

1 **2. Objectives and Background**

2 **2.1 Objectives**

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

8 **2.2 Process Background**

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

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

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

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

24

25 **3. Recommendations from the Working Group**

26 Unless otherwise indicated, the WG reached consensus on the following
27 recommendations.

28 **3.1 Recommendations on cost reductions**

29 The Working Group recommends that the following fee reductions be made
30 available to all applicants who are determined as meeting the need criteria
31 established for financial support:

- 32 • Waive the cost of Program Development (US\$26,000)
- 33 • Payment of the fees incrementally (perhaps following the refund schedule in
34 reverse)
- 35 • Eliminate contingency fee of \$60,000
- 36 • Decrement the \$100,000 fee so as not to make new gTLD applicants who
37 meet the need criteria pay fee based on the expenses of the previous round.
38 Without a full analysis of what went into calculating these cost it is difficult to
39 estimate what percentage of these fees should be eliminated for qualifying
40 applicants.

41 Further, the WG recommends that all applicants who are determined as meeting the
42 need criteria established for financial support receive the following consideration:

- 43 • Qualified applicants receive a partial refund from any auction proceeds,
44 should any become available.
- 45 • Lower the Registry fixed fees due to ICANN. In lieu of the Registry-Level
46 fixed fee of US\$25,000 per calendar year, only charge the Registry-Level
47 Transaction Fee per initial or renewal domain name registration.

48 **3.2 Recommendations regarding Sponsorship/ Fundraising**

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

- 51 • Distributed by an ICANN originated fund
52 It was uncertain what sort of funding might be arranged through ICANN,
53 especially for this first round, though the group recommends that a
54 fundraising effort be established. For any funding provided through
55 ICANN by a benefactor that does not wish to administer that funding
56 itself, these funds would be allocated by a specially dedicated

57 committee, only to those who meet the need conditions established for
58 the program. Additionally, if there was not enough funding to distribute
59 to all applicants for financial support, that funding would be distributed
60 without regard to geographic location but with a priority given to linguistic
61 community applicants applying for IDN strings.

62 • From external funding agencies
63 External funding agencies would make grants according to their own
64 requirements and goals. ICANN would only provide applicant information
65 to external funding agencies that met need conditions established by the
66 program.

67 TLD applicants would be free to approach external funding agencies on their own
68 initiative without affecting their applications for financial or other assistance under
69 this program.

- 70 • The Working Group recommends that ICANN begin a search for a
71 development director with an initial goal of securing commitments for
72 \$10,000,000 for an ICANN based development fund.
- 73 • There was some support in the Working Group for recommending that
74 ICANN put in place the means for existing registrants to contribute to the
75 development program through registrar-to-registry contribution pass-
76 through, and enable non-registrant small donors to contribute to the
77 development program, and concurrent with the execution of the
78 development message to the donor communities, that the development
79 message also be delivered to the registrant, and non-registrant user
80 communities through earned and paid media.
- 81 • The Working Groups recommend working with well know development
82 funding agencies to set up funding programs for gTLD for less
83 developed region applicants who meet the needs based criteria.

Avri Doria 13/9/10 08:16

Comment: (is this a voluntary program? If not it might run counter to Implementation guideline A)

84 3.3. Recommendations regarding non-cost considerations

85 The members of the working group recommended that a program be initiated to
86 enable the following types of aid to be provided to all applicants, especially those
87 meeting the need conditions:

- 88 • Logistical support in the application process
- 89 • Technical support for applicants in operating or qualifying to operate a
90 gTLD
- 91 • There was no consensus but some support for a recommendation that if
92 the Vertical Integration working group recommends waivers of the rules
93 against Vertical Integration for some types of new gTLD, that those
94 applicants who qualify for the need based assistance also qualify for the
95 Vertical Integration exemption.

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Comment: I am not sure what degree of consensus we have on this yet

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Comment:

96 3.4 Which applicants would be entitled to special support

97 The [*main, sole*] criterion for eligibility is financial need. The definition of financial
98 need and the method for determining the needs of an application has not been
99 established by the Working Group at this time.

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101 Among the types of applicant that are to be included in support, once financial [*or*
102 *other need*] need has been established are:

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- 103 • Community-based applications such as cultural, linguistic and ethnic;
- 104 • Non-governmental Organizations (NGOs), civil society and not-for-profit
105 organizations;
- 106 • Applicants geographically located in emerging markets/developing
107 countries;
- 108 • Applications in languages whose presence on the web is limited;
- 109 • Entrepreneurs wanting to serve a developing market that might not be
110 sustainable under the current cost structure.

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

- 113 • Brands/groups that should be self-supporting companies *[(except those*
114 *from countries where markets are not wide enough for a reasonable*
115 *profit making industry)]*;
- 116 • Geographic names;
- 117 • Purely Government/para-state applicants (though applicants with some
118 Government support might be eligible);
- 119 • Applicants whose business model does not demonstrate sustainability.

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120 3.5 Defined constraints on aid

- 121 • On financial aid, no more than 50% of the financial aid for the reduced
122 fee can be provided by an ICANN organized development fund. This is
123 not meant to limit the manner in which fund raising for the other 50% is
124 done and can include grant and aid from non ICANN related sources.
- 125 • Support should have an agreed cut-off/sunset point, e.g 5 years, after
126 which no further support would be offered.
- 127 • Support requests and levels should be made public to encourage
128 transparency.
- 129 • The receipt of some support from government(s) should not disqualify a
130 *[community]* applicant from receiving gTLD support. However, the
131 process is not designed to subsidize government-led initiatives.
- 132 • In cases where supported gTLDs make *revenue* significantly above and
133 beyond *[the level support received through this process, costs]*,
134 recipients would agree to re-pay/rebate application subsidies into a
135 revolving fund to support future applications.

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137 **3.6 Relationship to the Application guide**

138 These recommendations should not affect the content of the Application Guide.
139 Rather it is a separate program that needs to be established in parallel with the
140 completion of the Application Guide Book.

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141 **3.7 Support for Bundling**

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143 Note: There is an ongoing discussion within the Working
144 Group as to whether this is in scope with the charter of
145 the group. As that discussion has not yet been finalized,
146 the issue is included here for information purposes.

147
148 Based on recommendations within the group and from the comments there was no
149 consensus but *two proposals for bundling* to support minority language applicants.

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Comment: I am not sure what degree of consensus we have on this yet

150 *In one option, this recommendation would not be dependent on need, though*
151 *applicants who did meet the need criteria would also be eligible for these benefits. In*
152 *the second option, the support is for the case where an applicant who meets the*
153 *need conditions discussion in section 3.4 cannot, without harm to their community,*
154 *exclude additional local languages or scripts in the application.*

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156 *The two proposals for bundling are discussed below. I;*

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158 *Option A*

159 In the case of applicants *who are applying for one IDN gTLD, [a second IDN gTLD,*
160 *further IDN gTLDs]* would receive a discount application fee (from the full price for
161 those who don't qualify for the need based criteria *or the reduced price from those*
162 *who do qualify for need based reduction) on the following basis:*

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Comment: Not sure if the proposal was only for one more. several more. many more.

- 163 • For scripts with 1-10 million native users, a 60% discount from the gTLD
164 application fee

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- For scripts with 10-50 million native users, a 40% discount from the gTLD application fee.
 - For scripts with 50-100 million native users, a 20% discount from the gTLD application fee
 - No discount is recommended for scripts with more than 100 million users, as they are considered large enough to constitute a strong market in the near term and thus support would be better focused on script groups that need it most.

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173 *Option B*

174 If and applicant meets the criteria as defined in section 3.4 and needs resources for

175 two or more strings, then for the purposes of application fee calculation, the two or

176 more strings shall be considered as a [single resource, application].

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178 The Working Group advises applicants that there is, at present, no mechanism to

179 completely and transparently deliver single administrative costs over two or more

180 namespaces through CNAME, DNAME, or other means, and that service delivery to

181 multiple namespaces is likely to have higher administrative costs than service

182 delivery to a single namespace.

183

184 The Working Group advises that the intent of the Working Group is not to replace or

185 create an alternative to any policy generally available for "variant characters" within a

186 single script.

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188 **4. Next Steps**

The next step in the Working Group is for us to finish the consensus discussion, finalize the final report and the comment response report and submit it to the chartering organizations.

After this report is completed, the following work items need to be taken up. Most of these items require both policy and implementation input and it is recommended that a join team of Staff and SOAC members be created.

- Establish the criteria for financial need and a method of demonstrating that need.
- 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.
- Establish methods for coordinating cooperation among qualified applicants, and assistance volunteered by third parties.
- Begin the work of fund raising and establishing links to possible donor agencies
- Review the basis of the \$ 100,000 application base fee to determine its full origin and to determine what percentage of that fee should be waved for applicant