

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

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

PUBLICATION DATE: ____ **October, 2010**

STATUS OF THIS DOCUMENT

This is the Final 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 making a final report 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.

25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53

Table of Contents

1	Background	32
1.1	Objectives and Process	42
1.2	Standards of agreement in the Working Group.....	52
1.3	Records and Archives	62
2	The Recommendations.....	72
2.1	Kinds of support that should be offered	72
2.2	Cost Reductions.....	72
2.3	Sponsorship/ Fundraising	102
2.4	Modifications to the Financial Continued Operation Instrument Obligation	122
2.5	Logistical Support.....	122
2.6	Technical support for applicants in operating or qualifying to operate a gTLD 132	
2.7	Exception to the rules requiring separation of the Registry and Registrar function 142	
2.8	Applicants Entitled To Receive Support.....	152
2.9	Applicants NOT Entitled To Receive Support	162
2.10	Proposed Constraints on Aid.....	172
2.11	Relationship to New gTLD Applicant Guidebook.....	182
3	Next Steps	182
4	Frequently asked questions	202
4.1	Question: Why can't these applicants just wait until the next round	212
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?	222
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?	222

54	4.4 Question: The solution is supposed to be sustainable, in what respect is this	
55	solution sustainable?	<u>232</u>
56	4.5 Question: How was the figure of US\$10,000,000 arrived at in section 2.3.1 a?	
57	Was this figure just pulled out of a hat?	<u>232</u>
58	5 Annex A – JAS WG Charter	<u>262</u>
59	6 Annex B – Relevant Resolutions	<u>282</u>
60	7 Annex C - List of Addenda in Companion Document.....	<u>302</u>

61 **1 Background**

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

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

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

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

- 78 • Cost reduction (evaluation and registry fee modifications);
- 79 • Sponsorship and fundraising (ICANN-sourced and external financial
80 assistance);

81 • Non-cost considerations (technical or logistical support).
82 The specific recommendations are detailed in section 3 of this document. Section 4
83 contains a set of recommendations for follow-on activities, and section 5 contains a
84 set of frequently asked questions with answers about the recommendations.
85 This final report will be sent out in different languages for a 30 day public comment
86 and simultaneously being sent to the chartering organizations for review and
87 approval.

88 **1.1 Objectives and Process**

89 **1.1.1 Objectives**

90 The objectives for this work were derived from the Nairobi ICANN Board Resolution
91 #20, as further detailed by the GNSO Council resolution to launch a joint SO/AC
92 Working Group (referred hereafter as **WG**), and by the WG itself in a proposed
93 Charter, subsequently addressed in Resolutions by the GNSO Council and the
94 ALAC.

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

97 **1.1.2 Process Background**

98 Initially worked in two parallel Working Teams:

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

102 The WG consulted the Community and general public as follows:

- 103 • On June 14, posted a blog entitled “*Call for Input: Support for New gTLD*
104 *Applicants*” ([http://blog.icann.org/2010/06/call-for-input-support-for-new-gtld-](http://blog.icann.org/2010/06/call-for-input-support-for-new-gtld-applicants/)
105 *applicants/*)

- 106 • On June 16, posted its preliminary findings for Public Comment – “*Joint*
107 *SO/AC Working Group on New gTLD Applicant Support Snapshot*”
108 (<http://www.icann.org/en/public-comment/#wg-snapshot>). The document was
109 available in 6 languages. The public forum closed on 23 August, 2010.
- 110 • On June 23, during the ICANN Brussels meeting held a public workshop
111 “*Reducing Barriers to New gTLD Creation in Developing Regions*”
112 (<http://brussels38.icann.org/node/12503>).
- 113 • Submitted a second snapshot of the recommendations to the ICANN board of
114 Directors and the two chartering organizations, ALAC and GNSO on 18
115 September, 2010.

116

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

122

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

125 **1.2 Standards of agreement in the Working Group**

126 The WG worked under the [guidelines](#) defined in:

127 [http://gns0.icann.org/en/improvements/proposed-working-group-guidelines-05feb09-](http://gns0.icann.org/en/improvements/proposed-working-group-guidelines-05feb09-en.pdf)
128 [en.pdf](http://gns0.icann.org/en/improvements/proposed-working-group-guidelines-05feb09-en.pdf).

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

130

- 131 i. **Unanimous or full consensus**, when no one in the group speaks against
132 the recommendation in its last readings

- 133 ii. **Rough or near consensus** - a position where only a small minority
134 disagrees but most agree. This is sometimes referred to as **consensus**.
135 iii. **Strong support but significant opposition** - a position where while most
136 of the group supports a recommendation, there are a significant number of
137 those who do not support it.
138 iv. **No consensus**, also referred to as **divergence** - a position where there
139 isn't strong support for any particular position, but many different points of
140 view. Sometimes this is due to irreconcilable differences of opinion and
141 sometimes it is due to the fact that no one has a particularly strong or
142 convincing viewpoint, but the members of the group agree that it is worth
143 listing the issue in the report nonetheless.
144 v. **Minority** refers to a proposal where a small number of people support the
145 recommendation. This can happen in response to a **Consensus**, **Strong**
146 **support but significant opposition**, and **No Consensus**, or can happen
147 in cases where there is neither support nor opposition to suggestion made
148 by a small number of individuals.

149 In cases of **Consensus**, **Strong support but significant opposition**, and **No**
150 **Consensus**, an effort is made to document that variance in viewpoint and to
151 present any **Minority** recommendations that may have been made.

152 Documentation of **Minority** recommendation normally depends on text offered
153 by the proponent.

154 1.3 Records and Archives

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

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

157

158

159 2 The Recommendations

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

162 2.1 Kinds of support that should be offered

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

- 165
- 166 a. Cost Reduction Support;
 - 167 b. Sponsorship and other funding support;
 - 168 c. Modifications to the Financial Continued Operation Instrument Obligation;
 - 169 d. Logistical support;
 - 170 e. Technical support for applicants in operating or qualifying to operate a gTLD;
 - 171 f. Exception to the rules requiring separation of the Registry and Registrar
172 function.

173 2.2 Cost Reductions

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

- 176 1. **Full consensus:** Waive the cost of Program Development (US\$26,000) for
177 applicants meeting the criteria for assistance. ~~The US\$26,000 is not a part of~~
178 ~~the implementation budget, but rather to reserve repayment to reserve of~~
179 ~~previously budgeted funds. The current proposed program budget indicates~~
180 ~~an expected Net profit of US\$184,600 for the new gTLD program. This profit~~
181 ~~could fully or partially offset the loss of waiving the US\$26,000 program~~
182 ~~development costs for several applicants.~~ We expect relatively few applicants
183 (relative to the total number of new gTLD applicants) to meet the criteria for
184 assistance, so the financial burden of waiving these fees should be
185 reasonable.

Comment [SBT1]: I ma not sure that it is relevant in comparasion to the point N° 2.3.1 a). It is a very small amont of money ;)

AD: I would think that every thousand of dollars would be significant. to some applicants

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

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

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

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

212 ~~6. There was a **Consensus** view that in light of complexity of the calculation~~
213 ~~that established the basis for the USD\$100,000 base cost, it was too difficult~~
214 ~~to determine what, if any of the fee should be eliminated for applicants~~

Comment [DK2]: Should we not mention what the Risk/Contingency cost should be if it is not eliminated completely?

Ad: suggestion? What do others think?

215 ~~meeting the requirements for support. It was therefore suggested that this~~
216 ~~should be subject to further investigation before any recommendations were~~
217 ~~made on this issue.~~

218 ~~6. There was a Consensus view that the Fixed/Variable cost of US\$100,000,~~
219 ~~based on a total cost of a previous round of applications, might not be~~
220 ~~relevant to the new gTLD applicants and should be reduced for applicants~~
221 ~~that meet the criteria established by the WG. On the other hand, in light of~~
222 ~~complexity of the calculation that established the basis for the USD\$100,000~~
223 ~~cost, it might be too difficult to determine what, if any, of the fees should be~~
224 ~~eliminated or reduced for applicants meeting the requirements for support.~~
225 ~~Therefore, further investigation should be made.~~

Comment [U3]: Replace by new text proposed by Evan

226 6. There is a Consensus that the \$100,000 base cost be reviewed in order to
227 determine if any reductions could be made available to suitable applicantgs in
228 need

Formatted: Underline

229 2.2.1 Support for build-out in underserved languages and scripts

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

235
236 a) There was Consensus for requiring that each application requesting such
237 support have explicit endorsement from within the language community to be
238 served. This support must come from organizations, NGOs and/or local
239 companies from within the language/script community. The lead applicant
240 would not, necessarily, need to be from the community to be served
241 assuming other conditions for support were met.
242

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

250

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

254 2.3 Sponsorship/ Fundraising

255 The WG discussed extensively the possibility of financial assistance for applicants.

256 This was seen as coming from two types of sources:

- 257 • Funds distributed by an ICANN originated fund
- 258 • Funds distributed by external funding agencies

259 2.3.1 Distributed by an ICANN originated fund

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

271 a) There was **Consensus** that ICANN establish a **support Program**
272 **Development** function with an initial goal of securing a targeted
273 commitment originally set at US\$10,000,000 for an ICANN based
274 development fund. There was **No Consensus** on the form such a
275 function should take. Some members of the group felt that the
276 fundraising and grant administration work should be done outside of
277 ICANN itself in an affiliated philanthropic organization.

278 ~~Why we call it "Program Development" function. To avoid confusion with the new~~
279 ~~gTLD program development, I propose to change the name in "Program support"~~
280 ~~function or any other name~~

281
282 b) There was **Full Consensus** on the fact that any monies raised for a
283 development fund would need to be maintained in accounts that should
284 be separated from any ICANN general funds, and should be treated in a
285 similar way to any monies that are to be collected in auctions; i.e. that
286 they should be administered by a foundation or other entity separated
287 from ICANN designated for philanthropic distribution.

288 c) There was **Consensus** for a proposal recommending that registrars put
289 in place the means for existing registrants to make voluntary
290 contributions to the development program through registrar-to-registry
291 contribution pass-through, and to find ways of enabling non-registrant
292 small donors to contribute to the development program. Concurrent with
293 the execution of the development message to the donor communities,
294 that the development message should also be delivered to the
295 registrant, and non-registrant user communities through internal and
296 external media.

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

300

301 **2.3.2 Distributed by external funding agencies**

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

306 **2.4 Modifications to the Financial Continued Operation Instrument Obligation**

307 While registrant protection is critical and critical registry functions must be sustained
308 for an extended period of time in the event of registry failure, the WG considered the
309 financial Continued Operation Instrument obligation as document in Application
310 Guidebook V4 AGv4 to be a great barrier for applicants that meet the criteria
311 established by the WG. There was **Consensus** for a recommendation that the
312 continuity period for the financial instrument be reduced to 6 - 12 months.

313 **2.5 Logistical Support**

314 The process set in the Applicant Guidebook may be difficult for applicants from
315 emerging markets/nations to meet. The following kinds of logistical support are
316 identified by the WG for those applicants that meet the criteria established for
317 support:

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

327 **2.6 Technical support for applicants in operating or qualifying to operate a**
328 **gTLD**

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

- 333 a) Infrastructure – **Full Consensus** for providing support for IPv6 compatible
334 solutions, e.g. hardware and networks as needed;
- 335 b) Education/consulting –e.g. to help with DNSSEC implementation; **Full**
336 **Consensus**
- 337 c) Technical waivers or “step ups” – allowing applicants to build their capabilities
338 rather than needing to demonstrate full capacity before applying (as
339 appropriate); **Full Consensus**
- 340 d) There were several recommendation that involve lower cost and/or shared
341 back end registry services:
- 342
- 343 i. There has been discussion within the group that in the case of
344 shared risk pools¹ of new gTLDs working with the same back-end
345 registry service providers, it would be possible to lower the costs
346 facing the new registry. It is a **Consensus** recommendation that
347 there be an effort to encourage and enable those applicants that
348 meet the criteria established for support to participate in such shared
349 risk pools.
- 350 ii. It is a **Consensus** recommendation that in the case of such shared
351 risk pools, certain required costs such as the financial Continued
352 Operations Instrument be lowered or eliminated entirely based on the

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.]

353 ability of such a shared pool to absorb the risk with minimal
354 incremental costs.
355 iii. There was **Consensus** that applicants who meet the conditions for
356 support should be encouraged to form such shared risk pools

357 **2.7 Exception to the rules requiring separation of the Registry and Registrar**
358 **function**

359 There was **Consensus** that in cases where market power is not an issue, applicants
360 who met the requirements for support would be granted a special exemption from
361 the requirement for registry-registrar separation. This special exemption could be
362 reviewed after 5 years. During the period of the exemption, the ICANN compliance
363 group would, at its discretion, review to insure that the exemption was not being
364 abused.

365
366 This recommendation takes into account the advice given by the GAC to the ICANN
367 Board on 23 September 2010.
368

... 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.

369

370 2.8 Applicants Entitled To Receive Support

371

372 Note: The definition of financial need and the method for determining the
373 financial need of an application has not been established by the WG and
374 is proposed as a work item in the next steps section (section 33) of this
375 document. Progress on this work item depends upon support from the
376 chartering organizations for the recommendations made in this report and
377 the addition of experts on establishing financial need to the group.

378

379 Key to making a support program work is the choice of initial support recipients. With
380 this in mind it is agreed that the initial focus should be on finding a relatively limited
381 identifiable set of potential applicants that would be non-controversial to support.

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

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

386 a) Community based applications such as cultural, linguistic and ethnic.

387 These potential applicants have the benefits of being relatively well
388 defined as groups. Facilitating community on the web is one of ICANN's
389 core values; **Full Consensus**

390 b) Non-governmental Organizations (NGOs), civil society and not-for-profit
391 organizations; **Full Consensus**

392 c) Applicants located in emerging markets/developing countries; **Full**
393 **Consensus**

394 d) Applications in languages whose presence on the web is limited; **Full**
395 **Consensus**

Comment [DK4]: Do we need to include that though the applications can be made by the applicant's agents. For the sake of support, the applicants themselves as legal entity should be considered?

AD: even if there are agents, i think the applicant is still the entity we care about.

Formatted: Bulleted + Level: 1 + Aligned at: 0.63" + Indent at: 0.88"

396 e) Local entrepreneurs, who otherwise meet other criteria in this section, in
397 those markets where market constraints make normal business
398 operations more difficult ~~would qualify for aid.~~ **Strong Support but**
399 **significant opposition**

400 ~~We are listing here the categories eligible for support (said in the line before a))~~

401 2.9 Applicants NOT Entitled To Receive Support

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

- 404 a) **Consensus** -in the group that should a "Brand TLD" category be defined
405 by a fututre applicant process, such "Brand TLDs" should be excluded
406 from support as they Brand gTLDs should not be included among those
407 entitled to receive support as they should be self-supporting companies
408 and thus ~~should not be~~ eligible for need based support. ~~Nevertheless, an~~
409 ~~exception could be made for those local applicants from countries where~~
410 ~~market constraints make normal business operations more difficult;~~
411 • There was a **Minority** view that an exception could be made for those
412 applicants from countries where market constraints make normal
413 business operations more difficult and who are proposing a name in an
414 IDN script not currently supported;

415 Consistent with 2.8.e

- 416 b) **Full Consensus** for the excluding applicants for Geographic names;
417 c) **Full Consensus** for excluding purely Governmental or para-statal
418 applicants (though applicants with some limited Government support
419 might be eligible for exception);
420 d) **Full Consensus** for excluding applicants whose business model does not
421 demonstrate sustainability.

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

Comment [SBT5]: I don't support in general the idea of Brand TLDs I think it is a wrong way to go. In addition here, if it is decided to support project from entrepreneurs (for profit organizations) I hope it will be for real community projects because there is no other way to do them.

424 2.10 Proposed Constraints on Aid

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

- 427 a) Self-Financing responsibility: The WG reached **Consensus** on the need
428 for self-financing responsibility on the part of any successful applicant for
429 financial assistance. No more than 50% of the reduced fee may be
430 provided by an ICANN organized development program. This is not
431 meant to limit the manner in which fundraising for the other 50% is done
432 by the applicant.
- 433 • There was a **Minority** view that the level should not be fixed at any
434 specific percentage.
- 435 b) Sunset period – **Full Consensus**: Support should have an agreed cut-
436 off/sunset point, perhaps 5 years, after which no further support would be
437 offered. This was recommended as another measure to promote
438 sustainability and as a way to help limited resources reach more
439 applicants.
- 440 c) Transparency – **Consensus**: Support requests and levels of grant should
441 be made public to encourage transparency.
- 442 • There was a **Minority** view that in certain cases the protection of
443 business plans might be harmed by too much transparency.
- 444 d) Limited Government support – **strong support but significant**
445 **opposition**: The receipt of limited support from government(s) should not
446 disqualify applicants from receiving gTLD support. However, the process
447 is not designed to subsidize government-led initiatives.
- 448 • There was **Strong support but significant opposition** on limiting
449 this exception to Community applicants
- 450 e) Repayment in success cases – **Full consensus**: In those cases where
451 supported gTLDs make revenue significantly above and beyond the level
452 of support received through this process, recipients would agree to re-

453 pay/rebate application subsidies into a revolving fund to support future
454 applications.
455

456 2.11 Relationship to New gTLD Applicant Guidebook

457 **Full Consensus:** The WG believes that these recommendations should not affect
458 the schedule of the New gTLD Applicant Guidebook, currently in its 4th version.
459 Rather it is a separate program that needs to be established in parallel with the
460 completion of the Application Guidebook. The Working Group recommends that
461 once the recommendations in this report are endorsed by the chartering
462 organizations and the Board, that text be added to the Application Guidebook
463 indicating that a support program will be announced before the start of the round and
464 that the conditions of that program will be defined separately in an annex to the DAG
465 To have the same weight of the DAG

466 3 Next Steps

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

476 I don't understand the meaning of this phrase in green

477 a) Establish the criteria for financial need and a method of demonstrating that
478 need. The established tasks of this WG in its charter included establishing
479 criteria for support. Financial need was established as the primary criterion

480 for support. The group was not convinced that the charter included the
481 more detailed task of defining financial need nor how this would be
482 established by an applicant. The group was convinced, however, that as
483 currently constituted it did not have the necessary expertise to make a
484 specific recommendation in this area, especially given the comparative
485 economic conditions and the cross-cultural aspects of this requirement. If
486 the chartering organizations and the Board endorse the recommendations
487 in this report, the WG requests that text be added to the next revision of
488 the Application Guidebook that states that a separate aid program,
489 including a fee reduction plan, will be initiated before the round opens, and
490 that the conditions of this program will be defined separately. The planning
491 work for this next effort is beginning as this milestone report is being
492 submitted and the Working Group requests that its charter be extended to
493 specifically include this task.

- 494 b) Definition of mechanisms, e.g. a review committee be established
495 operating under the set of guidelines established in this report and those
496 defined in the task (a) above, for determining whether an application for
497 special consideration is to be granted and what sort of help should be
498 offered;
- 499 c) Establishing relationships with any donor(s) who may be able to help in
500 first round with funding;
- 501 d) Establishing a framework for managing any auction income beyond costs
502 for future rounds and ongoing assistance;
- 503 e) Methods for coordinating the assistance, and discussions on the extent of
504 such coordination, to be given by Backend Registry Service Providers;
505 e.g. brokering the relationships, reviewing the operational quality of the
506 relationship.
- 507 f) Discuss and establish methods for coordinating any assistance
508 volunteered by providers (consultants, translators, technicians, etc.);

- 509 match services to qualified applicants; broker these relationships and
510 review the operational quality of the relationship.
- 511 g) Establish methods for coordinating cooperation among qualified
512 applicants, and assistance volunteered by third parties.
- 513 h) Begin the work of fundraising and establishing links to possible donor
514 agencies.
- 515 i) Review the basis of the US\$100,000 application base fee to determine its
516 full origin and to determine what percentage of that fee could be waived
517 for applicants.
- 518

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

528

529 **4 Frequently asked questions**

530 During the process of developing these recommendations, various questions have
531 been asked by the ICANN volunteer community, the ICANN staff and the ICANN
532 Board of directors. This section explores some of these frequently asked questions:
533

534 **4.1 Question: Why can't these applicants just wait until the next round**

535 **4.1.1 Answer:**

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

- 538
- 539 - Board resolution 2010.03.12.46-47 was quite clear on the need to ensure that
540 the current New gTLD Program should be inclusive. Much of the ICANN
541 community took hope from this decision and not to deliver on this first round
542 would disappoint the global community greatly.
543
 - 544 - With every round, the competitive disadvantage for the new gTLDs increases.
545 For ICANN to cause further disadvantage to those who already are at a
546 disadvantage due to its pricing considerations could be seen as an abrogation
547 of its responsibly to serve the global public interest and foster competition for
548 all.
549
 - 550 - The built-up demand for new gTLDs, especially IDN gTLD, is so great that
551 there is an expectation for many applications. There is a concern that without
552 some sort of assistance program, all of the most obvious names, including
553 IDNs, will be grabbed by wealthy investors, leaving little opportunity, especially
554 in developing regions, for local community institutions and developing country
555 entrepreneurs.
556
 - 557 - While there is every plan for a second round, and most of us believe that such
558 a round will occur, its timetable is at best uncertain. The round of 2001 was
559 supposed to be followed by new rounds, and though it now appears that it will
560 be, it took a decade for that to happen. Since it is impossible to give guarantees
561 of when there might be a future round, making those who cannot afford the
562 current elevated ICANN prices wait for an uncertain future is not seen as
563 equitable treatment.
564
 - 565 - New gTLD Policy Implementation Guideline N:

566

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

567 **4.2 Question: Running a registry is an expensive proposition, if an applicant**
568 **needs financial assistance for the application process how are we to**
569 **believe they can fund a registry?**

570 **4.2.1 Answer:**

571

572 The actual expense of running a registry depends on the capital and operating
573 expenses with a specific economy.. As the local operating expense for a applicants
574 location decreases, the relative burden ICANN's initial applications cost increases,
575 sometimes to the point of becoming an undue burden for those potential registries
576 from developing economies who would be able to run the Registry based on local
577 financial requirements.

578

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

584 **4.3 Question: The first round gTLD program is supposed to be self funding.**
585 **If these price reductions are granted to applicants with financial need,**
586 **what happens to the goal of a self funded program?**

587 **4.3.1 Answer:**

588

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

591

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.

Comment [SBT6]: Even reading 4 times, I am not sure of the meaning. Can we put it in more simple words. Sorry

AD: does the rewrite help any?

592

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

597 **4.4 Question: The solution is supposed to be sustainable, in what respect is**
598 **this solution sustainable?**

599 **4.4.1 Answer:**

600

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

608 **4.5 Question: How was the figure of US\$10,000,000 arrived at in section 2.3.1**
609 **a? Was this figure just pulled out of a hat?**

610 **4.5.1 Answer:**

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

613

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

615

- 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.

616

617

618

619 5% of the expected 200 applicants, this would amount to needing
620 approximately US\$1,000,000 in the fund. If 5% of 500 applicants,
621 i.e. 25 applicants, need financial support it would be approximately
622 US\$2,500,000. If the ratio of those needing aid is higher than 5% of
623 the applicants, the figure goes up.

- 624 • Translation of all materials into the 6 UN languages and assisting
625 with applications working in the languages, would occupy 6 full time
626 equivalent skilled translators for approximately a year. Taking a
627 low estimation of the cost of such a skilled translator at \$100,000
628 USD/yr with the assumption of 100% overhead cost, the cost for
629 translation assistance becomes approximately \$1,200,000 USD/yr.
- 630 • Assuming 1 person to administer the program and 1 person to
631 coordinate the work, and assuming they get the same average
632 salary of \$100,000 USD/yr at 100% overhead, another \$400,000
633 USD/yr is added to this approximate budget.

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

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

646 Given these assumptions, and returning to the idea that this was a goal for a
647 program that is meant to help those from development regions as well as

Comment [SBT7]: reduced?

648 others who meet the defined requirements for support, a multiplier of 2-4 on
649 the basic \$2.6 to \$4.1 Million figure for financial aid, translation and
650 administration, the figured on \$10,000,000 USD as a fundraising goal for such
651 a program is, while an estimation, a rounded figure of the proper order of
652 magnitude.

653
654
655

Final Draft Candidate

656 **5 Annex A – JAS WG Charter**

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

659

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

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

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

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

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

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

686

687 **Operating procedures for the Working Group**

688 The Working Group will operate according to the interim working group guidelines
689 set out in the [Draft Working guidelines of 5 Feb 2010](#).

690

691 **Milestones**

692

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

6 Annex B – Relevant Resolutions

1. ICANN Board Resolution #20 – Nairobi ICANN Meeting

See: <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.

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

See: <http://gnso.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.

7 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

Final Draft Candidate