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Draft Final Report

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JAS WG - Joint SO/AC New gTLD Applicant Support

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Working Group

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STATUS OF THIS DOCUMENT

12 This is the Final Report from the Joint SO/AC New gTLD Applicant Support Working Group, submitted for

13 consideration by the ICANN Board of Directors and the wider community.

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SUMMARY

21 This report is produced in response to an ICANN Board Resolution in Nairobi, inviting the community "to

22 develop a sustainable approach to providing support to applicants requiring assistance in applying for and

23 operating new gTLDs."

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26   **Table of Contents**

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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

67   ▪   TBC

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72 ## 2.   Objectives and Background

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74 **2.1   Objectives**

75 The objectives for the work were derived from the Nairobi Board Resolution #20, as

76 further detailed by the GNSO Council resolution to launch a joint SO/AC Working

77 Group, and by the WG itself in a proposed Charter, subsequently addressed in

78 Resolutions by the GNSO Council and the ALAC. See Annex A for the Charter and

79 Annex B for the relevant resolutions.

80

81 **2.2   Process Background**

82 The JAS WG started its deliberations on April 2010 where it was decided to continue

83 the work primarily through weekly conference calls, in addition to e-mail exchanges

84 and the establishment of a Wiki for the WG. The Working Group drafted a Charter

85 that was finalized and put to the chartering organizations GNSO and ALAC for

86 approval. The WG further decided to split in two working teams, WT1 and WT2, to

87 address separate issues.

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

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

90

91 After receiving the comments from the community comment period, the Working

92 Group resumed its work. While separate teams would occasionally work on specific

93 text recommendations, the Working Group worked as a whole on discussing and

94 resolving the comments and on making any changes to the recommendations.

95 Work was also done to expand the explanations of some of the recommendations

96 that had not been sufficiently explained.

97 **2.3   Issue Background**

98   **Fee considerations**

99   TBC

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

101   TBC

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104   3.   The Working Group's Recommendations

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

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

110   The product of these two work teams was combined to produce a snapshot that was
111   posted for public comment. Working as a single team, the working group members
112   then reviewed and discussed updates to the recommendations based on the
113   comments received from the public comment period and during the workshop held at
114   the Brussels ICANN meeting.

115   **Fee Considerations**
116   ▪   TBC

117   **Background**
118   Originally Working Team 1 (WT1) was tasked with meeting the Working Group's
119   Charter Objective 2: To identify how the application fee can be reduced and/or
120   subsidized to accommodate applicants that fulfill appropriate criteria to qualify for
121   this benefit, in keeping with the principle of cost recovery of the application process
122   costs.

123   **Process**
124   WT1 examined how the application fee has been constructed and explained/justified
125   in the cost consideration documents (1) and the Draft Applicant Guidebook, version
126   4 in order to determine if there is any potential for requesting the fees be revisited for
127   applicants that meet the established criteria. The WT1 suggests several options for
128   financial support of applicants. The first two proposals appear to have consensus;
129   the remaining proposals are still under discussion.

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

131   1. New gTLD Program Development Costs US$26,000

132   2. Fixed and variable Application evaluation costs - Predictable US$100,000

133   3. Risk/Contingency costs US$60,000

134   **Proposals**

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

136   1. Waive the cost of Program Development (US$26,000) for selected entities

137   qualifying for financial assistance. The document New gTLD Program Explanatory

138   Memorandum New gTLD Budget (2) indicates an expected Net profit of US$184,600

139   for the new gTLD program. This profit could fully or partially offset the loss of waiving

140   the US$26,000 program development costs for several applicants. We expect

141   relatively few applicants (relative to the total number applying) to meet the criteria for

142   assistance, so the financial burden of waiving these fees should be reasonable.

143   2. Staggered Fees. Instead of paying the entire fee upon acceptance of the

144   applications, applicants meeting the criteria established for support could pay the

145   fees incrementally (perhaps following the refund schedule in reverse). Allowing an

146   applicant to have a staggered fee payment schedule gives the applicant more time

147   to raise money, and investors will be more likely to back an application that passes

148   the initial evaluation. Staggered fees enable an applicant to compete for strings that

149   might otherwise have gone to the first and/or only group with enough money to

150   apply. If the applicant does not proceed through the entire process, they are not

151   "costing" ICANN the full projected amount, therefore cost recovery remains intact.

152   3. Auction Proceeds. Qualified applicants receive a partial refund from any auction

153   proceeds (3) —for which they can repay any loans or invest into their registry, or the

154   auction proceeds could be used to refill the disadvantaged applicant's foundation

155   fund for subsequent rounds.

156   4. Lower the Registry fixed fees due to ICANN. In lieu of the Registry-Level fixed fee

157   of US$25,000 per calendar year (4), instead only charge the Registry-Level

158   Transaction Fee per initial or renewal domain name registration to a fee comparable

159   to a minimum used for other gTLDs. An annual fee of US$25,000 to ICANN is a

160   barrier to sustainability for an applicant representing a small community. If a

161   minimum is absolutely required, then lower this fee to 30% for qualified applicants.

162   5. Reconsider the Risk/Contingency cost per applicant (US$60,000). The WT

163   questions if ICANN really expects a total of US$30,000,000 (US$60,000 x 500

164   applications) in unknown costs to surface. This fee should be eliminated for

165   applicants that meet the criteria established by the WG. If elimination is not possible,

166   then it should be drastically reduced..

167   6. The Fixed/Variable cost of US$100,000 is based on a total cost of a previous

168   round of applications and might not be relevant to the new gtld applicants and this

169   costs should be reduced for applicants that meet the criteria established by the WG.

170   WT1 is working with WT2 on identifying sources of funding for subsidizing the fees

171   for qualified applicants. The WG suggests that an independent foundation be

172   established, outside of ICANN structures, to assist applicants with funding.

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

174   **1. Who should receive support?**

175   •   Key to making a support program work is the choice of initial support

176   recipients. With this in mind it is agreed that the initial focus should be on

177   finding a relatively limited identifiable set of potential applicants that would be

178   not controversial to support. The main criteria for eligibility should be need. An

179   applicant would not be selected for support unless the need criteria is met.

180   Based on these criteria, and per review of the comments, the WG

181   recommends the following: Community based applications such as cultural,

182   linguistic and ethnic. These potential applicants have the benefits of being

183   relatively well defined as groups. Facilitating community on the web is one of

184   ICANN's core values.

185

- 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.

- 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.

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

  o Applicants that don't need the support/have ample financing;

  o Applicants that are brands/groups that should be self-supporting companies;

  o Applicants that are geographic names (such as .Paris and others);

  o Purely Government/parastatal applicants (though applicants with some Government support might be eligible);

  o 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

210   Logistical and technical help with the application process – including legal and filing

211   support that are expensive and in short supply in most Emerging Markets nations

212   Awareness/outreach efforts – to make more people in underserved markets are

213   aware of the gTLD process and what they can do to participate in the gTLD process

214   Fee reduction/subsidization and/or some sort of phased-in payment for deserving

215   applicants – this discussion builds off of the work of Working Team 1, and includes

216   two key ideas:

217   That deserving applicants might receive some reduced pricing in general

218   That some sort of phasing for payment might be appropriate, enabling selected

219   applicants to effectively "pay as they go" for the application process rather than

220   having all funds assembled up front

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

222   Infrastructure – providing IPv6 compatible hardware and networks as needed

223   Education/consulting – to help with DNSSEC implementation

224   Possible technical waivers or "step ups" – allowing applicants to build their

225   capabilities rather than needing to demonstrate full capacity before applying (as

226   appropriate)

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

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

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

230   Bundled pricing to promote build out in multiple scripts – incentivizing an expansion

231   of IDN content as new gTLDs are launched by encouraging applicants to build out in

232   numerous scripts at once

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

234   Agree with the idea of Working Team 2 to offer some kind of "Support for Build-out in

235   Underserved Languages and IDNs for new gTLDs" – bundling applications with

236 lower fees for extra languages. ...there may not be so many IDN applications unless

237 ICANN offers incentives or discounted fees on bundled applications that include

238 non-Latin IDNs.

239   •

240 **Other recommendations?**

241 The Working Group also agreed on a series of "principles" that are recommend to

242 guide the community as the support process is finalized, namely:

243 a. Self-Financing responsibility – ICANN/community support should comprise not

244 more than 50% of the total cost of an application. The WG saw this as a good way to

245 encourage accountability and sustainability.

246 b. Sunset period – Support should have an agreed cut-off/sunset point, perhaps 5

247 years, after which no further support would be offered. This was recommended as

248 another measure to promote sustainability and as a way to help limited resources

249 reach more applicants.

250 c. Transparency – Support requests and levels should be made public to encourage

251 transparency.

252 d. Applicant form is not limited – While many groups receiving support would be

253 NGOs, applicants would need to be non-profits. Some might start as non-profits but

254 morph into hybrids or for-profits and others might be appropriate for-profit or hybrid

255 applicants.

256 e. Limited Government support – The receipt of some support from government(s)

257 should not disqualify a community applicant from receiving gTLD support. However,

258 the process is not designed to subsidize government-led initiatives.

259 f. Repayment in success cases – In cases where supported gTLDs make money

260 significantly above and beyond the level support received through this process,

261 recipients would agree to re-pay/rebate application subsidies into a revolving fund to

262 support future applications.

263 **Additional Questions and Possible Responses:**

264 Q: Can we offer standardized plans of support? A: This will become clear over time,

265 but standardizing packages of support should help reduce support costs.

266 Q: Is there a minimum number of people in a community needed to create "critical

267 mass" for viability? A: There was extensive discussion around this, but no

268 consensus. It is hoped that new business models will emerge specifically for work

269 with smaller

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274 ## 4.   Next Steps

275   Several work items were proposed as part of the set of recommendations that were

276   made. Due to the constraints of time, and the need to get GNSO Council and Board

277   feedback on the proposals before proceeding on these works item, they are

278   proposed for discussion as either extensions to the Join SO/AC new gTLD support

279   WG charter work items for another group.

280

281   1. Definition of mechanisms, e.g. an external review committee operating under a

282   set of guidelines, for determining whether an application for special consideration is

283   to be granted such and what sort of help should be offered

284   2. Establishing relationship with any donor(s) who may be able to help in first round

285   with funding

286   3. Establishing framework for managing any auction proceeds for future rounds and

287   ongoing assistance

288   4. Methods for coordinating the assistance, and discussion on the extent of such

289   coordination, to be given by the ISP; e.g. brokering the relationships, reviewing the

290   operational quality of the relationship.

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292

293   Annex A – JAS WG Charter

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

295   **Preamble:** The Joint SO/AC Working Group on New gTLD Applicant Support shall evaluate and

296   propose recommendations regarding specific support to new gTLD applicants in justified cases. The

297   working group expects to identify suitable criteria for provision of such support, to identify suitable

298   support forms and to identify potential providers of such support. However, there is no presumption

299   that the outcome will imply any particular governing structure. Accordingly, if the recommendations

300   indicate that the preferred solutions are of a voluntary nature, the criteria and other provisions

301   arrived at in line with the objectives below will solely serve as advice to the parties concerned. The

302   objectives are not listed in any priority order. An overall consideration is that the outcomes of the

303   WG should not lead to delays of the New gTLD process.

304   **Objective 1**: To identify suitable criteria that new gTLD applicants must fulfill to qualify for dedicated

305   support. The criteria may be different for different types of support identified in line with Objective

306   2 and 3 below.

307   **Objective 2**: To identify how the application fee can be reduced and/or subsidized to accommodate

308   applicants that fulfill appropriate criteria to qualify for this benefit, in keeping with the principle of

309   full cost recovery of the application process costs.

310   **Objective 3**: To identify what kinds of support (e.g. technical assistance, organizational assistance,

311   financial assistance, fee reduction) and support timelines (e.g. support for the application period

312   only, continuous support) are appropriate for new gTLD applicants fulfilling identified criteria.

313   **Objective 4**: To identify potential providers of the identified kinds of support as well as appropriate

314   mechanisms to enable support provisioning.

315   **Objective 5**: To identify conditions and mechanisms required to minimize the risk of inappropriate

316   access to support. Agreed within WG, pending GNSO Council and ALAC adoption)

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318   **Operating procedures for the Working Group**

319   The Working Group will operate according to the interim working group guidelines set out in the

320   Draft Working guidelines of 5 Feb 2010.

321

322   **Milestones**

323

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://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.

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

Including i.a.:

- List and affiliation of WG Memers

- Particpation of WG members

- Comment Summary, including WG discussion and resolution

- Compendium of all comment received including:

  o Brussels Face to Face Session transcript

  o Full comment dump

  o African statement

  o

- Minority reports if any (these would also have a foot note reference in the body of the main document)

- tbd