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

**PUBLICATION DATE:** September, 2010

**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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## 39 1. Executive Summary

### 40 1.1 Background

- 41 • An ICANN Board Resolution during the ICANN Meeting in Nairobi recognized the  
42 importance of an inclusive New gTLD Program and requested stakeholders "to  
43 *develop a sustainable approach to providing support to applicants requiring*  
44 *assistance in applying for and operating new gTLDs."* See resolution here:  
45 <http://www.icann.org/en/minutes/resolutions-12mar10-en.htm#20>.
- 46 • In direct response to this Board Resolution, the GNSO Council proposed a Joint  
47 SO/AC Working Group, composed by members of ICANN's Supporting Organizations  
48 (SOs) and Advisory Committees (ACs), to look into applicant support for new gTLDs.
- 49 • The Working Group (WG), also known as the **JAS WG**, was formed in late April 2010  
50 and decided early on to work in two parallel Working Teams:
  - 51 ○ Working Team 1 (WT1) focusing on application fee aspects;
  - 52 ○ Working Team 2 (WT2) addressing issues regarding which applicants would  
53 be entitled to special support and of what nature the support could be.
- 54 • The WG consulted the Community as follows:
  - 55 ○ On June 14, posted a blog entitled "*Call for Input: Support for New gTLD*  
56 *Applicants*" (<http://blog.icann.org/2010/06/call-for-input-support-for-new-gtld-applicants/>)
  - 57 ○ On June 16, posted its preliminary findings for Public Comment – "*Joint*  
58 *SO/AC Working Group on New gTLD Applicant Support Snapshot*"  
59 (<http://www.icann.org/en/public-comment/#wg-snapshot>). The document  
60 was available in 6 languages. The public forum closed on 23 August, 2010.  
61

- 62           ○ On June 23, during the ICANN Brussels meeting held a public workshop  
63           *“Reducing Barriers to New gTLD Creation in Developing Regions”*  
64           (<http://brussels38.icann.org/node/12503>).
- 65           • For more background information, see Annexes A to C.

66

## 67 **1.2 Recommendations from the Working Group**

68 **tbd**

## 69 **1.3 Conclusions and Next Steps**

70 **tbd**

# 71 **2. Objectives and Background**

## 72 **2.1 Objectives**

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

## 77 **2.2 Process Background**

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

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

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

85

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

91

## 92 **2.3 Issue Background**

93 **Fee considerations**

94 **TBC**

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

96 **TBC**

97

## 98 3. The Working Group's Recommendations

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

100 The WG decided early on to work in two parallel Working Teams:

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

104 Below are the current findings of these two Working Teams.

105 The product of these two Working Teams was combined to produce a snapshot that was  
106 posted for public comment. Working as a single team, the WG members then reviewed and  
107 discussed updates to the recommendations based on the comments received from the  
108 public comment period and during the workshop held at the Brussels ICANN meeting.

### 109 3.1 Fee Considerations

110

#### 111 3.1.1 Background

112 Originally WT1 was tasked with meeting the Working Group's Charter Objective 2:

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

#### 116 3.1.2 Process

117 WT1 examined how the application fee has been constructed and explained/justified in the  
118 cost consideration documents [\(1\)](#) and the Draft Applicant Guidebook, version 4 in order to  
119 determine if there is any potential for requesting the fees be revisited for applicants that  
120 meet the established criteria. The WT1 suggests several options for financial support of  
121 applicants. The first two proposals appear to have consensus; the remaining proposals are  
122 still under discussion.

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

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

### 127 3.1.3 Proposals

128 The following suggestions have been formulated in regard to Fee Consideration:

- 129 1. Waive the cost of Program Development (US\$26,000) for selected entities  
130 qualifying for financial assistance. The document “New gTLD Program Explanatory  
131 Memorandum New gTLD Budget” [http://www.icann.org/en/topics/new-gtlds/new-](http://www.icann.org/en/topics/new-gtlds/new-gtld-budget-28may10-en.pdf)  
132 [gtld-budget-28may10-en.pdf](http://www.icann.org/en/topics/new-gtlds/new-gtld-budget-28may10-en.pdf) (2), indicates an expected Net profit of US\$184,600 for  
133 the new gTLD program. This profit could fully or partially offset the loss of waiving  
134 the US\$26,000 program development costs for several applicants. We expect  
135 relatively few applicants (relative to the total number applying) to meet the criteria  
136 for assistance, so the financial burden of waiving these fees should be reasonable.
- 137 2. Staggered Fees. Instead of paying the entire fee upon acceptance of the  
138 applications, applicants meeting the criteria established for support could pay the  
139 fees incrementally (perhaps following the refund schedule in reverse). Allowing an  
140 applicant to have a staggered fee payment schedule gives the applicant more time  
141 to raise money, and investors will be more likely to back an application that passes  
142 the initial evaluation. Staggered fees enable an applicant to compete for strings that  
143 might otherwise have gone to the first and/or only group with enough money to  
144 apply. If the applicant does not proceed through the entire process, they are not  
145 "costing" ICANN the full projected amount, therefore cost recovery remains intact.
- 146 3. Auction Proceeds. Qualified applicants receive a partial refund from any auction  
147 proceeds (3)—for which they can repay any loans or invest into their registry, or  
148 the auction proceeds could be used to refill the disadvantaged applicant’s  
149 foundation fund for subsequent rounds.

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

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

161 6. The Fixed/Variable cost of US\$100,000 is based on a total cost of a previous round  
162 of applications and might not be relevant to the new gTLD applicants and this costs  
163 should be reduced for applicants that meet the criteria established by the WG.

164 WT1 is working with WT2 on identifying sources of funding for subsidizing the fees for  
165 qualified applicants.

166 The WG suggests that an independent foundation be established, outside of ICANN  
167 structures, to assist applicants with funding.

## 168 **3.2 Who Should Get Support and What Types of Support Should Be** 169 **Available**

### 171 **3.2.1 Who should receive support?**

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



175 The main criterion for eligibility should be need. An applicant would not be selected for  
176 support unless the need criterion is met.

177 Based on these criteria, and per review of the comments, the WG recommends the  
178 following:

179 a. Community based applications such as cultural, linguistic and ethnic. These  
180 potential applicants have the benefits of being relatively well defined as groups.  
181 Facilitating community on the web is one of ICANN's core values;

182 b. Non-governmental Organizations (NGOs), civil society and not-for-profit  
183 organizations;

184 c. Applicants geographically located in emerging markets/developing countries;  
185 [[least developed, developing] [nations, regions]]

186 d. Applications in languages whose presence on the web is limited;

187 e. Entrepreneurs in those too tight markets for a reasonable profit making industry.  
188

189 f. A series of groups are not recommended for support based on our work, specifically:

- 190 • Applicants that do not need the support/have ample financing;
- 191 • Applicants that are brands/groups that should be self-supporting companies  
192 (except those from countries where markets are not wide enough for a  
193 reasonable profit making industry);
- 194 • Applicants that are geographic names;
- 195 • Purely Government/parastatal applicants (though applicants with some  
196 Government support might be eligible);
- 197 • Applicants whose business model does not demonstrate sustainability.  
198

### 199 3.2.2 What kinds of support might be offered?

200 The WG recommends a number of different kinds of support that could be valuable for  
201 potential applicants, support which falls relatively neatly into three categories:

Comment [U1]: Needs further review

202 **a. Logistical, outreach and fee support in the application process**

- 203 • Translation of relevant documents – a major concern noted by non-English  
204 speaking group members, who noted the extra time and effort needed to work  
205 in English;
- 206 • Logistical and technical help with the application process – including legal  
207 and filing support that are expensive and in short supply in most emerging  
208 markets nations;
- 209 • Awareness/outreach efforts – to make more people in underserved markets are  
210 aware of the gTLD process and what they can do to participate in the gTLD  
211 process;
- 212 • Fee reduction/subsidization and/or some sort of phased-in payment for  
213 deserving applicants – this discussion builds off of the work of WT1, and includes  
214 two key ideas:
- 215 ○ That deserving applicants might receive some reduced pricing in general;
  - 216 ○ That some sort of phasing for payment might be appropriate, enabling  
217 selected applicants to effectively “pay as they go” for the application  
218 process rather than having all funds assembled up front.

219 **b. Technical support for applicants in operating or qualifying to operate a gTLD**

- 221 • Infrastructure – providing IPv6 compatible hardware and networks as needed;
- 222 • Education/consulting – to help with DNSSEC implementation;
- 223 • Possible technical waivers or “step ups” – allowing applicants to build their  
224 capabilities rather than needing to demonstrate full capacity before applying (as  
225 appropriate);
- 226 • Lower cost and/or shared back end registry services.

227 **c. Support for build-out in underserved languages and IDNs for new gTLDs**

228

- 229
- Price discounts to incentivize build-out in scripts with a limited presence on the
- 230 web;
- Bundled pricing to promote build out in multiple scripts – incentivizing an
- 231 expansion of IDN content as new gTLDs are launched by encouraging applicants
- 232 to build out in numerous scripts at once;
- 233
- Clear tests to prevent gaming and ensure that support reaches its targets.
- 234

### 235 3.3 Other Recommendations

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

238 a. Self-Financing responsibility – ICANN/community support should comprise not  
239 more than 50% of the total cost of an application. The WG saw this as a good way to  
240 encourage accountability and sustainability.]

Comment [U2]: Needs further review

241 b. Sunset period – Support should have an agreed cut-off/sunset point, perhaps 5  
242 years, after which no further support would be offered. This was recommended as  
243 another measure to promote sustainability and as a way to help limited resources  
244 reach more applicants.

245 c. Transparency – Support requests and levels should be made public to encourage  
246 transparency.

247 e. Limited Government support – The receipt of some support from government(s)  
248 should not disqualify a community applicant from receiving gTLD support. However,  
249 the process is not designed to subsidize government-led initiatives.

250 f. Repayment in success cases – In cases where supported gTLDs make money  
251 significantly above and beyond the level support received through this process,  
252 recipients would agree to re-pay/rebate application subsidies into a revolving fund  
253 to support future applications.

254

## 255 4. Next Steps

256 Several work items are proposed as part of the set of recommendations made. Due to the  
257 time constrains, and the interest in getting GNSO Council, ALAC and Board's feedback, the  
258 following work items are proposed for further discussion by the current Join SO/AC new  
259 gTLD Applicant Support WG or another group.

- 260 • Definition of mechanisms, e.g. a review committee operating under a set of guidelines,  
261 for determining whether an application for special consideration is to be granted such  
262 and what sort of help should be offered;
- 263 • Establishing relationship with any donor(s) who may be able to help in first round with  
264 funding;
- 265 • Establishing framework for managing any auction proceeds for future rounds and  
266 ongoing assistance;
- 267 • Methods for coordinating the assistance, and discussion on the extent of such  
268 coordination, to be given by Backend Registry Service Providers; e.g. brokering the  
269 relationships, reviewing the operational quality of the relationship.

Comment [U3]: Needs further review

Comment [U4]: Needs further review

270

## 271 **Annex A – JAS WG Charter**

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

273

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

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

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

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

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

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

299

### 300 **Operating procedures for the Working Group**

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

303

### 304 **Milestones**

305

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” <a href="http://brussels38.icann.org/node/12503">http://brussels38.icann.org/node/12503</a>
10 July - <input type="checkbox"/> September	Weekly conference calls resumed, development of final recommendation based on public comments received
<input type="checkbox"/> September	Final recommendation posted for Board and Community consideration

## Annex B – Relevant Resolutions

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

See: <http://www.icann.org/en/minutes/resolutions-12mar10-en.htm#20>

#### 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://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.



## Annex C - List of Addenda in Companion Document

1. Working Group Members, Affiliations, Statements of Interest (SOI) and Attendance
2. Transcript - Brussels Meeting Workshop Session
3. Public Comment *Summary and Analysis*, including African Statement

Draft