that this slide, actually for the first time, statistically proves what we've always said which is the only thing worse than ICANN is not ICANN.

Great. Well, thank you so much for joining us. We look forward to more information and more updates coming our way from your proposals. Hopefully in Cancun. So thank you for joining us.

JAN AARTE SCHOLTE: Thank you very much for your feedback. Appreciate it.

BRIAN WINTERFELDT: So that takes us to the end of our formal agenda. I don't know if we have any other items that people wish to discuss in open meeting? Lori?

LORI SCHULMAN: Yes, I want to take the opportunity to say thank you for your presidency. And for chairing. I realize this is the last face to face that you'll be chairing. I felt that this week went really smoothly. We have a few more days to go, but thank you.

BRIAN WINTERFELDT: My pleasure. Thank you. Anything else?

SALVADOR CAMACHO: Hi, everyone. Salvador Camacho from Mexico. As everyone knows the next meeting is going to be in Cancun. So I'm going to be part of the organizing committee from the meeting. So I'm very looking forward to know how I can help to make more [positions] on the IPC regarding the organization on the meeting and anything that you need beside the meeting. We're planning on doing maybe a list of restaurants and good places to go. So I'm very looking forward to receive you in Mexico. Thank you very much.

BRIAN WINTERFELDT: Thank you. We are looking forward to going to Mexico and would welcome any recommendations. I know there's a lot of foodies, so definitely a restaurant list would be very welcome with this group. And I appreciate it. Any other support while we're on the ground would be great as well. Thank you. Anything else before we adjourn?

UNIDENTIFIED FEMALE:	Really quickly. So shall we just ask our two new members? I think we lost one of them, but I certainly have two of them still with us. Would you like to just kind of briefly introduce yourselves and say hi? And then perhaps the leadership team will put their hands up so you just know who we all are.
RICK LANE:	Sure. I was around in the early days of ICANN starting in 1999 working on the WHOIS issue, which was kind of funny in of itself when I was at the US Chamber of Commerce and I led the business community effort to legitimize ICANN in front of the US Congress. And I'm not sure if that was a good idea or not. But at the time we thought it was … I think the gentleman over here said better than the UN. So those were our choices.
	But I've been involved in intellectual property protection for 15 years as a senior vice president of government affairs for 21st Century Fox and Newscorp. Again, I was the first director of E-Commerce in our technology for the US Chamber. And worked in a law firm and on the Digital Millennium Copyright Act and a bunch of other copyright issues during my year. So I'm honored to be here. Thank you for allowing me to participate and I look forward to working with each and every one of you. So, thank you.

NEIL PELECHETTE: Hello. Neil Peluchette. My resume is not nearly as long or as exciting. Attorney at Taft Stettinius and Hollister. First meeting with ICANN and I'm looking forward to joining this group in the future. Thanks.

UNIDENTIFIED FEMALE: And hopefully you both have had the details of the IPC drinks which is at 6:30, I think.

BRIAN WINTERFELDT: 6:30 next door at the Westin. We hope everyone here can join us. I look forward to …

UNIDENTIFIED MALE: That's the reason why I joined the IPC was for the drinks.

BRIAN WINTERFELDT: Hopefully you also got your mandatory workload list, if you could please get your assignments in. Great, well, I think that concludes our Open meeting. Thank you everyone today for your participation. It was a long day, and I look forward to seeing everyone in a few minutes for drinks at the Westin.

[END OF TRANSCRIPTION]