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BARCELONA – ccNSO: Members Meeting Day 2 (1 of 4)  
Wednesday, October 24, 2018 – 09:00 to 10:15 CEST  
ICANN63 | Barcelona, Spain

UNIDENTIFIED MALE:

Good morning, ladies and gentlemen. Good morning. It's good to hear your voices and see that you survived the Giovanni evening. A night to remember. I'm glad the ccNSO is resilient and it cannot be broken, as is attested by those in the room.

So, we are starting our session right away this morning. We have an interesting presentation from TLD-OPS, which is growing as fast the ccNSO is growing. Most of you may know that TLD-OPS had a workshop in this meeting, so this is a good opportunity to get to know what transpired during the workshop.

I don't want to steal the thunder from the Chair and the Vice-Chair, so, without further ado, I will hand over the floor to Jacques and Regis. Please proceed.

JACQUES LATOUR:

Thank you. All right. So ... hello? No e-mails. You'll look at me the entire time. Okay. So, we'll do our standard TLD-OPS update, and then we're going to have a discussion on the DR/BCP Workshop to figure out where we're going to go with that. So, we'll share the result, and then we need to figure out from you guys if it was worthwhile and we need to continue and do more. Clicker?

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**Note: The following is the output resulting from transcribing an audio file into a word/text document. Although the transcription is largely accurate, in some cases may be incomplete or inaccurate due to inaudible passages and grammatical corrections. It is posted as an aid to the original audio file, but should not be treated as an authoritative record.**

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So, as you can see, we spent a lot of time between the last ICANN meeting and today building a new look and feel for TLD-OPS. So, we have a new logo, new stuff, new template, and a new font. That's our main achievement for this ICANN meeting, right?

UNIDENTIFIED MALE: Right.

[JACQUES LATOUR]: Oh ... we do ... [inaudible]

UNIDENTIFIED MALE: [inaudible]

JACQUES LATOUR: I'll go to the next slide. So, who here doesn't know what TLD-OPS is? Okay. That doesn't ...

UNIDENTIFIED MALE: That doesn't ...

JACQUES LATOUR: Just put it on – yeah. Is it turned on?

UNIDENTIFIED MALE: I'd already done that.

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JACQUES LATOUR:

So, the slide before? Okay. So, TLD-OPS started as a contact repository for security contacts for ccTLDs. It's open to all ccTLDs, not just the one in the ccNSO. So, it started as a contact repository and then a way to share security information. Over time, it has grown to do a little bit more, including workshops.

Today, we have more than 380 people on the mailing list, which is a lot. It's mostly the security contacts, so that's a pretty unique mailing list or repository. So, so far, that's working out: building the contact repository and then maintaining it and supporting it.

The goal of the TLD-OPS is to enable a ccTLD to contact someone else they have something, an incident, that you need to mitigate. Based on the discussion we've had, it does work. It seems to provide that service.

The only issue is that we can't measure when somebody calls somebody else using this list. It's not something we can measure and report on, but we've heard of a situation where that was useful.

The goal of TLD-OPS is not to extend the community to be the security team for the ccTLD. It's not to extend the operations team. It's just there to support in case there's an incident that needs to be sounded with other people to work with.

So, we have the guidance from the Standing Committee. So, we have three reps, from SSAC, IANA, and the ICANN security team, that's working with the list, and it's part of the contact repository. So, does this work?

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UNIDENTIFIED MALE: [inaudible]

JACQUES LATOUR: Yes. So, over time, we've updated the template for TLD-OPS. We added secondary e-mail addresses, and that's working out. There's more and more people adding that to the list. So, basically, what you get is, twice a month, this e-mail with all the contacts in there.

This is an example of the security alerts that people send on the mailing list. The purpose the list is not to send everything here. But, if a ccTLD sees something that's worthwhile in notifying, in letting other ccTLDs know, then TLD-OPS is the right medium.

So, it's not shown here, but we get a lot of Day 0 alerts. There's message about vulnerabilities that could impact databases or web applications. So, there's a lot of those that are exchanged on the list, but we don't show them here.

The other thing that we started to do is the workshop. So, the first workshop that we did was in Copenhagen, on DDoS mitigation. That was a fairly successful workshop. It was a couple of hours, and then we had a lot of flip charts and we collected a lot of information on how to mitigate DDoS and then to develop a guidebook.

So, after the second workshop on this, the Standing Committee ended up writing up most of the report and making it available to the community. So, we were looking for volunteers, and we ended up doing most of the work and delivering that to the community.

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So, that was not the goal of this workshop. So, lessons learned is that the Standing Committee will oversee the work but not do all the work, except, so far, we're doing all the work. So, we'll see.

So, have an issue with the collateral that we developed. So, we developed a guidebook that's meant to be used by TLD-OPS community, but we got to find a way to make that content available to the TLD-OPS community. But, we don't have a system or an application or a framework to have a portal, where only certain contacts can access information.

So, if we build a new guidebook and it's only for TLD-OPS, then we're not set up – the more collateral we add, the bigger our problem is in managing content.

So, that's kind of our lessons learned from the previous workshop.

So, at this workshop on Sunday – I'll cover the details later on on the workshop.

Anybody here not on TLD-OPS? I mean the ccTLDs, not part of TLD-OPS. I think you're all part of it.

Yeah. It's too early on the morning. There's more empty seats than filled seats.

So, anyway, we tried –

UNIDENTIFIED SPEAKER: [inaudible]

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JACQUES LATOUR: It is. We tried to make it super easy to join TLD-OPS and make sure that the security, that the vetting that we do for the contacts, [joint] works. So, far, that has worked.

Since the last ICANN, there was one notification on the security alert that wasn't sent to the mailing list that was worthwhile to mention. I can't say what it is, but it's in the notifications.

UNIDENTIFIED MALE: [inaudible] secret.

JACQUES LATOUR: The secret. You got to beat up Regis if you want to know what it is, not me.

At the last – I think it was the Puerto Rico – meeting, we tried for the TLD-OPS Standing Committee to go out and try to recruit more members, and then it actually worked. We added six new ccTLDs to the list since the last ICANN meeting. So, that was pretty good outreach. So, that was good.

And, we added some maintenance activity, like adding contacts and changing the information.

Then, Regis did a remote presentation to APTLD 74 about TLD-OPS. Did we get a new member out of that, or no?

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REGIS MASSE: Just after that, no, for the moment.

JACQUES LATOUR: Okay. See, that's our new logo. So, we have over 200 members now on TLD-OPS. So, we've reached an imaginary threshold, I guess. So, it's good. So, we're adding more and more. We still have a lot to add.

[inaudible]

REGIS MASSE: Yeah.

JACQUES LATOUR: Stop. Stop your [mic].

REGIS MASSE: Yes, as you see on the picture, we are still trying to recruit some the missing ccTLDs from Latin America, Africa, and Asian-Pacific region. That is important.

At the regional meetings, in APTLD, AfTLD, and so on, we had new ccTLD joining the mailing list. As I explained each time, it's easy to join. It's free. It's only to help ccTLD, so why not join us? It's easy as sending an e-mail. I think everyone in the room is sending a lot of e-mail every day. So, sending an e-mail to join the list is very easy, and I think it is very useful for sharing information an [separating] information because, as we can just focus on, the people [designated] on the list are individual contacts. It's not [like IDS is often like that].

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So, it's a question of trust. You know the people on the list if we go to ICANN meetings. Otherwise, you can meet them face-to-face. But, if you know them, you can really trust in security. So, don't be afraid to be give information about security on the list. It won't be published on Twitter the day after. It's really a good thing to help. [It's shorter for] asking for help when you need it. Especially for small ccTLDs, it's one of the goals of the workshop, too: to help them when they have technical issues.

JACQUES LATOUR:

So, the objectives we had for ICANN 63 were to host the DR/BCP Workshop – and we did that – and to increase it by three members. So, we've done six, so we've met our goals.

For the next ICANN meeting, we'd like to publish a first draft of the playbook, if possible, and, obviously, add three more members to go to 204.

So, that's our standard TLD-OPS update.

So, in terms of our workshop, the DR/BCP Workshop, plan, we started at ICANN 62 with a couple of presentations on this topic to try to figure out what we need to do. We had the workshop on Sunday. At the next meeting, we want to publish the playbook. So, we're in the middle of our plan here. It's progressing.

We had 52 people registered, and 52 people attended the workshop in person. So, when people came in the workshop, we had a very high-tech system to distribute them in different groups. We had green stickers. Blue?



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REGIS MASSE: Blue and red.

JACQUES LATOUR: The blue and the red. So, everybody came in. Blue, red, blue, blue, red. Then, it's kind of magic, but we ended up having half red and half blue. So, that was very high-tech.

REGIS MASSE: Round robin.

JACQUES LATOUR: Yeah.

REGIS MASSE: Round robin DNS.

JACQUES LATOUR: Yeah. Round robin DNS. There you go. So, we decided to do two groups of 25 and flip charts. So, from there – the agenda's there – we had a couple of presentations from Japan, from CIRA, from Nominet, from Thailand. The typhoon and flooding problem and having to move offices was interesting. So, we all have different kinds of things we need to deal with. So, that was to get the people thinking in VR mode.

Then, we did the workshop. We did two kinds ... we're not experts in DR/BCP consultancy, so what we did is we looked at this at a high level,

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a simplistic level, and then said, “There are four phases in DR/BCP. It’s the detection, analysis, activation, and the plan. And, it’s a life cycle.” So, you plan for detection and so on.

So, we decided to break it into two groups. The first group was focused on detection and analysis of DR and BCP, and the second group did activation and action plan/communication. Then, for the second workshop, we switched it around so that everybody got to play with all the different aspects of DR/BCP.

The first workshop was focused on the registry and the DNS and then to figure out all the things that are ... So, the goal of the workshop was to try to extract from the DR/BCP discipline things that were ccTLD specifics.

The second workshop was about corporate IT and people; so, business continuity for people. So, if there’s an epidemic of some sort and nobody can go to work, what kind of things do we need to do to support that?

So, we had the two workshops, and they we were pretty much on time the entire workshop. In the end, we had a small conclusion and summary for this. We actually built these slides as part of this.

But, that was the plan. We had two groups of 25.

So, those are the flip charts screen shots that we collected. So, there was a lot of information.

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The key thing is here is ... For part of the workshop we wanted to go, “If you have a DR/BCP practice, what is ccTLD-specific?” Then, what we discovered in the workshop is just a very basic DR/BCP plan. There’s something we need to address in there.

So, having anything specific to a ccTLD – that’s Phase 2. We need to take a step back and figure out how do we do DR/BCP for a small ccTLD that has two letters, like g and t ... they’re not listening. And then, figure how to have that plan so that a small ccTLD can do DR/BCP activities.

That’s what we need to do. That’s a challenge. The science behind doing DR/BCP is all documented in ISO. But, that’s too high-level for smaller ccTLDs.

So, we did capture a lot of good information. When you start to look at this, there’s a thing that you need to do. At least a few cc’s do that. It’s called a business impact assessment. Actually, in our group, we had a good discussion around that. That’s how you determine your readiness or your stance toward disaster recovery and business continuity.

So, the overall thing here is that it’s a complex topic. There’s a science and an art behind it. So, the goal of, I think, his workshop would be to simplify it in a way that it can be usable for smaller ccTLDs. So, I think that’s a big task to do.

But, I think we know what we have to do. Well, it’s going to take a lot of elbow grease and work to make this work and usable for smaller ccTLDs.

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We did a survey at the beginning, and we asked everybody in the room, “Do you feel ready to handle a disaster?” and almost everybody raised their hand.

UNIDENTIFIED SPEAKER: [inaudible]

JACQUES LATOUR: Half the room raised their hands. Then, after the workshop, when we were done, only three raised their hands. That was interesting. Even I was like, “Ooh.” It was like 80% up.

So, I think in there what we ended up doing in the workshop is we explained the different aspects of DR/BCP, the different things you need to do. You need to do a business impact assessment. You need to figure out what’s your ... like, for your e-mail system, what’s your parameters for business continuity, for the registry, and the DNS? Do you have this system in place to recover from an outage, from a disaster, an all that?

So, we need to figure out the way to build the playbook that super-simplifies it but yet still keeps the important stuff in there. So, that’s the challenge that we’re going to meet.

In the discussion, we did have ccTLD-specific things that were kind of important. Out of this, we had a side discussion. As an example, if you’re a small ccTLD and you have an infrastructure, if you do a backup, normally you backup in the same location. Then, if you have a disaster,

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then you lose everything. So, we thought about something like, “Well, if you’re a ccTLD, then you can backup to another ccTLD. “

But, you don’t want them to be able to read all your data, so you encrypt the backup. You send it to another ccTLD. Then, you give your TLD organization, like CENTR or somebody like that – the LACTLD – the private keys to encrypt so that there’s a two-factor process to recover your data in case of a disaster for smaller cc’s.

So, we had a bunch of discussion on potential options that are ccTLD-specific to support some of the basic DR/BCP things we need to do.

REGIS MASSE:

And, for small ccTLDs, I think that one of the important things of the playbook will be to really define what is a disaster, what is BCP, what are the thresholds you have to face if there are SLAs [inaudible] like that, buildin some templates that they can easily use to prepare themselves – to have a contract address or things like that – and, if a disaster is coming, follow process and procedures to face it as easy possible. I know it’s never easy to face a disaster, to follow procedures, and not think about what we have to do when the problems arrive.

JACQUES LATOUR:

Yeah. So, the next step is, once you document this, you need to simulate it, test it, and build your [comfort] with disaster mode. So, this is a very complex in the workshop that we’re getting into. To make it useful is going to require a lot of work.

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So, at the last DDoS Mitigation Workshop, we had a couple of volunteers. They said they would help, but they didn't. So, this time, I took pictures. I got the badge. It's all there. I can't go wrong. It's documented forever. So, I think we have to recompile the nodes. We'll set up a mailing list of some sort, and then we'll start working on this, if we decide that it's worthwhile.

It may be an option here that could be useful. I don't know if that's possible, but if there is money available that we could use for consultants to help us take the true art of ISO, DR/BCP, and BIA and then help us distill it to a simpler language and the volunteers could support that process instead of us doing all that work, if that's an option and that's possible, then that's good.

Byron is talking about money after, so this is no different, like at CIRA. "I want money!"

At the end, we asked, "Was it worth your time (the workshop)? Was it worthwhile?" Everybody raised their hands. So, I think it was a successful workshop. Like I said, it's going to be a lot of work from now until we end up having a deliverable. So, that's a big project.

Any questions?

UNIDENTIFIED MALE: Okay. Are you done?

JACQUES LATOUR: Yeah.

UNIDENTIFIED MALE:

Okay. Thank you very much, Jacques, for the presentation. We have five minutes – okay, yeah. A round of applause for Jacques and Regis. We have five minutes for Q&A. As we were preparing for this session, I read a small quote by a famous African writer called Chinua Achebe. Disaster recovery is a subject that is here to stay.

The story was simple. One day, the mosquito asked to the Ear for the Ear’s hand in marriage, and the Ear dropped down laughing, finding it to be ridiculous. The mosquito, of course, went away dejected. The Ear was hoping that, by turning down the mosquito, the mosquito would die because of heartache. But, every time the mosquito passed by, it reminded the Ear that it was still alive. You know, when the mosquito passes around the year, what it means.

So, disasters are here to stay with us whether we turn to the other side. You never know the day or time when it crops up on us. So, this is a conversation that we have to keep carrying on going forward.

The floor is open. Of course, listening to the opening speeches, one of the key things in the ICANN [inaudible] security and stability of the Internet. You can’t talk about security and stability without looking at disaster on the other hand.

So, I think, as I wait for questions to come from the floor, it didn’t come out clearly from the presentation, probably, Jacques, with, going forward, what role probably ICANN org would be expected support or

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to complement the work that we are trying to do in TLD-OPS. Do we need to request money? Or do we need to request ... what do we need?

JACQUES LATOUR:

First of all, we need to figure out – I think this is something that we want to work on. I think we all agree on that. The scope is not clear on who's going to do what. That's the challenge that we have. Is it ICANN that ... because one of the examples I had is, if you had a small ccTLD that sends their backup somewhere else, that's like the escrow system. But, you don't want to do escrow with ICANN. You want to do it with other people, maybe, that you trust, or other places you can. So, so far, we have more questions than answers.

But, for sure, it's a lot of work. We need to keep it focused on very specific areas.

UNIDENTIFIED MALE:

Thank you. Any intervention from the floor?

Oh, we are still booting. Thanks to Giovanni's disaster. Again.

Okay. Regis, anything to add? One minute.

REGIS MASSE:

Anything to add? Yes. As Jacques said, it's important – In Puerto Rico, we started thinking about this topic, about the workshop. When we asked the community – it was not in Panama – it was not really clear what we wanted to do. So, since Panama, we have thought about



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[inaudible], very clarified. As I repeat, the goal is to, once again, help small ccTLDs especially.

For bigger ccTLDs, this here disaster recovery plans you've got. I've got them at AfNIC. I had raised my hand that I was sure I am prepared. I'm not sure because, the day I have a disaster and have to push the red button, I think I will see if I'm ready.

But, this kind of workshop is very important to help small ccTLDs that don't have many resources, human resources. When a ccTLD says, "We are just only two people," an example of disaster would be to lose these two people and not having something else.

So, if we work together about that, I think we can have tools and we can think how to develop and share in the community. I think, in the TLD [inaudible] group, it's very important to communicate in the community. So, I hope we'll do a good job about that.

In the last workshop, and when we wrote the draft of the playbook, we had more than 80 comments. So, feel free to comment on the draft when we will publish it. It's not [inaudible] TLD-OPS delivery. It's for the community. So, feel free to add your comments, add your questions, and add your materials in that.

UNIDENTIFIED MALE:

Thank you very much, Regis. That brings us to the end of this session. A round of applause to Jacques and Regis for their good presentation, their workshop, and for waking us up this morning.

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Next is Katrina. Kindly come and lead us through the next session. We are going to talk about money.

KATRINA SATAKI:

Good morning, everyone. I see many more people joining us at this very interesting discussion that we're going to have now.

Well, we have discussed that before. This is definitely not a new subject. It started – discussions – I don't know, many years ago. Five years ago, we adopted a guideline. In Abu Dhabi, we discussed further some issues that we've noticed. We also thought, "Okay. There's a need to review the guideline." So, today we're going to discuss more about where we are and what we could possibly do.

I'm very happy to see that our Chair and moderator of this session managed to get money for [material tickets].

Okay. No, that's fine. So, without any further ado, I'll give the floor to Byron, who was our leader through those discussions about financial contributions and everything and helped us to develop the guideline and bring this community to come to an understanding on where we stand what we contributed.

Byron?

BYRON HOLLAND:

Okay. Well, welcome, everybody, back to a financial contribution discussion. It seems like we're revisiting history a little bit.

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But, just in terms of why are we having this conversation, as much fun as it was five years ago, part of the outcome of our discussion and agreement five years ago was that, in five years, we would review the solution that we'd come up with. I know it's hard to believe, but five years has passed since then. So, it is time to review the financial contribution framework that we agreed to at that time.

Now, as much as I enjoyed being the Chair of the Financial Contribution Working Group for those couple of years, it's probably not fresh in everybody's memory. So, I thought it would be important to take a moment just to review how we got to where we were and exactly what the framework was, recognizing that there are many, many new ccNSO members since that time, also to provide the context for this discussion.

So, financial contributions, I think it's safe to say, have always been a relatively sensitive topic – financial contributions by the ccNSO members to ICANN. In the earlier years, our contributions made up as much as 35% of the ICANN budget, and they were based primarily on total domains under management for any given cc.

In 2007, there was a voluntary contribution methodology put forward. It was a banded model and was self-selected. So, voluntary and self-selected. That was the general framework at the time.

However, as time moved on and IDNs started to come into the fold, the conversation started to come back around, especially given the nature of costs associated with IDNs and given that the cc's were the primary beneficiaries of IDNs at that time through the fast track process, etc.

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The financial contribution conversation started to come back in a meaningful way, and it was probably catalyzed by a former ICANN CEO who will go unnamed at this point, who made some, quite frankly, inflammatory comments at the time about our contributions as a community and suggested that we needed to be contributing. In order to be fair to the ICANN budget, he suggested \$10-12 million was the required cc contribution, which was about five to six times higher than we were paying at the time.

So, that actually catalyzed the need for further discussion, a meaningful discussion in this community, out of which was born the Financial Working Group in 2010. You can see on the slide behind me a couple of the key rationales or purposes for it. But, essentially, it was to have the discussion and to come up with the methodology by which we could agree upon as a community and that would be fair and reasonable.

We discussed a number of different options and came up with something called the value exchange model. Essentially, what that did was recognize the fact – and this was important time – that ICANN recognized the value that we as a community brought to the fold, and we recognized that ICANN also provided value to us as a community.

This is not an exhaustive list, but it provides an example of the thinking of the time. So, we clearly recognized that root zone management and IANA was of real value to this community and that there's a cost associated with that.

However, ICANN also realized that cc's bring values to the community. We're feet on the street. We truly represent the international nature of

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the ICANN community. We have a lot of practical operational knowledge that was of value of them.

So, this, essentially, was the essence of the value exchange model that both parties accept and acknowledge: that the other party provides value.

It came down to, really, three big buckets of costs: specific, shared, and global. Or, as finance people, we'll probably say more often: direct, indirect, and overhead.

But, essentially, the value exchange model said that there were specific benefits provided that were unique just to this community; for example, the Secretariat, or travel overhead incurred by the ICANN staff that support, and this room. Clearly, this room does not just happen for free. Somebody pays for it, for us.

Then, shared, or indirect, benefits: so, where we absolutely get a benefit but we're not the only ones who've received that benefit, the classic example at the time being IANA. Clearly, IANA is critical to us and our functions but also the gTLD community. So, that's a shared expense.

Then, there were global benefits, where we recognize that the work that ICANN – we, as the community – does in promoting the multi-stakeholder model and other activities that are engaged in have benefit to us, but they have benefit to the entire community, and that ICANN recognizes that the work that we do on the ground in our jurisdictions provides material benefit to them as well.

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So, that was the nature of the basic framework. When the calculation was done and we worked with ICANN Finance at the time – I know many faces in this room remember those conversations and meetings – essentially, what we came up with at the time was a number and that the value for services provided by ICANN to this community totaled approximately \$3.5 million. Now, I know that calculation has been done again recently. Quite frankly, the number is almost the same. It's roughly the same.

So, essentially, what that is saying is that the costs incurred by ICANN to support this community are roughly \$3.5 million.

Now, the value exchange model provided a methodology by which we could come up with a number, but then how are we going to fairly and equitably distribute that number among ccNSO members?

UNIDENTIFIED MALE: And, ccTLDs.

BRYON HOLLAND: And, ccTLDs, yes. That's an important point. It's not just ccNSO members because all ccTLDs receive similar benefits. Not exactly the same but similar benefits.

So, what was determined was a banded model that was graded based on domains under management as a proxy. So, there is no perfect model, and we acknowledge that right out of the gate. However, as a proxy, it was the best one available to us.

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As you can see, these were the bands that were determined at the time. Quite frankly, this is still the model that we work under today. It tried to recognize that many of the smaller ccTLDs needed to make contribution but it needed to be fit for purpose, the contribution size, and then the same with the larger ccTLDs.

So, that's the model that we work under today. You can probably look and see where you fit in the bands.

I think the challenge has been that, since we all as a community unanimously agreed that that would be the model that we would work under, what has ended up happening is not quite what we had committed to at the time, quite frankly.

You can see here that, essentially, each bar represents the \$3.5 million we had acknowledged we were receiving in terms of services. But, what has ended up happening is we are actually contributing between \$1.9 and \$1.7 million, leaving a shortfall of \$1.6 to \$1.8 million in terms of services received versus financial contribution made.

I know many of us live in different economic environments. I happen to come from a market economy, where, if we receive a service, we expect to pay for that service. So, it does leave, I think, to be frank with friends in the community here, us in a bit of quandary where we as a community unanimously adopted a particular framework but, as you can well see behind me, we are falling something short.

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So, I think, as we hit this five-year mark and we look at just the numbers as they are, it does, I think, catalyze a need for us to have a conversation about what, if anything, we want to do about this.

So, that's a bit of a background to bring us up to how we got here and where we are today.

With that, I will hand it back over.

ROELOF MEYER:

First of all, I have to apologize for arriving late. I had two overlapping sessions, and I think you two have a kind of a conflict of interest. My brain probably didn't recognize the overlap, so I had to run away from the other one.

I think, every time that we discussed this subject, there were two more organizational issues that always came into the discussion. One was the invoicing procedure. I think at one of the last discussions we had about this, it was Javier who informed us that, since it's a voluntary contribution, ICANN, by some kind of rule or regulation, can not send us an invoice directly. We have, first, to request for it, and then they can send it. So, if we don't request it, they won't send an invoice. That's one. And, I think on numerous occasions that we have seen that the recorded payments were not completely in line were the actuals.

So, that has always been a factor in the discussion. For sure, I think, also in this discussion, we're going to see that some contributions have not been recorded, and maybe some recorded contributions have not yet been paid.



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I think the whole system has improved, but I'm bit afraid that this will not be a determining factor. I don't think that the differences will be so big that we will conclude here that everything is okay.

But, I just wanted to say that as a start-off before we go any further. So, there is an assumption that, if everything would be recorded completely accurate, the figure would probably be a bit higher.

We can have a bit of space to have your reaction on that, if you see that your contribution is not recorded, or if you see that there is a recorded contribution that you didn't pay. That's one.

So, I don't know, Becky, if you have anything you can show us on that one?

BECKY NASH:

Yes. Thank you very much. Good morning, everyone. This is Becky Nash from ICANN Finance. I did just prepare a quick overview of the invoicing process. I think it's important that we talk a little bit about how this process takes place.

If we could just move to the next slide, that would be great.

So, we have in the past published from ICANN org a proposed annual timeline for the invoicing process. I did just want to reiterate that, as Roelof had said, the invoicing process does start with an e-mail that prompts ICANN org to send an invoice.

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So, I do know that, this week, we published our preliminary report for contributions that have been collected through September 1<sup>st</sup> of 2018 and pertain to FY '18 and before.

The good news is we've gotten a lot of feedback from various members that we are in the process of researching. We will be sure to answer every question that we've received subsequent to this meeting within the next three weeks.

But, the biggest challenge that we've had is to make sure that we have the right billing contact or contact for the contribution. What we have suggested to do is to send out an e-mail that we request a contribution in. Once we receive an e-mail back, that's where we then issue the invoices. Hopefully, that process is well-understood, that we can't issue an invoice without having some sort of an e-mail telling us to issue an invoice.

So, on this slide, we do throughout the year make sure that our contacts are correct. Should anybody have any changes in who we should be e-mailing or working with, we just ask that you please forward those new contacts to us.

Each year, between the September and October timeframe, we do publish the report. This year, similar to last year, we did publish it on a preliminary basis, just so we could have that exchange. Again, our objective then is to publish it as a final report by the end of October.

Then, we start our campaign in October [or] November to send out the new e-mail communications for each fiscal year. We choose to do that

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in the fall in order to align between ICANN’s twelve-month fiscal year ending on June 20<sup>th</sup> and then the calendar year ending in December because I know that there are various organization that have different year-end calendars than ICANN org.

We will then be following up with e-mails early in the year, between January and February, and then we continue throughout the year with the invoicing process.

So, that gives a little snapshot of our process for invoicing.

On the next slide, we just have some contacts of where you can contact us related to any invoicing matters. We do have an accounting inbox at [accounting@ICANN.org](mailto:accounting@ICANN.org). Then, I have listed the two main contacts for invoicing matters, which would be Cecibel and myself. We’re, again, in the process of researching all of the questions we’ve received here at ICANN 63 on the preliminary report.

Thank you.

ROELOF MEYER:

Thank you, Becky. So, it’s a bit of a cumbersome process. It’s only once a year, so we should be able to live with that. I always get kind of an eerie feeling when I send an e-mail of, “Could you please invoice me for \$225,000?” It’s about the most expensive e-mail I send every year. But, at least the process is clear, I think. We still should keep a focus on if there is a room for improvement. But, for the moment, this is how we have to do it.

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What's up next? It's you, right? Katrina.

KATRINA SATAKI:

Yes. So, thank you very much. Thank you very much for those summaries, the historical background, and everything we committed to.

Now, let's talk about that. Here I would like to talk not just about general numbers, but before we start, apparently Patricio has a question. Yeah?

PATRICIO POBLETE:

Just one comment about the process that has been described. It doesn't quite match what has really happened. At least until 2017, the way the process went was: [ask first and then receive] an e-mail from ICANN.

I want to thank you on behalf of ICANN for continued participation and support and [inaudible] financial contribution. I'm writing to you now to seek your voluntary financial support for the coming years.

So, it did start with an e-mail from ICANN, not from us. Then, we replied, and the process went on. But, the ball was kickstarted by ICANN.

Also, there was a mention that one could name a number, not just for this year but for several years in a row, and it said, "If you nominate an amount for those fiscal years, we will proceed with sending you an invoice for the nominated amount without further request." So, it was a pre-programmed financial contribution.

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That’s the way it has happened, not with us starting the process.

ROELOF MEYER:

Okay. Thank you, Patricio. So, there’s confusion here. I think it was on one of the slides. So, indeed, it starts with ICANN sending you an e-mail. It doesn’t specify any amount. So, you will still have to react and tell them, “Yes. Please send me an invoice for this amount.” There’s an option – I think that was the first time in 2017 – where you can ask them to send you for several years the same amount. But, I don’t know if that works. I haven’t tried it, to be honest.

You’ve tried it? Okay. And, it works?

Okay. Thanks. So, that’s a good addition.

KATRINA SATAKI:

Yeah. And, this is something that we might discuss further during our discussion, but I really wanted to start with some basic things, not just talk about some general numbers. But, let’s look at what it costs for us to be here today.

So, first, actually, a little bit more than a year ago, we asked ICANN to increase the number of slots for our ccTLD travelers. So, now we have 18 slots. So, the average cost per slot is \$3,500 U.S., which means that, per meeting, \$63,000 U.S. go to the community to support people coming to this meeting, sitting here in this room.

A meeting room? The average cost for this meeting room is \$4,300 per day. In addition to that, we have all these services – the Adobe Room

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and everything that we have here on our table; we have a support staff there – that cost \$5,200 U.S.

So, per day, one day of us sitting here in this room costs \$10,00 U.S. per meeting. With all the working group meetings, prep meetings, and so on and so on, it's roughly \$38,000.

Of course, we also heavily rely on the Secretariat. We need them here, we need them there, every day. Whenever we have a question, we can send them a question. They help us to write documents. They help us with any problem that we might have. We need them, and that costs. They need to eat, basically.

We have other professional services that we use, plus overhead. So, those are all costs that we need to cover one way or the other.

Then, there are shared costs, as Byron already indicated. But, it also includes governance. As you know, we appoint two people to the ICANN Board of Directors, and that costs, too. But, we have those people there.

Quite often, we get some questions. “We need to increase participation.” “The majority of us here are non-native speakers.” “It would be nice to have transcripts.” Yeah, it would have been nice. But, it costs.

They want to have live scribing, and it would really be very helpful for us, for our community, because, if you cannot catch the conversation, you can still read it. Yes, it would be excellent to have, but it's \$2,500 U.S. per session.

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Some also raised an issue of having translation. Yes, it would have been great because, so far, we just use English as the basic language of communication. We could have interpretation services, but the costs are pretty impressive, right?

So, what can we do? Now, actually, there are two ways. At some point, when you realize that you spend more than you earn, there are two ways to manage the issue. One way is to reduce your spending, and another way – well, personally, I think that’s a better one – is to start earning more because you’ll get used to some level of services and it’s very difficult to say, “Okay. I don’t need this service anymore.”

So, what can we do to – of course, we can still decide that we don’t need, for example, electricity in this room, as yesterday we saw that it’s a little too difficult to start conversations if we not have electricity and we do not have those screens. So, probably that wouldn’t be the thing that we’d like to cut.

But, what can we do to make sure? Well, first, when we say, “Oh, that’s not our problem. It’s ICANN’s money,” no, it’s not ICANN’s. But, we are a decisional participant, and we are part of ICANN. We shouldn’t view ICANN as something totally irrelevant to us because, while we do consider ourselves as part of ICANN, it’s definitely not ICANN’s problem. When we discussed this session, I thought, “Is it really okay that somebody else is paying for us? Do we really believe it’s a normal situation?”

So, yeah, some people do not pay out of principle, yet they like to enjoy all the benefits that they get.

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So, what could be possible ways to somehow show that, if you do not want to pay? Maybe you do not get a premium that you're used to.

For example, PTI. Now, it's just really now just provocative questions from my side to trigger some thinking, some ideas. For example, those who do not pay, whenever they want to implement any changes to the IANA database, for example, or change name servers or add name servers or change contact persons, instead of – Byron might help me here with SLEs. How long can they take? A couple of days? So, instead of that, it might take a couple of months, let's say. All right. So, you get what you pay for, right?

Another thing, also another idea, is – I'm not saying we have to do that, Pierre; I'm just giving some food for thought – that maybe those cc representatives of those ccTLDs that do not contribute should not be eligible to get funding to come to these meetings. That's another idea.

Then, what else can we do? I'm still looking at those lonely microphones here in the middle. Nobody is coming. This is still just to trigger discussion in us. I see that people –

ROELOF MEYER: Because, maybe, the bottom –

UNIDENTIFIED MALE: [inaudible]



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ROELOF MEYER:

The bottom line in the end is that, if we as cc's do not cover our costs ourselves, it means that somebody else is paying for the services we get. That's probably the money either from the domain name holders of other country codes or from the domain name holders of the gTLD domains. Somehow, I think that doesn't feel right. It shouldn't be like that.

Giovanni?

GIOVANNI SEPPIA:

Thank you, Roelof. Giovanni Seppia, .eu. Two points. First, as a meeting organizer, I think that the costs that we have seen on the screen in terms of the meeting room and technical services are quite generous – as I said, as a meeting organizer – unless we organize a meeting in New York or Sydney. But, I have not seen a meeting organized in New York or Sydney recently.

My second point, a representative of the ccTLD .eu, I'd like to ask you about the accountability frameworks because I think that was a missing point in the historical overview that Byron provided. Some of us do have accountability frameworks, and there is a specific amount in the accountability framework.

When the PTI process started, I understand or remember that we were told that the accountability frameworks were going to be revised at some point. I'd like to understand from ICANN if there is a plan about that because, for some of us, there is a specific amount we should contribute, and it's included in that framework.

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Thank you.

UNIDENTIFIED FEMALE: [inaudible]

ROELOF MEYER: Okay. Giovanni, if I can just react to the first bit first, that's the risk of showing the amounts: we now start discussing if those are reasonable prices. I had the same feeling seeing those figures as you had. And, it's going to distract us because we did that whole exercise a couple of years ago, and we agreed on, let's say, the sum between our contributions to ICANN and ICANN's cost for the services provided to us.

So, unless we really feel that something is not right there, I would prefer not to go into that subject now because it will distract us from the actual problem. We are not paying up to our costs, and that's a problem or a challenge –

GIOVANNI SEPPIA: Yeah. That was not an intention, but, as the meeting is streamlined [inaudible]

ROELOF MEYER: [inaudible]

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GIOVANNI SEPPIA: [inaudible] whatever they're watching and also attending or reading the script and watching the slides that are going to be published, I guess. If they see those figures, they may have some thoughts about that.

So, that was just a logistic perspective. I was not questioning the contribution level. I'm not questioning the fact that ccTLDs contribute. And, I'm not questioning the fact that we should contribute more. That's my perspective on that question, just, again, from a meeting organizer's point of view.

The second point, again, is about accountability frameworks because that was something that I brought up, I think, two meetings ago. I was looking forward to receiving an answer.

ROELOF MEYER: Yeah. I'll hand it over to Becky, but before that – oh, Bart is there – there are accountability frameworks, like the one we have, where there's no amount specified. It just says "voluntary contribution" [and blah].

BART BOSWINKEL: The accountability framework review, as you may recall, we had a discussion about with respect to the transition. Based on that discussion, there was no adjustment needed. If you recall, I think that was surmised. We followed up or we had the intention to follow up, but, because in some of the accountability frameworks there's a reference to an arbitrage committee, we are waiting for the outcome of the PDP

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on the review mechanism. That was communicated and discussed with the ccTLDs present at that particular meeting.

So, there is no reason, at this stage, to review all the accountability frameworks and/or the language of the exchange of letters. If you want to review your financial contribution, that's always possible.

GIOVANNI SEPPIA: Okay. Thank you, Bart. Thank you.

ROELOF MEYER: Annebeth?

ANNEBETH LANGE: Annebeth Lange, cc for .no, Norway. When we had the discussion on the numbers and the bands and some kind of – based on that, we all paid. Then, we would have reached the top.

But, since we don't – also, I think some of gap ... I know we're talking about the bands]now, but still, it's quite a gap between some of these figures. So, it might be a solution also to get some more money and level down. It's from \$25,000 to \$75,000 and that is quite a gap.

I think it's difficult for small ccTLDs, even if they want to pay. If they go over that number and suddenly they shall pay \$75,000, that's quite a gap and difficult. So, that could be one solution: to make it smaller steps and easier to give some more money.

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As for suggestions on what to do to those not paying at all, one thing could be to have an attendance fee, that we have to pay for what we get here in one way or another

Because, Katrina, you suggested that it should take a long time to get changes when you go to PTI, another thing could be to pay for what you get there, since you're not paying a membership fee.

It is different than suggestions that we could have, and I would suggest that we have a workshop, one of the sessions at one of the ICANN meetings. We do what we do with our discussions: have a brainstorm, use small yellow patches, and everyone things about what can we do to really fulfill what we should do for what we get.

Thank you.

ROELOF MEYER:

Thank you, Annebeth. Byron wanted to respond to your suggestion.

BYRON HOLLAND:

Really, just the first comment, which was the size of the steps as an organization transitions bands. We certainly did have a fair amount of conversation about that very subject back five years ago. Like I said, the bands is not a perfect solution, but it was a solution that we came to.

But, just as a reminder, one of the things we said explicitly – there's a much more detailed presentation from back in that time than I've provided today – is that organizations, as they transition between the bands, could take a multi-year transition between one band and

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another. Ideally, the goal is you get, once you cross that threshold and reach the next band, to the equivalent payment level as promptly as possible, but recognizing that it might take a couple of years as opposed to doing it one year.

So, there was flexibility into it in order to mitigate that challenge. Thereby, we went with the band sizes that we did. But, we did recognize that and we put something into the more detailed description of the framework to try to address that.

ROELOF MEYER:

Thank you, Byron. Pierre?

PIERRE OUEDRAOGO:

Thank you very much, Katrina. You have awakened me this morning. I totally agree with recognizing the problem we have. Namely, the problem is that we have committed to something and we are not able to fulfill our promises as a community of cc's because, if I recall, during the session five years ago, there was a vast or almost unanimous majority to go to this fee-band model.

So, on that part, I'm totally with you, and I really think that we have to maybe ask those who are not fulfilling these promises that they made why. Is there a particular reason? Are they angry with something? Or, maybe they changed their CEO. I don't know. But, this is something we have to see.

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But, the way you presented your ideas as food for thought brought me to think about what we said five years ago. I'm not very comfortable, for instance, with presenting ccNSO Board members as a cost for ICANN. To me, it's a contribution for the ccNSO community to ICANN. It's not a cost for ICANN: sending people, high-level, to participate in the multi-stakeholder model and dedicate time to the Board. It's difficult for me to understand that it can be a cost.

At the end of the day, this is almost the same thing for those cc's who are coming to ICANN, participating in the discussion, and involving their staff. Telling them that they're a cost I think is not very, very in line with what is expected for various members of the community to build the multi-stakeholder model. ICANN is very, very lucky to have people dedicating time freely to build public policies. This should be recognized also and not just seen as a cost.

Thank you.

ROELOF MEYER:

Thank you, Pierre. You're very right there, but, again, the bottom line is that Board members travel. They get an allowance. That's a cost. If we, as a community, don't contribute financially to those costs, it's other domain names that, in the end, will pay for it. That doesn't sound right.

So, you're right, but it's for every constituency that has Board members or members on the Board. Of course, those people bring a lot of value. I think we're all convinced that they bring more value than they cost. But, there are costs, and somehow they have to be covered. At the

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moment, if we don't contribute enough, those costs will be covered by other TLDs.

Thank you.

But, there's this registry for a European country south of Belgium that actually really increased its contributions. So, thank you for that, Pierre.

EDUARDO SANTOYO:

Good morning. Eduardo Santoyo from .co, Columbia. Just to comment on two things. The first one is that I totally agree that we need to revisit this topic because of costs. We're not getting the goals that expect to have when we defined, as a community five years ago, these new guidelines in order to provide guidelines to ccTLDs to make their contributions. Now, the gap is higher between the same costs scenario. We are contributing less than we have contributed at that time. S

So, I invite us to revisit this topic, not just probably in this meeting today, and start a new process to find a good way to solve this situation.

So, in that, I agree with Pierre and with all of them. And, you, of course, invited us to discuss this topic today.

As Katrina said, just to provide a little bit more food for thought, I just want to comment on something that has comment to my mind during all these years. Yesterday, I had the opportunity to visit the ALAC room because they were having a discussion that I was interested to in following about how they can participate in the policy development processes within ICANN.



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They found a room with almost half of the participants that we have in this room. I guess that most of them paid for ICANN to come. They had translation. They had transcripts. I guess they're not contributing at all as individuals or organizations for ICANN budget support.

Then, I thought, "Okay. We need to have more clear signs of "We are contributing and we should contribute for them to participate in ICANN meetings, too." But then, if not, why are we being considered such a huge cost for ICANN that can't be supported and, yes, can't support all of the other costs that represent bringing people to these meetings or the other part of the community?

Just that. Thank you.

ROELOF MEYER:

Okay. Thank you, Eduardo. You want to comment?

KATRINA SATAKI:

Just, really, a very short comment. Yeah, I absolutely you agree with you, Eduardo. I don't know if you've heard, but there are many voices saying, "Why on earth do we need ALAC? Because we pay for them." At some point, the same voices will ask, "Why on earth do we need the ccNSO if we have to pay for them?"

ROELOF MEYER:

But, in the end, let's not just focus on the fact that we cost money but that we bring a lot, too. I'm convinced that ICANN looks at it that way,

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too. So, they don't consider us to be a huge cost factor. But, somehow, there's always costs incurred that we have to cover.

Irina?

IRINA DANELIA:

Good morning. My name is Irina Danelia. I represent .ru, Russia. So, I personally fully understand the arguments and the reasons which have just been demonstrated.

However, we are talking about quite a huge amount of money for the registry with five million domain names under management, the suggested level. It's quite a bit amount of money. Many other projects could be done with this money.

Being that I manage ... in my organization, I or my boss is not the final person who makes the decision on our budget and how it's going to spent for the next year. So, we have to go through these certain steps of approving this budget and demonstrate that these costs really are valuable and required, including the voluntary contribution to ICANN.

So, what I'm really missing is a good picture of what value will our registry, our country, get back for this amount of money.

We also have to take into account some good political reasons. In the Russia Federation, which is currently under economic sanctions imposed the U.S.A.'s government, it makes it even harder to justify why we are going to increase payment into the company based in the U.S.A.

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I understand that this is a political debate, but, however, this makes the process even harder.

So, what we would really need is not this shortlist of values from ICANN, values to ICANN, but a much better justification of why we really do need to contribute.

Thank you.

ROELOF MEYER: Thank you, Irina. So, I kind of translated that as, if you would get an invoice, you would prefer to have an invoice that's specified as, "Okay. We bill you this amount for this and this and this and these services"?

IRINA DANELIA: No, it's not about invoices. It's about justification and a way for how we would present it. When we go to present our budget, how would we explain why we need to increase the contribution?

ROELOF MEYER: Okay. A more general justification that we can send to everybody. Is that what you mean? So, not specific to you?

IRINA DANELIA: No, no. Not specific for us. I mean just the general picture because what we saw is understandable for me, but it's not convincing enough when we go talk further.

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ROELOF MEYER: Thank you, Irina. Leonid?

LEONID TODOROV: Hi. Leonid Todorov, APTLD. Well, I kind of mixed feelings about these messages just presented.

Well, first of all, I'm truly sympathetic with ICANN because APTLD lives on membership fees. Every year, I get to play taxman, calling and mailing our members, reminding them it's time to pay membership fees, negotiating membership fees in the event that they are unable to do so. So, I understand what kind of business you're engaged in. I feel sorry for you.

Second, I must say that, with my Soviet background, if Katrina really wanted to raise that complex of guilt, I'm used to free services and have thoroughly enjoyed free services. So, no guilt on my part.

UNIDENTIFIED MALE: [inaudible]

LEONID TODOROV: Yes. I understand. Yeah. Third, I would just corroborate certain messages which our colleagues just voiced out. Well, first of all, we should not forget that, by our mere existence as ccTLDs, we actually legitimize ICANN's existence. Without us, there will be no ICANN

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because we are that essential part of the multi-stakeholder model. So, I wonder if that can be quantified.

Shooting all these figures on us of course is important, but, at the same time, we should bear in mind that we live in a very diverse world, and, in that world, ICANN is not always welcome. ICANN is working hard, for example, to gain recognition from those governments, particularly across Asia-Pacific, and it's not successful. It has not been that successful – sorry. But, this is important.

So, how would you actually deal with those governments that are represented, for example, at APTLD? Because quite a number of our members are governments. This is a question to you, not to us, and not even to ccTLD registries, which are just technical arms of those governments.

I would urge you to think about that and to see what can be done better in that regard, rather than addressing ccTLDs directly.

Finally, I must say that, since 2015 – I have to say that – APTLD has always been in the black. The key is very simple to that. That's physical conservatism.

So, I would once again urge ICANN to think about how well they're doing financially and what can be done further to ensure economies of scale, because every fifth of stuff at ICANN is of senior management. For example, you have such a position as Head of India. I don't know what it means.

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However, I would really think of that. No, seriously. I would seriously think of that, and I would find budget cuts easily at ICANN if you ask me to, for example.

Thank you.

ROELOF MEYER:

Thank you, Leonid. Byron, you were in the queue. And, guys, I have to close the queue because we are running out of time. So, please make your comments as brief and concise as possible.

BYRON HOLLAND:

I'll be brief. Just to answer one of Leonid's questions there in terms of the value of the cc community to ICANN, that was most definitely a very explicit conversation five years ago, and that's what we put in the shared value exchange. When I went through the history this morning, there were three buckets of expenses, and the value of cc's are feet on the street, boots on the ground. Actual international representation was a significant component of the value that we added to ICANN, almost impossible to quantify. Therefore, we didn't. But, it was certainly one of the main arguments we made for the value of this community. And, we made that strongly at that time.

I would also just like to provide a little bit of context because we're talking about a \$3.5 million target contribution, of which we're doing \$1.7 million.

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Just to frame it in the context of the broader community, the gTLD registries paid about \$84 million last year, meaning we pay roughly 3% vis-à-vis the payments that they make. The registrars are about \$46 million, so we're a tiny fraction of the contribution to ICANN. Yet, we hold about 45% of the domains globally, give or take. So, I think it's also important to have that context when we talk about the numbers that we're talking about.

ROELOF MEYER:

Yeah. Exactly. Thank you, [Ryan].

ANDREAS MUSIELAK:

Andreas Musielak, representing .de. Katrina mentioned that you get what you pay for. This was the question. It's not supporting [inaudible] because they do a lot for us. So, that's no doubt.

But, I think you would also accept in less. In German, we say, "Sometimes, less is more." This is really an important thing. I think we should really consider that.

My gut feeling is really that this is a generous calculation and we can really reduce on that. Another point is that we should bring into perspective what some of the ccTLDs are doing. So, we are hosting, in 2020, the ICANN meeting. We're helping to find the venue. We put much, much more effort in that. There's a lot which I can't find in the presentation. You should bring that when we talk about the IANA transition.

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ROELOF MEYER: It was entered into the calculation. So, it's in it.

ANDREAS MUSEILAK: Yeah, I know. It was one tiny part. But, then you see many, many costs from ICANN's side. That's my point.

I think, as with what Annebeth mentioned, attendance fees are the wrong approach because then we get less participation. We need, even from small ccTLD people, which are smart enough to bring good expertise into the community.

Then, from the budget point of view, I would say that I also handled an association for many, many years as CFO. They're always very conservative. When I'd seen the last chart Bart circulated, I see, really, ccTLDs paying less, or there's a gap in the past three years. I would not take that into account, or at least [inaudible].

That brings you to that you probably bring down the services for the [community]. And, as I mentioned, I think you would even expect less if it's very focused. With this amount of \$1.7 million, we can run the whole [CENTR] community, where we also get a lot out of it.

UNIDENTIFIED MALE: [Twice].



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ANDREAS MUSIELAK: Yeah, as I mentioned. Yeah. Exactly. So, I think less is more at this point. So, that's my remarks.

ROELOF MEYER: Thank you, Andreas. Patricio?

PATRICIO POBLETE: Patricio Poblete from NIC Chile. Giovanni made an important point about the accountability frameworks. Actually, reading ours, it says that we should be playing \$10,000 a year, and, actually, we're paying \$25,000. That was noticed by the Chilean General Accounting Office that oversees all the public sector. We're public part of the sector as a public university.

It is true, if it's just \$10,000, that we're not allowed to pay more than that. But, we were able to find in the accountability framework a clause that says that that number should be reexamined yearly by both parties to see if it's still adequate.

Of course, that renegotiation hasn't happened, we were able, fortunately, to produce the guidelines that we as a community agreed and submitted that as the document that would support our paying the \$25,000. Fortunately, it was accepted.

So, it is understood, at least in Chile now, that the ccTLD guidelines can be taken in lieu of that negotiation between NIC Chile and ICANN.

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ROELOF MEYER: Okay. Thank you, Patricio. Peter?

PETER VAN ROSTE: Good morning, everyone. My name is Peter Van Roste from CENTR. I have two points to make. The first one is that I think it's a very difficult time to have this discussion. When the CFO presents a \$2 billion surplus of the 2018 budget, then it's very hard for some small organizations that are struggling to see the urgent need to pay more into that budget with a surplus. So, I think that's probably a problem that quite a few smaller ccTLDs are facing.

Secondly, we keep on having this discussion about, "And, we have costs." I understand the point. It's to wake up people and say, "These things cost money." But, when I would be having this conversation with my Board and then tell what our cost is, they probably wouldn't care too much. They care about the value of what they're getting out of what we do.

I think it would be helpful for this community that, for the next time we have this discussion, with preparation or a survey input from this community – it's definitely on the three of the four of the five of you – we focus on the value. I think that will encourage people much more to contribute voluntarily. They're looking at costs because then, indeed, you got into the discussions of, "Well, should the costs be that high? Should we go to cheaper place to have our meetings? Should staff stay in cheaper hotels?" etc. So, focus on value. That would be my recommendation.

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Thanks.

ROELOF MEYER:

Thanks for that recommendation, Peter. With regard to your first remark, of course, it's true. This discussion would be easier if ICANN was running a deficit, but then the situation would be worse. You mentioned the surplus. It's not something that was built up from ccTLD contributions. Most of it is earmarked for something else. But, I agree. It makes this whole discussion kind of strange.

And, that's not just only for small registries paying small amounts. It's also for large registries paying large amounts because you wonder where the money would be going to.

But, the bottom line, for me at least is, still, that we're getting services. We did a calculation of the cost. We [subtract it] and our contributions, and there's a balance. I feel obliged that, at the end, itself pays for the costs that we cost somewhere, and not that some other organization who's not involved with us is doing that.

That said, we have [round off]. We're running way over time, so shall I – I made some notes of suggestions we got. I think – well, there were a lot of suggestions to continue this discussion. Annebeth mentioned setting up a kind of a brainstorm session to look at who are we going to deal with that.

Something I would like to sound off is: has the Council every reached out to ccTLD registries not paying up to what we kind of calculated ... so, that means that we don't know the reason. The other was the

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suggestion, I think, by Leonid and also by Pierre: that we do that and, if it's government-run registries, we reach out to the government. So, at the moment, we don't even know the reason behind it. We don't know if the program that Annebeth suggested, that people think that they have to choose either one fee band or the other and they can't do something in between, is an actual reason.

So, maybe it's a good thing that one of the first actions we take is that the Council – somebody from the Council – reaches out to those registries that we feel, according to the fee band system that we agreed upon, should pay more.

So, the brainstorming session maybe is something to arrange for the next meeting. And, that was Irina's suggestion – I think that's a very useful one as well – [that we always discuss] these amounts and what we are bringing and what we are taking. Maybe we can make a good kind of a presentation, a short presentation, or a leaflet which kind of clarifies that and that we can send out to the members, or even ICANN can send it out, with the invoice or something, so it can help certain registries to justify their expenses or pay the invoice.

Oh, yeah. Then, there was the suggestion of Leonid to change ICANN into a communist organization providing free services paid by the former Soviet Union? Did I get that right?

The last one we got is to revisit the calculation of the value provided. I think we cannot avoid going into that. Wish we could, but there were a lot of comments in that direction. So, I think we should take that on as an action point as well.

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I'm looking at my table. [inaudible]. Anything to add?

Well, thank you all for staying in the room while we were discussing this painful subject, and thank you for all your comments and inputs. Well, we haven't finished talking about the subject. I hope that, at the next meeting and in between, we can make some progress.

Thank you.

**[END OF TRANSCRIPTION]**