

Draft Final Report

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

STATUS OF THIS DOCUMENT

This is the Final 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.

SUMMARY

This report is produced in response to an ICANN Board Resolution in Nairobi, inviting the community "to develop a sustainable approach to providing support to applicants requiring assistance in applying for and operating new gTLDs."

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1. Executive Summary

1.1 Background

- An ICANN Board resolution during the ICANN Meeting in Nairobi recognized the importance of an inclusive New gTLD Program and requested 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>.
- 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 WG, also known as the JAS WG, was formed in late April and decided early on to work in two parallel Working Teams; Working Team 1 focusing on application fee aspects and Working Team 2 addressing issues regarding which applicants would be entitled to special support and of what nature the support could be.
- The WG posted its preliminary findings for public comments on 16 June 2010 and also held a public workshop on 23 June during the ICANN Brussels meeting. Comments received were considered for the development of this final report from the WG.
- For more background information, see section 2 and Annexes A - C.

1.2 Recommendations from the Working Group

- TBC

1.3 Conclusions and Next Steps

▪ TBC

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2. Objectives and Background

2.1 Objectives

The objectives for the work were derived from the Nairobi Board ~~resolution~~ Resolution #20, as further detailed by the GNSO Council resolution to launch a joint SO/AC Working Group, and by the WG itself in a proposed Charter, subsequently addressed in Resolutions by the GNSO Council and the ALAC. See Annex A for the Charter and Annex B for the relevant resolutions.

2.2 Process Background

The JAS WG started its deliberations on April 2010 where it was decided to continue the work primarily through weekly conference calls, in addition to e-mail exchanges and the establishment of a Wiki for the WG. The Working Group drafted a Charter that was finalized and put to the chartering organizations GNSO and ALAC for approval. The WG further decided to split in two working teams, WT1 and WT2, to address separate issues.

- 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>

After receiving the comments from the community comment period, the Working Group resumed its work. While separate teams would occasionally work on specific text recommendations, the Working Group worked as a whole on discussing and resolving the comments and on making any changes to the recommendations. Work was also done to expand the explanations of some of the recommendations that had not been sufficiently explained.

2.3 Issue Background

Fee considerations

TBC

Who should get support and what types of support should be available

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3. The Working Group's Recommendations

This chapter provides the final report texts agreed by the WG.

The WG decided early on to work in two parallel Working Teams; Working Team 1 focusing on application fee aspects and Working Team 2 addressing issues regarding which applicants would be entitled to special support and of what nature the support could be. Below are the current findings of the two Working Teams.

The product of these two work teams was combined to produce a snapshot that was ~~put-outposted~~ for public comment. Working as a single team, the working group members then reviewed ~~and the comments~~ and discussed updates to the recommendations based on the comments received from the ~~review-public comment~~ period, ~~both English language and non-English language, and form comment~~ ~~received and~~ during the workshop held at the Brussels ICANN meeting.

Fee Considerations

- TBC

Background

Originally Working Team 1 (WT1) was tasked with meeting the Working Group's Charter 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.

Process

WT1 examined how the application fee has been constructed and explained/justified in the cost consideration documents (1) and the [Draft Applicant Guidebook, version 4AG4](#) in order to determine if there is any potential for requesting the fees be revisited for applicants that meet the established criteria. The WT1 suggests several

options for financial support of applicants. The first two proposals appear to have consensus; the remaining proposals are still under discussion.

The fee for applying for a new gTLD is US\$185,000. The fee structure is divided as:

1. New gTLD Program Development Costs US\$26,000
2. Fixed and variable Application evaluation costs - Predictable US\$100,000
3. Risk/Contingency costs US\$60,000

Proposals

The following suggestions have been formulated in regard to Fee Consideration.

1. Waive the cost of Program Development (~~US\$26k~~26,000) for selected entities qualifying for financial assistance. The document New gTLD Program Explanatory Memorandum New gTLD Budget (2) 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\$26k~~26,000 program development costs for several applicants. We expect ~~very-relatively~~ few applicants (relative to the total number applying) to meet the criteria for assistance, so the financial burden of waiving these fees should be ~~minimal~~reasonable.

2. 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. Auction Proceeds. Qualified applicants receive a partial refund from any auction proceeds (3) —for which they can repay any loans or invest into their registry, or the

auction proceeds could be used to refill the disadvantaged applicant's foundation fund for subsequent rounds.

4. Lower the Registry fixed fees due to ICANN. In lieu of the Registry-Level fixed fee of US\$25,000 per calendar year (4), instead only charge the Registry-Level Transaction Fee ~~of US\$0.25~~ per initial or renewal domain name registration to a fee comparable to a minimum used for other gTLDs. An annual fee of US\$25,000k to ICANN is a barrier to sustainability for an applicant representing a small community.

~~Many TLDs pay much less to ICANN (if anything).~~ If a minimum is absolutely required, then ~~consider lowering~~ this fee by to 350% for qualified applicants.

5. Reconsider the Risk/Contingency cost per applicant (US\$60,000k). The WT questions if ICANN really expects a total of US\$30,000,000 (US\$60,000k 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/excused for the applicants that meet the criteria established by the WG.

6. The Fixed/Variable cost of US\$100,000 is based on a total cost of a previous round of applications and might not be relevant to the new gTLD applicants and this costs should be reduced for applicants that meet the criteria established by the WG. ~~is based on the total cost of the previous round of applications, which the cost considerations document quantifies as \$1.8MM for all ten applications. This fee most probably includes costs associated with the conflict that arose from the rejection of the ".XXX" application, which remains unresolved. The fee of \$180,000 may have been significantly skewed by the long-term work required for .XXX. The actual evaluation and administrative costs for the other nine applications may have been considerably less than \$180,000 per piece. If this is the case, the \$100,000 fixed cost fee could be reduced for the applicants that meet the criteria established by the WG.~~

WT1 is working with WT2 on identifying sources of funding for subsidizing the fees for qualified applicants. The WG suggests that an independent foundation be established, outside of ICANN structures, to assist applicants with funding.

Who should get support and what types of support should be available:

1. Who should receive support?

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 of support. ~~Working Team 2 considered a number of possible applicants, but agreed that the initial focus should be on finding a relatively limited and easily identifiable set of potential applicants which would be non-controversial to support. The main criteria for eligibility should be need. An applicant would not be selected for support unless the need criteria is met.~~ Based on these criteria, and ~~aer the per~~ review of the comments, the ~~Working Group~~WG recommends the following:

aa. At least in the initial/pilot phase, target support to ethnic and linguistic communities (e.g. the Hausa community, Quechua speakers, Tamil speakers). These potential applicants have the benefits of being relatively well defined as groups, and pass the test of being generally non-controversial. Such communities already have a history of recognition at ICANN and facilitating community on the web is one of ICANN's core values.

bb. Address support for other groups, especially NGOs and civil society organizations at a future point as the idea of who constitutes a "community" in this space is less clear and the tests for which groups might need/merit support would be trickier. Moreover, the number of applicants could be very large.

cc. Overall, the Working Group recommends giving some preference to applicants geographically located in Emerging Markets/Developing countries and in languages whose presence on the web is limited.

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d. A series of groups are not recommended for support based on WG work, specifically:

- Applicants that don't need the support/have ample financing;
- Applicants that are brands/groups that should be self-supporting companies;
- Applicants that are geographic names (such as .Paris and others);
- Purely Government/parastatal applicants (though applicants with some Government support might be eligible);
- Applicants whose business model doesn't demonstrate sustainability.

2. What kinds of support might be offered?

The group recommended a number of different kinds of support that could be valuable for potential applicants, support which falls relatively neatly into three categories:

a. Logistical, outreach and fee Support in the Application Process

Translation of relevant documents – a major concern noted by non-English speaking group members, who noted the extra time and effort needed to work in English

Logistical and technical help with the application process – including legal and filing support that are expensive and in short supply in most Emerging Markets nations

Awareness/outreach efforts – to make more people in underserved markets are aware of the gTLD process and what they can do to participate in the gTLD process

Fee reduction/subsidization and/or some sort of phased-in payment for deserving applicants – this discussion builds off of the work of Working Team 1, and includes two key ideas:

That deserving applicants might receive some reduced pricing in general

That some sort of phasing for payment might be appropriate, enabling selected applicants to effectively “pay as they go” for the application process rather than having all funds assembled up front

b. Technical Support for Applicants in operating or qualifying to operate a gTLD

Infrastructure – providing IPv6 compatible hardware and networks as needed

Education/consulting – to help with DNSSEC implementation

Possible technical waivers or “step ups” – allowing applicants to build their capabilities rather than needing to demonstrate full capacity before applying (as appropriate)

Grouping and/or lower cost registry service/CoCCA-type back end service

c. Support for Build-out in Underserved Languages and IDNs for new gTLDs

Price discounts to incentivize build-out in scripts with a limited presence on the web

Bundled pricing to promote build out in multiple scripts – incentivizing an expansion of IDN content as new gTLDs are launched by encouraging applicants to build out in numerous scripts at once

Clear tests to prevent gaming and ensure that support reaches its targets

Agree with the idea of Working Team 2 to offer some kind of "Support for Build-out in Underserved Languages and IDNs for new gTLDs" – bundling applications with lower fees for extra languages. ...there may not be so many IDN applications unless ICANN offers incentives or discounted fees on bundled applications that include non-Latin IDNs.

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Other recommendations?

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

- a. Self-Financing responsibility – ICANN/community support should comprise not more than 50% of the total cost of an application. The WG saw this as a good way to encourage accountability and sustainability.
- b. Sunset period – 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.
- c. Transparency – Support requests and levels should be made public to encourage transparency.
- d. Applicant form is not limited – While many groups receiving support would be NGOs, applicants would need to be non-profits. Some might start as non-profits but morph into hybrids or for-profits and others might be appropriate for-profit or hybrid applicants.
- e. Limited Government support – The receipt of some support from government(s) should not disqualify a community applicant from receiving gTLD support. However, the process is not designed to subsidize government-led initiatives.
- f. Repayment in success cases – In cases where supported gTLDs make money significantly above and beyond the level support received through this process, recipients would agree to re-pay/rebate application subsidies into a revolving fund to support future applications.

Additional Questions and Possible Responses:

Q: Can we offer standardized plans of support? A: This will become clear over time, but standardizing packages of support should help reduce support costs.

Q: Is there a minimum number of people in a community needed to create “critical mass” for viability? A: There was extensive discussion around this, but no consensus. It is hoped that new business models will emerge specifically for work with smaller

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4. Next Steps

Several work items were proposed as part of the set of recommendations that were made. Due to the constraints of time, and the need to get GNSO Council and Board feedback on the proposals before proceeding on these works item, they are proposed for discussion as either extensions to the Join SO/AC new gTLD support WG charter work items for another group.

1. Definition of mechanisms, e.g. an external review committee operating under a set of guidelines, for determining whether an application for special consideration is to be granted such and what sort of help should be offered
2. Establishing relationship with any donor(s) who may be able to help in first round with funding
3. Establishing framework for managing any auction proceeds for future rounds and ongoing assistance
4. Methods for coordinating the assistance, and discussion on the extent of such coordination, to be given by the ISP; e.g. brokering the relationships, reviewing the operational quality of the relationship.

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](#).

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
10 July - August	Weekly conference calls resumed, development of final recommendation based on public comments received
August	Final recommendation posted for Board and Community consideration

Annex B – Relevant Resolutions

ICANN Board Resolution #20 in Nairobi, at <http://www.icann.org/en/minutes/resolutions-12mar10-en.htm#20>:

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 .

GNSO Resolution to launch a Joint SO/AC WG, at <http://gns0.icann.org/resolutions/#201004>:

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.

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Annex C - List of Addenda to be found in companion document

Including i.a.:

- List and affiliation of WG Memers
- Partipation of WG members
- Comment Summary, including WG discussion and resolution
- Compendium of all comment received including:
 - Brussels Face to Face Session transcript
 - Full comment dump
 - African statement
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- Minority reports if any (these would also have a foot note reference in the body of the main document)
- tbd