**Draft Milestone Report**

**JAS WG - Joint SO/AC New gTLD Applicant Support Working Group**

**PUBLICATION DATE: \_\_\_ October, 2010**

**STATUS OF THIS DOCUMENT**

This is the Milestone Report from the Joint SO/AC New gTLD Applicant Support Working Group, submitted for consideration by the ICANN Board of Directors and the wider community. The Working Group has met its initial goals and milestones and is reporting on those in this report. As part of this report a series of additional work items are discussed with the view that the chartering organizations update the charter of the working group so that it can continue the work.

This is a Final Draft Candidate.

**Table of Contents**

1 Background 3

1.1 Objectives and Process 4

1.2 Standards of agreement in the Working Group 5

1.3 Records and Archives 6

2 The Recommendations 7

2.1 Kinds of support that should be offered 7

2.2 Cost Reductions 7

2.3 Sponsorship/ Fundraising 10

2.4 Modifications to the Financial Continued Operation Instrument Obligation 12

2.5 Logistical Support 12

2.6 Technical support for applicants in operating or qualifying to operate a gTLD 13

2.7 Exception to the rules requiring separation of the Registry and Registrar function 14

2.8 Applicants Entitled To Receive Support 15

2.9 Applicants NOT Entitled To Receive Support 16

2.10 Proposed Constraints on Aid 17

2.11 Relationship to New gTLD Applicant Guidebook 18

3 Next Steps 18

4 Frequently asked questions 20

4.1 Question: Why can't these applicants just wait until the next round 21

4.2 Question: Running a registry is an expensive proposition, if an applicant needs financial assistance for the application process how are we to believe they can fund a registry? 22

4.3 Question: The first round gTLD program is supposed to be self funding. If these price reductions are granted to applicants with financial need, what happens to the goal of a self funded program? 22

4.4 Question: The solution is supposed to be sustainable, in what respect is this solution sustainable? 23

4.5 Question: What reasons are there for decreasing the 3 years Continued Operations Instrument as defined in Specification 8 of the Draft Registry Agreement? 23

4.6 Question: tbd 23

5 Annex A – JAS WG Charter 25

6 Annex B – Relevant Resolutions 27

7 Annex C - List of Addenda in Companion Document 29

8 29

# Background

During the International ICANN Meeting in Nairobi, ICANN’s Board recognized the importance of an inclusive New gTLD Program and issued a Resolution (#20) requesting stakeholders "*to develop a sustainable approach to providing support to applicants requiring assistance in applying for and operating new gTLDs."* See resolution here: [http://www.icann.org/en/minutes/resolutions-12mar10-en.htm#20](http://www.icann.org/en/minutes/resolutions-12mar10-en.htm%2320).

In direct response to this Board Resolution, the GNSO Council proposed a Joint SO/AC Working Group, composed by members of ICANN's Supporting Organizations (SOs) and Advisory Committees (ACs), to look into applicant support for new gTLDs. The Working Group, also known as the **JAS WG or WG**, was formed in late April 2010.

After a snapshot of the initial recommendations was released for community review, the proposals were reworked in the light on comments received. A second snapshot was released to the ICANN board of directors and the chartering organizations before the report was finalized.

This Final Report incorporates the feedback received from the public and other consultations. In summary, the recommendations encompass the following:

* Cost reduction (evaluation and registry fee modifications);
* Sponsorship and fundraising (ICANN-sourced and external financial assistance);
* Non-cost considerations (technical or logistical support).

The specific recommendations are detailed in section 3 of this document. Section 4 contains a set of recommendations for follow activities, and section 5 contains a set of frequently asked questions with answers about the recommendations.

This final report will be sent out for a 30 day public multilingual comment simultaneous with being sent to the chartering organizations for review and approval.

## Objectives and Process

### Objectives

The objectives for this work were derived from the Nairobi ICANN Board Resolution #20, as further detailed by the GNSO Council resolution to launch a joint SO/AC Working Group (referred hereafter as **WG**), and by the WG itself in a proposed Charter, subsequently addressed in Resolutions by the GNSO Council and the ALAC.

The basic objective was to develop a sustainable approach to providing support to applicants requiring assistance in applying for and operating new gTLDs.

### Process Background

Initially worked in two parallel Working Teams:

* + Working Team 1 (**WT1**) focusing on application fee aspects;
  + Working Team 2 (**WT2**) addressing issues regarding which applicants would be entitled to special support and of what nature the support could be.

The WG consulted the Community and general public as follows:

* On June 14, posted a blog entitled *“Call for Input: Support for New gTLD Applicants*” (http://blog.icann.org/2010/06/call-for-input-support-for-new-gtld-applicants/)
* On June 16, posted its preliminary findings for Public Comment – *“Joint SO/AC Working Group on New gTLD Applicant Support Snapshot”* (<http://www.icann.org/en/public-comment/#wg-snapshot>). The document was available in 6 languages. The public forum closed on 23 August, 2010.
* On June 23, during the ICANN Brussels meeting held a public workshop *“Reducing Barriers to New gTLD Creation in Developing Regions”* (<http://brussels38.icann.org/node/12503>).
* Submitted a second snapshot of the recommendations to the ICANN board of Directors and the two chartering organizations, ALAC and GNSO on 18 September, 2010.

In addition to recommendations that should be taken by ICANN to enable applicants from emerging markets/nations to apply for new gTLD in the first round, the report contains recommendations on criteria and limitations on aid as well recommendations for follow on activities. There is also a section on frequently asked questions regarding the recommendations*.*

More background information regarding this WG, including Charter, relevant resolutions and public comment summary/analysis, can be found in Annexes A to C.

## Standards of agreement in the Working Group

The WG worked under the [guidelines](http://gnso.icann.org/en/improvements/proposed-working-group-guidelines-05feb09-en.pdf) defined in: <http://gnso.icann.org/en/improvements/proposed-working-group-guidelines-05feb09-en.pdf>.

Under these guidelines, the following levels of support are identified.

1. **Unanimous or full consensus**, when no one in the group speaks against the recommendation in its last readings
2. **Rough or near consensus** - a position where only a small minority disagrees but most agree. This is sometimes referred to as **consensus**.
3. **Strong support but significant opposition** - a position where while most of the group supports a recommendation, there are a significant number of those who do not support it.
4. **No consensus**, also referred to as **divergence -** a position where there isn't strong support for any particular position, but many different points of view. Sometimes this is due to irreconcilable differences of opinion and sometimes it is due to the fact that no one has a particularly strong or convincing viewpoint, but the members of the group agree that it is worth listing the issue in the report nonetheless.
5. **Minority** refers to a proposal where a small number of people support the recommendation. This can happen in response to a **Consensus**, **Strong support but significant opposition**, and **No Consensus**, or can happen in cases where there is neither support nor opposition to suggestion made by a small number of individuals.

In cases of **Consensus**, **Strong support but significant opposition**, and **No Consensus**, an effort is made to document that variance in viewpoint and to present any **Minority** recommendations that may have been made. Documentation of **Minority** recommendation normally depends on text offered by the proponent.

## Records and Archives

The email archives can be found at <http://forum.icann.org/lists/gnso-irtp-b-jun09/>

The Wiki can be found at <https://st.icann.org/so-ac-new-gtld-wg/index.cgi>

# The Recommendations

There is [**Full Consensus, Consensus]** in the WG to release the following recommendations for approval by the chartering organizations.

## Kinds of support that should be offered

The WG recommends a number of different kinds of support to be made available for eligible applicants, which fall into the following categories:

1. Cost Reduction Support;
2. Sponsorship and other funding support;
3. Modifications to the Financial Continued Operation Instrument Obligation;
4. Logistical support;
5. Technical support for applicants in operating or qualifying to operate a gTLD;
6. Exception to the rules requiring separation of the Registry and Registrar function.

## Cost Reductions

The WG recommends that the following fee reductions be made available to all applicants who are determined as meeting the criteria established for support:

1. **Full consensus:** Waive the cost of Program Development (US$26,000) for applicants meeting the criteria for assistance. The current proposed program budget indicates an expected Net profit of US$184,600 for the new gTLD program. This profit could fully or partially offset the loss of waiving the US$26,000 program development costs for several applicants. We expect relatively few applicants (relative to the total number of new gTLD applicants) to meet the criteria for assistance, so the financial burden of waiving these fees should be reasonable.

2. **Full consensus:** Staggered Fees. Instead of paying the entire fee upon acceptance of the applications, applicants meeting the criteria established for support could pay the fees incrementally (perhaps following the refund schedule in reverse). Allowing an applicant to have a staggered fee payment schedule gives the applicant more time to raise money, and investors will be more likely to back an application that passes the initial evaluation. Staggered fees enable an applicant to compete for strings that might otherwise have gone to the first and/or only group with enough money to apply. If the applicant does not proceed through the entire process, they are not "costing" ICANN the full projected amount, therefore cost recovery remains intact.

3. **Full consensus:** Auction Proceeds. Qualified applicants receive a partial refund from any auction proceeds—for which they can repay any loans or invest into their registry, and/or the auction proceeds could be used to refill the disadvantaged applicant’s foundation fund for subsequent rounds.

4. **Full consensus:** Lower the Registry fixed fees due to ICANN. In lieu of the Registry-Level fixed fee of US$25,000 per calendar year, only charge the Registry-Level Transaction Fee per initial or renewal domain name registration to a fee comparable to a minimum used for other gTLDs. An annual fee of US$25,000 to ICANN is a barrier to sustainability for an applicant representing a small community. If a minimum is absolutely required, then lower this fee to 30% for qualified applicants.

5. **Full consensus:** Reconsider the Risk/Contingency cost per applicant (US$60,000). The WT1 questions if ICANN really expects a total of US$30,000,000 (US$60,000 x 500 applications) in unknown costs to surface. This fee should be eliminated for applicants that meet the criteria established by the WG. If elimination is not possible, then it should be drastically reduced.

6. There was a **Consensus** view that in light of complexity of the calculation that established the basis for the USD$100,000 base cost, it was too difficult to determine what, if any of the fee should be eliminated for applicants meeting the requirements for support. It was therefore suggested that this should be subject to further investigation before any recommendations were made on this issue.

### Support for build-out in underserved languages and scripts

Subject to the requirements for receiving support from the program, the Working Group had **Consensus** that price reductions should be implemented to encourage the build out of IDNs in small or underserved languages, with the exact amount and timing of the support to be determined. One way this might be accomplished is through bundling of applications:

a) There was **Consensus** for requiring that each application requesting such support have explicit endorsement from within the language community to be served. This support must come from organizations, NGOs and local companies from within the language/script community. The lead applicant would not, necessarily, need to be from the community to be served assuming other conditions for support were met.

b) There was a **Minority View** that applicants who may not meet the need requirement for support but who have explicit endorsement from within the language community to be served should also be able to receive some form of support, for example bundling discounts, in order to offer these services to the underserved language/script community. This community endorsement must come from organizations, NGOs and/or local companies from within the language/script community

There was **Full consensus** that this form of support should encourage the advancement of the language community while also encouraging competition to the greatest extent possible*.*

## Sponsorship/ Fundraising

The WG discussed extensively the possibility of financial assistance for applicants. This was seen as coming from two types of sources:

* Funds distributed by an ICANN originated fund
* Funds distributed by external funding agencies

### Distributed by an ICANN originated fund

It was uncertain what sort of funding might be arranged through ICANN, especially for this first round, though there was **Consensus** in the group recommending that a fundraising effort be established. For any funding provided through ICANN by a benefactor that does not wish to administer that funding itself, these funds would be allocated by a specially dedicated committee, only to those who meet the conditions established for support. Additionally, if there was not enough funding to distribute to all applicants for financial support, that funding would be distributed with a priority given to linguistic community applicants applying for IDN strings. There was **Full Consensus** for creating a development fund directed at new gTLD applicants who are determined as meeting the criteria established for support.

1. There was **Consensus** that ICANN establish a *Program Development function* with an initial goal of securing a targeted commitment originally set at US$10,000,000 for an ICANN based development fund. There was **No Consensus** on the form such a function should take. Some members of the group felt that the fundraising and grant administration work should be done outside of ICANN itself in an affiliated philanthropic organization.
2. There was **Full Consensus** on the fact that any monies raised for a development fund would need to be maintained in accounts that should be separated from any ICANN general funds, and should be treated in a similar way to any monies that are to be collected in auctions; i.e. that they should be administered by a foundation or other entity separated from ICANN designated for philanthropic distribution.
3. There was **Consensus** for a proposal recommending that registrars put in place the means for existing registrants to make voluntary contributions to the development program through registrar-to-registry contribution pass-through, and to find ways of enabling non-registrant small donors to contribute to the development program. Concurrent with the execution of the development message to the donor communities, that the development message should also be delivered to the registrant, and non-registrant user communities through internal and external media.

* There was a **Minority** concern about the degree to which Registrars would be open to this suggestion and the manner of its implementation.

### Distributed by external funding agencies

**Full consensus** for the view thatexternal funding agencies would make grants according to their own requirements and goals. ICANN would only provide those agencies with applicant information for those who met the criteria established for support.

## Modifications to the Financial Continued Operation Instrument Obligation

While registrant protection is critical and critical registry functions must be sustained for an extended period of time in the event of registry failure, the WG considered the financial Continued Operation Instrument obligation as document in AGv4 to be a great barrier for applicants that meet the criteria established by the WG. There was **Consensus** for a recommendation that the continuity period for the financial instrument be reduced.

1. There was **No Consensus** on whether that the period for the financial Continued Operation Instrument be reduced from
   1. 3 years to 6 months, this duration still being twice the duration that is currently defined in the ICANN gTLD Registry Failover Plan of 15 June 2008.
   2. or, that financial Continued Operation Instrument period be shortened from 3 years to 1 year.
2. There was is a **Strong support with significant opposition** recommendation that in the case of shared risk pools, the financial Continued Operations Instrument could reduced or eliminated entirely based on the ability of such a shared pool to absorb the risk and provide Continued Operation with minimal incremental cost.
3. There was **Consensus** that applicants who meet the conditions for support should be encouraged to form such shared risk pools.

## Logistical Support

The process set in the Applicant Guidebook (AG) may be difficult for applicants from emerging market/nations to meet. The following kinds of logistical support are identified by the WG for those applicants that meet the criteria established for support:

1. **Full Consensus:** Translation of relevant documents. This was a major concern noted by non-English speaking group members, who noted the extra time and effort needed to work in English;
2. **Full Consensus:** Logistical and technical help with the application process. This includes legal and filing support, which is expensive and in short supply in most emerging markets/nations;
3. **Full Consensus:** Awareness/outreach efforts. This includes efforts to make sure more people in underserved markets are aware of the gTLD process and what they can do to participate in the gTLD process.

## Technical support for applicants in operating or qualifying to operate a gTLD

Certain of the requirements set in the AG may be difficult for applicants from emerging market/nations to meet. The following kinds of technical support are identified by the WG for those applicants that meet the criteria established for support:

1. Infrastructure – **Full Consensus** forproviding support for IPv6 compatible solutions, e.g. hardware and networks as needed;
2. Education/consulting –e.g. to help with DNSSEC implementation; **Full Consensus**
3. Technical waivers or “step ups” – allowing applicants to build their capabilities rather than needing to demonstrate full capacity before applying (as appropriate); **Full Consensus**
4. There were several recommendation that involve lower cost and/or shared back end registry services:
   1. There has been discussion within the group that in the case of shared risk pools[[1]](#footnote-1) of new gTLDs working with the same back-end registry service providers, it would be possible to lower the costs facing the new registry. It is a **Consensus** recommendation that there be an effort to encourage and enable those applicants that meet the criteria established for support to participate in such shared risk pools.
   2. It is a **Consensus** recommendation that in the case of such shared risk pools, certain required costs such as the Continued Operations Instrument be lowered or eliminated entirely based on the ability of such a shared pool to absorb the risk with minimal incremental cost.

## Exception to the rules requiring separation of the Registry and Registrar function

There was **Consensus** that in cases where market power is not an issue, applicants who met the requirements for support would be granted a special exemption from the requirement for registry-registrar separation. This special exemption would expire after 5 years at which time the Registry would be required to meet the existing conditions within ICANN relating to registry-registrar separation. During year 4, the Registry would be required to document a transition plan. During the period of the exemption, the ICANN compliance group would, at its discretion, schedule reviews to insure that the exemption was not being abused.

This recommendation takes into account the advice given by the GAC to the ICANN Board on 23 September 2010.

|  |
| --- |
| ... the ability of registrars with valuable technical, commercial and relevant local expertise and experience to enter the domain names market could likely lead to benefits in terms of enhancing competition and promoting innovation.  An important additional benefit which the GAC expects would flow from such an exemption would be that community-based TLD applicants would be able to cast their net more widely in securing partners with the necessary expertise and experience in the local market to undertake what would be relatively small scale registry functions. |

## Applicants Entitled To Receive Support

*Note:* The definition of financial need and the method for determining the financial need of an application has not been established by the WG and is proposed as a work item in the next steps section (section 3) of this document. *Progress on this work item depends upon support from the chartering organizations for the recommendations made in this report and the addition of experts on establishing financial need to the group*.

Key to making a support program work is the choice of initial support recipients. With this in mind it is agreed that the initial focus should be on finding a relatively limited identifiable set of potential applicants that would be not controversial to support.

The main criterion for eligibility should be need. An applicant would not be selected for support unless the need criterion is met. **Full Consensus**

From the support applicants who meet the need criterion, WG recommends that the following categories of applicant receive support (not in priority order);

1. Community based applications such as cultural, linguistic and ethnic. These potential applicants have the benefits of being relatively well defined as groups. Facilitating community on the web is one of ICANN’s core values; **Full Consensus**
2. Non-governmental Organizations (NGOs), civil society and not-for-profit organizations; **Full Consensus**
3. Applicants located in emerging markets/developing countries;**Full Consensus**
4. Applications in languages whose presence on the web is limited; **Full Consensus**
5. There was a **Minority** view that entrepreneurs, who otherwise meet other criteria in this section, in those markets where market constraints make normal business operations more difficult. There was a **Strong Suport but significant oppostions** in the group that for profit enterprises should not be included in the categories receiving aid.

## Applicants NOT Entitled To Receive Support

Not recommended for support, even if they can demonstrate financial need, are the following types of application:

1. **Consensus** in the group that Brand gTLDS should not be included among those entitled to receive support as they should be self-supporting companies and thus should not be eligible for need based support.

* There was a **Minority** view that an exception could be made for those from countries where market constraints make normal business operations more difficult and who are proposing a name in an IDN script not currently supported;

1. **Full Consensus** for the excluding applicants forGeographic names;
2. **Full Consensus** for excludingpurely Governmental or para-statal applicants (though applicants with some limited Government support might be eligible for exception);
3. **Full Consensus** for excluding applicants whose business model does not demonstrate sustainability.

There was **Full Consensus** that guidelines and safeguards must be established to prevent any abuse of the support program (often called gaming).

## Proposed Constraints on Aid

The WG also agreed on a series of “principles” that are recommend to guide the community as the support process is finalized, namely:

1. Self-Financing responsibility: The WG reached **Consensus** on the need for self-financing responsibly on the part of any successful applicant for financial assistance. No more that 50% of the reduced fee may be provided by an ICANN organized development program. This is not meant to limit the manner in which fundraising for the other 50% is done by the applicant.

* There was a **Minority** view that the level should not be fixed at any specific percentage.

1. Sunset period – **Full Consensus:** Support should have an agreed cut-off/sunset point, perhaps 5 years, after which no further support would be offered. This was recommended as another measure to promote sustainability and as a way to help limited resources reach more applicants.
2. Transparency – **Consensus:** Support requests and levels of grant should be made public to encourage transparency.

* There was a **Minority** view that in certain cases the protection of business plans might he harmed by too much transparency.

1. Limited Government support – **strong support but significant opposition:** The receipt of limited support from government(s) should not disqualify applicants from receiving gTLD support. However, the process is not designed to subsidize government-led initiatives.

* There was **strong support but significant opposition** on limiting this exception to Community applicants

1. Repayment in success cases – **Full consensus:** In those cases where supported gTLDs make revenue significantly above and beyond the level of support received through this process,recipients would agree to re-pay/rebate application subsidies into a revolving fund to support future applications.

## Relationship to New gTLD Applicant Guidebook

**Full Consensus:** The WG believes that these recommendations should not affect the schedule of the New gTLD Applicant Guidebook, currently in its 4th version. Rather it is a separate program that needs to be established in parallel with the completion of the Application Guide Book. The Working Group recommends that once the recommendations in this report are endorsed by the chartering organizations and the Board, that text be added to the Application Guidebook indicating that a support program will be announced before the start of the round and that the conditions of that program will be defined separately.

# Next Steps

Several work items are proposed as part of the set of recommendations made. Due to the time constraints, and in the interest in getting GNSO Council, ALAC and Board’s endorsement for the basic recommendations, the following work items are proposed for further discussion by the current Join SO/AC new gTLD Applicant Support WG or another group. Most of these items require both policy and implementation input and it is recommended that a joint team of Staff and SOAC members be created. There appeared to be **Full Consensus** on the following list of recommendations, but, as the issue is really one for the chartering organizations, the issues were not discussed in any great depth*.*

1. Establish the criteria for financial need and a method of demonstrating that need. The established tasks of this WG in its charter included establishing criteria for support. Financial need was established as the primary criterion for support. The group was not convinced that the charter included the more detailed task of defining financial need nor how this would be established by an applicant. The group was convinced, however, that as currently constituted it did not have the necessary expertise to make a specific recommendation in this area, especially given the comparative economic conditions and the cross-cultural aspects of this requirement. If the chartering organizations and the Board endorse the recommendations in this report, the WG requests that text be added to the next revision of the Application Guidebook that states that a separate aid program, including a fee reduction plan, will be initiated before the round opens, and that the conditions of this program will be defined separately. The planning work for this next effort is beginning as this milestone report is being submitted and the Working Group requests that its charter be extended to specifically include this task.
2. Definition of mechanisms, e.g. a review committee be established operating under the set of guidelines established in this report and those defined in the task (a) above, for determining whether an application for special consideration is to be granted and what sort of help should be offered;
3. Establishing relationships with any donor(s) who may be able to help in first round with funding;
4. Establishing a framework for managing any auction proceeds for future rounds and ongoing assistance;
5. Methods for coordinating the assistance, and discussion on the extent of such coordination, to be given by Backend Registry Service Providers; e.g. brokering the relationships, reviewing the operational quality of the relationship.
6. Discuss and establish methods for coordinating any assistance volunteered by providers (consultants, translators, technicians, etc. ); match services to qualified applicants; broker these relationships and review the operational quality of the relationship.
7. Establish methods for coordinating cooperation among qualified applicants, and assistance volunteered by third parties.
8. Begin the work of fundraising and establishing links to possible donor agencies.
9. Review the basis of the US$100,000 application base fee to determine its full origin and to determine what percentage of that fee could be waived for applicants.

The Working Group also wishes to acknowledge and appreciate the Board's Trondheim resolution 2.2 that appears to support the working group's recommendations for coordinating providers and recipients, and increased awareness and outreach efforts to needy applicants. However we feel that with further work, as recommend above, more of the support mechanisms should be approved for implementation. The Working Group also indicates its willingness to keep working on these additional work items, though with the comment that additional outreach for members and/or advisors with specific expertise will need to be done once the re-chartering is completed.

# Frequently asked questions

During the process of developing these recommendations, various questions have been asked by the ICANN volunteer community, the ICANN staff and the ICANN Board of directors. This section explores some of these frequently asked questions:

## Question: Why can't these applicants just wait until the next round

### Answer:

There are several reasons the group believes that it is critical that support be given to applicants with a financial need for assistance in the first round:

* + Board resolution 2010.03.12.46-47 was quite clear on the need to ensure that the current New gTLD Program should be inclusive.  Much of the ICANN community took hope from this decision and not to deliver on this first round would disappoint the global community greatly.
  + With every round, the competitive disadvantage for the new gTLDs increases.  For ICANN to cause further disadvantage to those who already are at a disadvantage due to its pricing considerations could be seen as an abrogation of its responsibly to serve the global public interest and foster competition for all.
  + The pent up demand for new gTLDs, especially IDN gTLD, is so great that there is an expectation for many applications.  There is a concern that without some sort of assistance program, all of the most obvious names, including IDNs, will be grabbed by wealthy investors, leaving little opportunity, especially in developing regions, for local community institutions and developing country entrepreneurs.
  + While there is every plan for a second round, and most of us believe that such a round will occur, its timetable is at best uncertain. The round of 2001 was supposed to be followed by new rounds, and though it now appears that it will be, it took a decade for that to happen. Since it is impossible to give guarantees of when there might be a future round, making those who cannot afford the current elevated ICANN prices wait for an uncertain future is not seen as equitable treatment.
  + New gTLD Policy Implementation Guideline N:

|  |
| --- |
| ICANN may put in place a fee reduction scheme for gTLD applicants from economies classified by the UN as least developed. |

## Question: Running a registry is an expensive proposition, if an applicant needs financial assistance for the application process how are we to believe they can fund a registry?

### Answer:

The actual expense of running a registry is dependent on the actual costs for operating expenses in a particular time and place. As the operating expense of a location decreases, the relative burden of ICANN cost increases, sometimes to the point of becoming an undue burden for those potential registries from developing economies.

There are also various possible ways in which prospective registries can share costs and cost burden. In these cases the relative cost burden of ICANN fees would also become an undue burden preventing someone from getting the permission to do something, which in their environment and with their arrangements would be affordable.

## Question: The first round gTLD program is supposed to be self funding. If these price reductions are granted to applicants with financial need, what happens to the goal of a self funded program?

### Answer:

The GNSO Implementation guideline was that the overall program be self-funding. The guideline specifically reads:

|  |
| --- |
| Application fees will be designed to ensure that adequate resources exist to cover the total cost to administer the new gTLD process.  Application fees may differ for applicants. |

As discussed in the recommendations, certain of the fees are inappropriate for applicants who meet the requirements of the program. The guideline allows for differentiated fee structure as long as the total resources cover the entire cost of the program.

## Question: The solution is supposed to be sustainable, in what respect is this solution sustainable?

### Answer:

The recommendations in this program are meant to support the sustainability of costs for those who meet the requirements of the program. Reduced fees enable a prospective registry to enter the market and reduce the initial debt that would need to be met. In those cases of community gTLDs where a community is either contributing to the expenses or is intended to reap benefit after the TLD has been established, lower costs contribute not only to sustaining the operation of the gTLD but also lower risk for the community.

## Question: How was the figure of US$10,000,000 arrived at in section 2.3.1 a? Was this figure just pulled out of a hat?

### Answer:

If by 'pulled out of hat' one means a goal and an approximation, then yes. But if one mean, was it a wild guess with no thought given, then no.

In thinking about such a goal, several things need to be taken into account, e.g.:

* Assuming that no cost reductions are made for applicants who met the conditions for support, then many applicants who meet the conditions of the program would need up to half of the US$186,000 or US$93,000. Assuming 10 applicants qualify for grant support, i.e. 5% of the expected 200 applicants, this would amount to needing approximately US$1,000,000 in the fund. If 5% of 500 applicants, i.e. 25 applicants, need financial support it would be approximately US$2,500,000. If the ratio of those needing aid is higher than 5% of the applicants, the figure goes up.
* Translation of all materials into the 6 UN languages and assisting with applications working in the languages, would occupy 6 full time equivalent skilled translators for approximately a year. Taking a low estimation of the cost of such a skilled translator at $100,00 USD/yr with the assumption of 100% overhead cost, the cost for translation assistance becomes approximately $1,200,000 USD/yr.
* Assuming 1 person to administer the program and 1 person to coordinate the work, and assuming they get the same average salary of $100,000 USD/yr at 100% overhead, another $400,000 USD/yr is added to this approximate budget.

At this point we are already have an estimate of between $2,600,00 USD/yr and $4,100,00 USD/yr .tis is before budgeting the requirements for providing for the following:

* Helping to create a possible financial guarantees for thos who have difficulty with the Financial Continued Operation bond, if that requirements is not lessened for those for whom this might be a barrier to entry;
* Contracting various forms of technical assistance;
* Cost of educational outreach;
* Costs for other forms of logistical assistance;
* Travel expenses both for those providing aid and for those who qualify for the support program.

Given these assumptions, and returning to the idea that this was a goal for a program that is meant to help those from development regions as well as others who meet the defined requirements for support, a multiplier of 2-4 on the basic $2.6 to $4.1 Million figure for financial aid, translation and administration, the figured on $10,000,000 USD as a fundraising goal for such a program is, while an estimation, a rounded figure of the proper order of magnitude.

# Annex A – JAS WG Charter

**Chartered objectives for the Working Group** (as adopted by the GNSO Council and ALAC)

**Preamble:** The Joint SO/AC Working Group on New gTLD Applicant Support shall evaluate and propose recommendations regarding specific support to new gTLD applicants in justified cases. The working group expects to identify suitable criteria for provision of such support, to identify suitable support forms and to identify potential providers of such support. However, there is no presumption that the outcome will imply any particular governing structure. Accordingly, if the recommendations indicate that the preferred solutions are of a voluntary nature, the criteria and other provisions arrived at in line with the objectives below will solely serve as advice to the parties concerned. The objectives are not listed in any priority order. An overall consideration is that the outcomes of the WG should not lead to delays of the New gTLD process.

**Objective 1**: To identify suitable criteria that new gTLD applicants must fulfill to qualify for dedicated support. The criteria may be different for different types of support identified in line with Objective 2 and 3 below.

**Objective 2**: To identify how the application fee can be reduced and/or subsidized to accommodate applicants that fulfill appropriate criteria to qualify for this benefit, in keeping with the principle of full cost recovery of the application process costs.

**Objective 3**: To identify what kinds of support (e.g. technical assistance, organizational assistance, financial assistance, fee reduction) and support timelines (e.g. support for the application period only, continuous support) are appropriate for new gTLD applicants fulfilling identified criteria.

**Objective 4**: To identify potential providers of the identified kinds of support as well as appropriate mechanisms to enable support provisioning.

**Objective 5**: To identify conditions and mechanisms required to minimize the risk of inappropriate access to support. Agreed within WG, pending GNSO Council and ALAC adoption.

**Operating procedures for the Working Group**

The Working Group will operate according to the interim working group guidelines set out in the [Draft Working guidelines of 5 Feb 2010](http://gnso.icann.org/en/improvements/proposed-working-group-guidelines-05feb09-en.pdf).

**Milestones**

|  |  |
| --- | --- |
| **Dates** | **Tasks/Goals** |
| **29 April** | First conference call. Preparations for Chairs election, Charter drafting, work planning |
| **10 May** | Adoption of WG Charter by participating SOs and ACs |
| **5 May - 9 June** | Weekly conference calls. Drafting of Recommendation by WT1 and WT2. |
| **16 June – 21 June** | Posting of "snapshot" on WG's plans & progress for public comment in English |
| **23 June – 23 August** | Posting of "snapshot" on WG's plans & progress for public comment in Spanish, French, Chinese, Arabic and Russian |
| **21-25 June** | Community discussions during ICANN Brussels Meeting – Session *“Reducing Barriers to New gTLD Creation in Developing Regions”*  [*http://brussels38.icann.org/node/12503*](http://brussels38.icann.org/node/12503) |
| **10 July - \_\_\_September** | Weekly conference calls resumed, development of final recommendation based on public comments received |
| **\_\_ September** | Final recommendation posted for Board and Community consideration |

# Annex B – Relevant Resolutions

**1. ICANN Board Resolution #20 – Nairobi ICANN Meeting**

See: [http://www.icann.org/en/minutes/resolutions-12mar10-en.htm#20](http://www.icann.org/en/minutes/resolutions-12mar10-en.htm%2320)

20. Support for Applicants Requesting New gTLD Applicants

Whereas, the launch of the New gTLD Program will bring fundamental change to the marketplace, including competition and innovation;

Whereas, the evolution of relationships and restrictions on relationships between registries and registrars have been a center of discussion and analysis;

Whereas, the introduction of new gTLDs will bring change and opportunity for innovation, new services and benefits for users and registrants;

Whereas, ICANN aims to ensure that the New gTLD Program is inclusive, along the lines of the organization's strategic objectives;

Whereas, ICANN has a requirement to recover the costs of new gTLD applications and on-going services to new gTLDs; and

Whereas numerous stakeholders have, on various occasions, expressed concern about the cost of applying for new gTLDs, and suggested that these costs might hinder applicants requiring assistance, especially those from developing countries.

Resolved (2010.03.12.46), the Board recognizes the importance of an inclusive New gTLD Program.

Resolved (2010.03.12.47), the Board requests stakeholders to work through their SOs and ACs, and form a Working Group to develop a sustainable approach to providing support to applicants requiring assistance in applying for and operating new gTLDs.

**2. GNSO Resolution to launch a Joint SO/AC WG**

See: [http://gnso.icann.org/resolutions/#201004](http://gnso.icann.org/resolutions/%23201004)

20100401-1 Motion to create a Joint SO/AC Working Group on New gTLD Applicant Support

Whereas, ICANN aims to ensure that the New gTLD Program is inclusive, along the lines of the organization’s strategic objectives;

Whereas, numerous stakeholders have, on various occasions, expressed concern about the cost of applying and about the material requirements for new gTLDs, and suggested that these costs and material conditions might hinder applicants requiring assistance, especially those from developing regions, from cultural/linguistic groups and from non-profit groups such as philanthropies,

Whereas, on 13 March 2010, the ICANN Board adopted Resolution 20 (http://www.icann.org/en/minutes/resolutions-12mar10-en.htm#20) requesting that stakeholders work with their respective ACs and SOs to form a working group to provide a sustainable approach to providing support to applicants requiring assistance in applying for and operating new gTLDS;

Whereas, the GNSO Council desires to form a joint working group with other interested Supporting Organizations (SO’s) and Advisory Committee (AC’s) to fulfill this Board request, and to develop a sustainable approach to providing support to such new GTLD applicants, keeping in mind the GNSO Implementation guideline to recover the cost of new gTLD applications and on-going services to new gTLDs.

NOW THEREFORE, BE IT:

Resolved, that the GNSO Council supports the formation of a joint SO/AC working group to respond to the Board’s request by developing a sustainable approach to providing support to new gTLD applicants requiring assistance in applying for and operating new gTLDS, keeping in mind the GNSO Implementation guideline to recover the cost of new gTLD applications and on-going services to new gTLDs, and the goal of not creating further delays to the new gTLD process;

Resolved further, that Rafik Dammak shall serve as the GNSO Council Liaison for this joint SO/AC working group;

Resolved further, that the GNSO Council Chair shall within 48 hours of this motion inform the Chairs of other SO’s and the AC’s of this action and encourage their participation;

Resolved further, that ICANN Staff shall within seven calendar days of this motion identify and assign applicable Staff support for this working group and arrange for support tools such as a mailing list, website and other tools as needed;

Resolved further, that the staff support assigned to this working group shall within 48 hours after the support tools are arranged distribute an invitation for working group participants as widely as possible within the SO/AC community;

Resolved further, that the New gTLD Applicant Support WG shall initiate its activities within 28 days after the approval of this motion. Until such time as the WG can select a chair and that chair can be confirmed by the participating SO’s and AC’s, the GNSO Council Liaison shall act as interim co-chair with the liaison(s) from other SO’s and AC’s;

Resolved further, that the New gTLD Applicant Support WG shall as its first action items: i) elect a chair or co-chairs; ii) establish meeting times as needed; and iii) develop and propose a charter describing its tasks and schedule of deliverables for approval by the participating SO’s and AC’s.

Resolved further, that the New gTLD Applicant Support WG shall deliver its initial recommendation for community comment in time for discussion at the Brussels ICANN meeting.

# Annex C - List of Addenda in Companion Document

1. Working Group Members, Affiliations, Statements of Interest (SOI) and Attendance
2. Text of first snapshot released on 16 June 2010
3. Transcript - Brussels Meeting Workshop Session
4. Public Comment *Summary and Analysis*
5. Cover letter and text of second snapshot taken on 18 September 2010
6. Record on discussion on bundling - removed from final report.
7. Response to any comments received on second snapshot

1. *[A shared risk pool refers to a group of applicants who meet the criteria established for assistance who work cooperatively with each other in establishing their registries. the idea includes that notion that both costs and risks would be lower in such an arrangement.]* [↑](#footnote-ref-1)