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Draft ~~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 reporting 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.

24 **Table of Contents**

25 **1 Background 3**

26 1.1 Objectives and Process 4

27 1.2 Standards of agreement in the Working Group..... 5

28 1.3 Records and Archives 6

29 **2 The Recommendations..... 7**

30 2.1 Kinds of support that should be offered 7

31 2.2 Cost Reductions..... 7

32 2.3 Sponsorship/ Fundraising 10

33 2.4 Modifications to the Financial Continued Operation Instrument Obligation 12

34 2.5 Logistical Support..... 12

35 2.6 Technical support for applicants in operating or qualifying to operate a gTLD

36 13

37 2.7 Exception to the rules requiring separation of the Registry and Registrar

38 function 14

39 2.8 Applicants Entitled To Receive Support..... 15

40 2.9 Applicants NOT Entitled To Receive Support 16

41 2.10 Proposed Constraints on Aid..... 17

42 2.11 Relationship to New gTLD Applicant Guidebook..... 18

43 **3 Next Steps ~~19~~18**

44 **4 Frequently asked questions ~~21~~20**

45 4.1 Question: Why can't these applicants just wait until the next round 21

46 4.2 Question: Running a registry is an expensive proposition, if an applicant

47 needs financial assistance for the application process how are we to believe they

48 can fund a registry? 22

49 4.3 Question: The first round gTLD program is supposed to be self funding. If

50 these price reductions are granted to applicants with financial need, what happens

51 to the goal of a self funded program? ~~23~~22

52 4.4 Question: The solution is supposed to be sustainable, in what respect is this

53 solution sustainable? 23

54 **4.5 Question: What reasons are there for decreasing the 3 years Continued**
55 **Operations Instrument as defined in Specification 8 of the Draft Registry**
56 **Agreement?.....2423**
57 **4.6 Question: tbd.....2423**
58 **5 Annex A – JAS WG Charter2625**
59 **6 Annex B – Relevant Resolutions2827**
60 **7 Annex C - List of Addenda in Companion Document.....3029**
61 **8.....3029**

62 **1 Background**

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

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

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

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

- 80 • Cost reduction (evaluation and registry fee modifications);
81 • Sponsorship and fundraising (ICANN-sourced and external financial
82 assistance);
83 • Non-cost considerations (technical or logistical support).

84 The specific recommendations are detailed in section 3 of this document. Section 4
85 contains a set of recommendations for follow activities, and section 5 contains a set
86 of frequently asked questions with answers about the recommendations.

87 This final report will be sent out for a 30 day public multilingual comment
88 simultaneous with being sent to the chartering organizations for review and
89 approval.

90 **1.1 Objectives and Process**

91 **1.1.1 Objectives**

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

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

99 **1.1.2 Process Background**

100 Initially worked 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
103 be entitled to special support and of what nature the support could be.

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

- 105 • On June 14, posted a blog entitled “*Call for Input: Support for New gTLD*
106 *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/)
107 [applicants/](http://blog.icann.org/2010/06/call-for-input-support-for-new-gtld-applicants/))
- 108 • On June 16, posted its preliminary findings for Public Comment – “*Joint*
109 *SO/AC Working Group on New gTLD Applicant Support Snapshot*”
110 (<http://www.icann.org/en/public-comment/#wg-snapshot>). The document was
111 available in 6 languages. The public forum closed on 23 August, 2010.
- 112 • On June 23, during the ICANN Brussels meeting held a public workshop
113 “*Reducing Barriers to New gTLD Creation in Developing Regions*”
114 (<http://brussels38.icann.org/node/12503>).
- 115 • Submitted a second snapshot of the recommendations to the ICANN board of
116 Directors and the two chartering organizations, ALAC and GNSO on 18
117 September, 2010.

118

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

124

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

127 **1.2 Standards of agreement in the Working Group**

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

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

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

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- i. **Unanimous or full consensus**, when no one in the group speaks against the recommendation in its last readings
- ii. **Rough or near consensus** - a position where only a small minority disagrees but most agree. This is sometimes referred to as **consensus**.
- iii. **Strong support but significant opposition** - a position where while most of the group supports a recommendation, there are a significant number of those who do not support it.
- iv. **No consensus**, also referred to as **divergence** - a position where there isn't strong support for any particular position, but many different points of view. Sometimes this is due to irreconcilable differences of opinion and sometimes it is due to the fact that no one has a particularly strong or convincing viewpoint, but the members of the group agree that it is worth listing the issue in the report nonetheless.
- v. **Minority** refers to a proposal where a small number of people support the recommendation. This can happen in response to a **Consensus**, **Strong support but significant opposition**, and **No Consensus**, or can happen in cases where there is neither support nor opposition to suggestion made by a small number of individuals.

In cases of **Consensus**, **Strong support but significant opposition**, and **No Consensus**, an effort is made to document that variance in viewpoint and to present any **Minority** recommendations that may have been made. Documentation of **Minority** recommendation normally depends on text offered by the proponent.

1.3 Records and Archives

The email archives can be found at <http://forum.icann.org/lists/gnso-irtp-b-jun09/>
The Wiki can be found at <https://st.icann.org/so-ac-new-gtld-wg/index.cgi>

161 **2 The Recommendations**

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

164 **2.1 Kinds of support that should be offered**

165 The WG recommends a number of different kinds of support to be made available
166 for ~~potential eligible~~ -applicants, which fall into the following ~~five~~ categories:

167

168 a. Cost Reduction Support;

169 ~~b.~~ Sponsorship and other funding support;

170 ~~b-c.~~ Modifications to the Financial Continued Operation Instrument

171 Obligation;

172 ~~e-d.~~ Logistical support;

173 ~~e-e.~~ Technical support for applicants in operating or qualifying to operate a

174 gTLD;

175 f. Exception to the rules requiring separation of the Registry and Registrar

176 function.

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177 **2.2 Cost Reductions**

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

180 1. **Full consensus:** Waive the cost of Program Development (US\$26,000) for
181 applicants meeting the criteria for assistance. The current proposed program
182 budget indicates an expected Net profit of US\$184,600 for the new gTLD
183 program. This profit could fully or partially offset the loss of waiving the
184 US\$26,000 program development costs for several applicants. We expect
185 relatively few applicants (relative to the total number of new gTLD applicants)
186 to meet the criteria for assistance, so the financial burden of waiving these
187 fees should be reasonable.

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

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

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

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

214 ~~6. The Fixed/Variable cost of US\$100,000 is based on a total cost of a~~
215 ~~previous round of applications and might not be relevant to the new gTLD~~

216 ~~applicants, and there was strong support but significant opposition that~~
217 ~~these costs should be reduced for applicants that meet the criteria~~
218 ~~established by the WG.~~

219 6. There was a **Minority Consensus** view that in light of complexity of the
220 calculation that established the basis for the USD\$100,000 base cost, it was
221 too difficult to determine what, if any of the fee should be eliminated for
222 applicants meeting the requirements for support. It was therefore suggested
223 that this should be subject to further investigation before any
224 recommendations were made on this issue.

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225 2.2.1 Support for build-out in underserved languages and scripts

226 Subject to the requirements for receiving support from the program, the Working
227 Group had ~~{Full consensus, Consensus}~~ that price reductions should be
228 implemented to encourage the build out of IDNs in small or underserved languages,
229 with the exact amount and timing of the support to be determined. One way this
230 might be accomplished is through bundling of applications:

231
232 a) There was ~~{Full Consensus, Consensus, Strong Support}~~ for requiring
233 that each application requesting such support have explicit endorsement from
234 within the language community to be served. This support must come from
235 organizations, NGOs and local companies from within the language/script
236 community. The lead applicant would not, necessarily, need to be from the
237 community to be served assuming other conditions for support were met.

238
239 b) There was a **Minority View** that applicants who may not meet the need
240 requirement for support but who have explicit endorsement from within the
241 language community to be served should also be able to receive some form
242 of support, for example bundling discounts, in order to offer these services to
243 the underserved language/script community. This community endorsement

244 must come from organizations, NGOs and/or local companies from within the
245 language/script community

246

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

250 2.3 Sponsorship/ Fundraising

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

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

- 253 • Funds distributed by an ICANN originated fund
- 254 • Funds distributed by external funding agencies

255 2.3.1 Distributed by an ICANN originated fund

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

- 267 a) There was **Consensus** that ICANN establish a *Program Development*
268 *function* with an initial goal of securing a targeted commitment originally
269 set at US\$10,000,000 for an ICANN based development fund. There
270 was **No Consensus** on the form such a function should take. Some
271 members of the group ~~group felt that this should be a permanent position~~

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272 ~~within ICANN while others felt that hiring a consultant to help with the~~
273 ~~follow on work on these recommendations might be a better solution.~~
274 ~~Still others~~ felt that the fundraising and grant administration work should
275 be done outside of ICANN itself in an affiliated philanthropic
276 organization.

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

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

292 • There was a **Minority** concern about the degree to which Registrars
293 would be open to this suggestion and the manner of its
294 implementation.
295

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296 2.3.2 Distributed by external funding agencies

297 ~~Full consensus for the view that e~~External funding agencies would make grants
298 according to their own requirements and goals. ICANN would only provide those
299 agencies with applicant information for those who met the criteria established for
300 support. **Full consensus**

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301 **2.4 Modifications to the Financial Continued Operation Instrument Obligation**

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302 While registrant protection is critical and critical registry functions must be sustained
303 for an extended period of time in the event of registry failure, the WG considered the
304 financial Continued Operation Instrument obligation as document in AGv4 to be a
305 great barrier for applicants that meet the criteria established by the WG. There was
306 **Consensus** for a recommendation that the continuity period for the financial
307 instrument be reduced.

308 a) There was **No Consensus**, on whether that the period for the financial
309 Continued Operation Instrument be reduced from

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310 a. 3 years to 6 months, this duration still being twice the duration that
311 is currently defined in the ICANN gTLD Registry Failover Plan of 15
312 June 2008.

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313 b. or, that financial Continued Operation Instrument period be
314 shortened from 3 years to 1 year.

Comment [U1]: Needs to reach an agreement on how this should be reflected on this report.

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315 b) There was is a **Strong support with significant opposition**
316 recommendation that in the case of shared risk pools, the financial
317 Continued Operations Instrument could reduced or eliminated entirely
318 based on the ability of such a shared pool to absorb the risk and provide
319 Continued Operation with minimal incremental cost.

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320 c) There was **Consensus** that applicants who meet the conditions for
321 support should be encouraged to form such shared risk pools.

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322 **2.42.5 Logistical Support**

323 The process set in the Applicant Guidebook (AG) may be difficult for applicants from
324 emerging market/nations to meet. The following kinds of logistical support are
325 identified by the WG for those applicants that meet the criteria established for
326 support:

327 a) **Full Consensus:** Translation of relevant documents. This was a major
328 concern noted by non-English speaking group members, who noted the
329 extra time and effort needed to work in English;

- 330 b) **Full Consensus:** Logistical and technical help with the application
331 process. This includes legal and filing support, which is expensive and in
332 short supply in most emerging markets/nations;
333 c) **Full Consensus:** Awareness/outreach efforts. This includes efforts to
334 make sure more people in underserved markets are aware of the gTLD
335 process and what they can do to participate in the gTLD process.

336 **2.52.6 Technical support for applicants in operating or qualifying to operate a**
337 **gTLD**

338 Certain of the requirements set in the AG may be difficult for applicants from
339 emerging market/nations to meet. The following kinds of technical support are
340 identified by the WG for those applicants that meet the criteria established for
341 support:

- 342 a) Infrastructure – **Full Consensus** for providing support for IPv6 compatible
343 solutions, e.g. hardware and networks as needed;
344 b) Education/consulting –e.g. to help with DNSSEC implementation; **Full**
345 **Consensus**
346 c) Technical waivers or “step ups” – allowing applicants to build their capabilities
347 rather than needing to demonstrate full capacity before applying (as
348 appropriate); **Full Consensus**
349 d) There were several recommendation that involve lower cost and/or shared
350 back end registry services:
351 i. There has been discussion within the group that in the case of shared risk
352 pools¹ of new gTLDs working with the same back-end registry service
353 providers, it would be possible to lower the costs facing the new registry. It
354 is a [~~Consensus, Strong Support with significant opposition,~~
355 ~~Minority~~] recommendation that there be an effort to encourage and

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.]

356 enable those applicants that meet the criteria established for support to
357 participate in such shared risk pools.

358 ii. It is a ~~[Consensus, Strong Support with significant opposition,~~
359 ~~Minority]~~ recommendation that in the case of such shared risk pools,
360 certain required costs such as the Continued Operations Instrument be
361 lowered or eliminated entirely based on the ability of such a shared pool to
362 absorb the risk with minimal incremental cost.

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363 ~~2.6 Other Types of Aid~~

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364 ~~—In support of the goal to set technical and other requirements, including cost~~
365 ~~considerations, at a reasonable and proportionate level in order to not exclude~~
366 ~~stakeholders from developing countries from participating in the new gTLD~~
367 ~~process, the following additional types of aid were identified by the WG.~~

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368 ii.

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369 ~~2.6.42.7 Exception to the rules requiring separation of the Vertical~~ 370 ~~Integration Registry and Registrar function~~

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371 There was ~~Consensus~~ on the recommendation, that ~~in ifcases the final Application~~
372 ~~Guide allowed for any exceptions from the Vertical Integration requirements, that~~
373 ~~such exceptions would be applicable to those applicants that meet the criteria~~
374 ~~established for support where market power is not an issue, applicants who met the~~
375 ~~requirements for support would be granted a special exemption from the~~
376 ~~requirement for registry-registrar separation. This special exemption would expire~~
377 ~~after 5 years at which time the Registry would be required to meet the existing~~
378 ~~conditions within ICANN relating to registry-registrar separation. During year 4, the~~
379 ~~Registry would be required to document a transition plan. During the period of the~~
380 ~~exemption, the ICANN compliance group would, at its discretion, schedule reviews~~
381 ~~to insure that the exemption was not being abused.~~

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383 This recommendation takes into account the advice given by the GAC to the ICANN
384 Board on 23 September 2010.

385

... 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.

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388 **2.72.8 Applicants Entitled To Receive Support**

389

390 Note: The definition of financial need and the method for determining the
391 financial need of an application has not been established by the WG and
392 is proposed as a work item in the next steps section (section 3) of this
393 document. Progress on this work item depends upon support from the
394 chartering organizations for the recommendations made in this report and
395 the addition of experts on establishing financial need to the group.

396

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

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

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

- 404 a) Community based applications such as cultural, linguistic and ethnic.
405 These potential applicants have the benefits of being relatively well
406 defined as groups. Facilitating community on the web is one of ICANN's
407 core values; **Full Consensus**
- 408 b) Non-governmental Organizations (NGOs), civil society and not-for-profit
409 organizations; **Full Consensus**
- 410 c) Applicants located in emerging markets/developing countries; **Full**
411 **Consensus**
- 412 d) Applications in languages whose presence on the web is limited; **Full**
413 **Consensus**
- 414 e) ~~There was a **Minority view that e**~~Entrepreneurs, who otherwise meet
415 other criteria in this section, in those markets where market constraints
416 make normal business operations more difficult. **Consensus**
- 417 ~~e)~~ There was a **Minority view****Strong Support but significant**
418 **oppositions** in the group that for profit enterprises should not be
419 included in the categories receiving aid.

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421 **2.82.9 Applicants NOT Entitled To Receive Support**

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

- 424 a) **Consensus**, ~~in the group that Brand gTLDs should not be included~~
425 ~~among those entitled to receive support for the exclusion of applicants~~
426 ~~applying for Brand gTLDs~~ as they should be self-supporting companies
427 and thus should not be eligible for need based support.
- 428 • ~~There was a **Minority view that a**~~An exception could be made for
429 those from countries where market constraints make normal business

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430 operations more difficult and who are proposing a name in an IDN
431 script not currently supported;

432 a)–

433 1. ~~There was a **Minority view** in the group that Brands and other marketing~~
434 ~~oriented gTLDs should not be included among those entitled to receive~~
435 ~~support.~~

436 b) **Full Consensus** for the excluding applicants for Geographic names;

437 c) **Full Consensus** for excluding purely Governmental or para-statal
438 applicants (though applicants with some **limited** Government support
439 might be eligible **for exception**);

440 d) **Full Consensus** for excluding applicants whose business model does not
441 demonstrate sustainability.

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

444 **2.92.10 Proposed Constraints on Aid**

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

447 a) Self-Financing responsibility: The WG reached **Consensus** on the need
448 for self-financing responsibly on the part of any successful applicant for
449 financial assistance. No more that 50% of the reduced fee may be
450 provided by an ICANN organized development program. This is not
451 meant to limit the manner in which fundraising for the other 50% is done
452 by the applicant. ~~consensus~~

453 • There was a **Minority** view that the level should not be fixed at any
454 specific percentage.

455 b) Sunset period – **Full Consensus**: Support should have an agreed cut-
456 off/sunset point, perhaps 5 years, after which no further support would be
457 offered. This was recommended as another measure to promote

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458 sustainability and as a way to help limited resources reach more
459 applicants.

460 c) Transparency – **Consensus:** Support requests and levels of grant should
461 be made public to encourage transparency.

462 • There was a **Minority** view that in certain cases the protection of
463 business plans might be harmed by too much transparency.

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464 d) Limited Government support – ~~Consensus, strong support but~~
465 ~~significant opposition, divergence~~: The receipt of ~~some limited~~ support
466 from government(s) should not disqualify applicants from receiving gTLD
467 support. However, the process is not designed to subsidize government-
468 led initiatives.

469 • There was ~~Consensus, strong support but significant~~
470 ~~opposition, divergence~~ on limiting this exception to Community
471 applicants

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472 e) Repayment in success cases – **Full consensus:** In those cases where
473 supported gTLDs make revenue significantly above and beyond the level
474 of support received through this process, recipients would agree to re-
475 pay/rebate application subsidies into a revolving fund to support future
476 applications.

478 ~~2.102.11~~ Relationship to New gTLD Applicant Guidebook

479 **Full Consensus:** The WG believes that these recommendations should not affect
480 the ~~content schedule~~ of the New gTLD Applicant Guidebook, currently in its 4th
481 version. Rather it is a separate program that needs to be established in parallel with
482 the completion of the Application Guide Book. ~~The Working Group recommends that~~
483 ~~once the recommendations in this report are endorsed by the chartering~~
484 ~~organizations and the Board, that text be added to the Application Guidebook~~
485 ~~indicating that a support program will be announced before the start of the round and~~
486 ~~that the conditions of that program will be defined separately.~~

487 3 Next Steps

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

497 a) Establish the criteria for financial need and a method of demonstrating that
498 need. The established tasks of this WG in its charter included establishing
499 criteria for support. Financial need was established as the primary criterion
500 for support. The group was not convinced that the charter included the
501 more detailed task of defining financial need nor how this would be
502 established by an applicant. The group was convinced, however, that as
503 currently constituted it did not have the necessary expertise to make a
504 specific recommendation in this area, especially given the comparative
505 economic conditions and the cross-cultural aspects of this requirement. If
506 the chartering organizations and the Board endorse the recommendations
507 in this report, the WG requests that text be added to the next revision of
508 the Application Guidebook that states that a separate aid program,
509 including a fee reduction plan, will be initiated before the round opens, and
510 that the conditions of this program will be defined separately. The planning
511 work for this next effort is beginning as this milestone report is being
512 submitted and the Working Group requests that its charter be extended to
513 specifically include this task.

514 a)b) Definition of mechanisms, e.g. a review committee be established
515 operating under ~~the~~ set of guidelines established in this report and those

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516 | defined in the task (a) above, for determining whether an application for
517 | special consideration is to be granted and what sort of help should be
518 | offered;

519 | ~~b)c)~~ Establishing relationships with any donor(s) who may be able to help in
520 | first round with funding;

521 | ~~c)d)~~ Establishing a framework for managing any auction proceeds for future
522 | rounds and ongoing assistance;

523 | ~~d)e)~~ Methods for coordinating the assistance, and discussion on the extent
524 | of such coordination, to be given by Backend Registry Service Providers;
525 | e.g. brokering the relationships, reviewing the operational quality of the
526 | relationship.

527 | ~~e)f)~~ Discuss and establish methods for coordinating any assistance
528 | volunteered by providers (consultants, translators, technicians, etc.);
529 | match services to qualified applicants; broker these relationships and
530 | review the operational quality of the relationship.

531 | ~~f)g)~~ Establish methods for coordinating cooperation among qualified
532 | applicants, and assistance volunteered by third parties.

533 | ~~g)h)~~ Begin the work of fundraising and establishing links to possible donor
534 | agencies.

535 | ~~h)i)~~ Review the basis of the US\$100,000 application base fee to determine its
536 | full origin and to determine what percentage of that fee could be waived
537 | for applicants.

538

539 | The Working Group also wishes to acknowledge and appreciate the Board's
540 | Trondheim resolution 2.2 that appears to support the working group's
541 | recommendations for coordinating providers and recipients, and increased
542 | awareness and outreach efforts to needy applicants. However we feel that with
543 | further work, as recommend above, more of the support mechanisms should be

544 approved for implementation. The Working Group also indicates its willingness to
545 keep working on these additional work items, though with the comment that
546 additional outreach for members and/or advisors with specific expertise will need to
547 be done once the re-chartering is completed.

548

549 **4 Frequently asked questions**

550 During the process of developing these recommendations, various questions have
551 been asked by the ICANN volunteer community, the ICANN staff and the ICANN
552 Board of directors. This section explores some of these frequently asked questions:
553

554 **4.1 Question: Why can't these applicants just wait until the next round**

555 **4.1.1 Answer:**

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

558

- 559 - Board resolution 2010.03.12.46-47 was quite clear on the need to ensure that
560 the current New gTLD Program should be inclusive. Much of the ICANN
561 community took hope from this decision and not to deliver on this first round
562 would disappoint the global community greatly.
563
- 564 - With every round, the competitive disadvantage for the new gTLDs increases.
565 For ICANN to cause further disadvantage to those who already are at a
566 disadvantage due to its pricing considerations could be seen as an abrogation
567 of its responsibly to serve the global public interest and foster competition for
568 all.
569
- 570 - The pent up demand for new gTLDs, especially IDN gTLD, is so great that
571 there is an expectation for many applications. There is a concern that without
572 some sort of assistance program, all of the most obvious names, including
573 IDNs, will be grabbed by wealthy investors, leaving little opportunity, especially
574 in developing regions, for local community institutions and developing country
575 entrepreneurs.
576
- 577 - While there is every plan for a second round, and most of us believe that such
578 a round will occur, its timetable is at best uncertain. The round of 2001 was

579 supposed to be followed by new rounds, and though it now appears that it will
580 be, it took a decade for that to happen. Since it is impossible to give guarantees
581 of when there might be a future round, making those who cannot afford the
582 current elevated ICANN prices wait for an uncertain future is not seen as
583 equitable treatment.

584
585 - New gTLD Policy Implementation Guideline N:

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

586

587 **4.2 Question: Running a registry is an expensive proposition, if an applicant**
588 **needs financial assistance for the application process how are we to**
589 **believe they can fund a registry?**

590 **4.2.1 Answer:**

591

592 The actual expense of running a registry is dependent on the actual costs for
593 operating expenses in a particular time and place. As the operating expense of a
594 location decreases, the relative burden of ICANN cost increases, sometimes to the
595 point of becoming an undue burden for those potential registries from developing
596 economies.

597

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

603 **4.3 Question: The first round gTLD program is supposed to be self funding.**
604 **If these price reductions are granted to applicants with financial need,**
605 **what happens to the goal of a self funded program?**

606 **4.3.1 Answer:**

607

608 The GNSO Implementation guideline was that the overall program be self-funding.

609 The guideline specifically reads:

610

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.

611

612 As discussed in the recommendations, certain of the fees are inappropriate for
613 applicants who meet the requirements of the program. The guideline allows for
614 differentiated fee structure as long as the total resources cover the entire cost of the
615 program.

616 **4.4 Question: The solution is supposed to be sustainable, in what respect is**
617 **this solution sustainable?**

618 **4.4.1 Answer:**

619

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

627 ~~4.5 Question: What reasons are there for decreasing the 3 years Continued~~
628 ~~Operations Instrument as defined in Specification 8 of the Draft Registry~~
629 ~~Agreement?~~

630 ~~4.5.1 Answer:~~

631
632 ~~tbd~~

634 ~~4.6.4.5 Question: ~~tbd~~How was the figure of US\$10,000,000 arrived at in section~~
635 ~~2.3.1 a? Was this figure just pulled out of a hat?~~

636 ~~4.6.4.5.1 Answer:~~

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

639
640 ~~In thinking about such a goal, several things need to be taken into account, e.g.:~~

- 641 ~~• Assuming that no cost reductions are made for applicants who met~~
642 ~~the conditions for support, then many applicants who meet the~~
643 ~~conditions of the program would need up to half of the US\$186,000~~
644 ~~or US\$93,000. Assuming 10 applicants qualify for grant support, i.e.~~
645 ~~5% of the expected 200 applicants, this would amount to needing~~
646 ~~approximately US\$1,000,000 in the fund. If 5% of 500 applicants,~~
647 ~~i.e. 25 applicants, need financial support it would be approximately~~
648 ~~US\$2,500,000. If the ratio of those needing aid is higher than 5% of~~
649 ~~the applicants, the figure goes up.~~
- 650 ~~• Translation of all materials into the 6 UN languages and assisting~~
651 ~~with applications working in the languages, would occupy 6 full time~~
652 ~~equivalent skilled translators for approximately a year. Taking a~~
653 ~~low estimation of the cost of such a skilled translator at \$100,00~~

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654 USD/yr with the assumption of 100% overhead cost, the cost for
655 translation assistance becomes approximately \$1,200,000 USD/yr.

- 656 • Assuming 1 person to administer the program and 1 person to
657 coordinate the work, and assuming they get the same average
658 salary of \$100,000 USD/yr at 100% overhead, another \$400,000
659 USD/yr is added to this approximate budget.

660 At this point we are already have an estimate of between \$2,600.00 USD/yr
661 and \$4,100.00 USD/yr .tis is before budgeting the requirements for providing
662 for the following:

- 663 • Helping to create a possible financial guarantees for those who
664 have difficulty with the Financial Continued Operation bond, if that
665 requirements is not lessened for those for whom this might be a
666 barrier to entry;
- 667 • Contracting various forms of technical assistance;
- 668 • Cost of educational outreach;
- 669 • Costs for other forms of logistical assistance;
- 670 • Travel expenses both for those providing aid and for those who
671 qualify for the support program.

672 Given these assumptions, and returning to the idea that this was a goal for a
673 program that is meant to help those from development regions as well as
674 others who meet the defined requirements for support, a multiplier of 2-4 on
675 the basic \$2.6 to \$4.1 Million figure for financial aid, translation and
676 administration, the figured on \$10,000,000 USD as a fundraising goal for such
677 a program is, while an estimation, a rounded figure of the proper order of
678 magnitude.

679 ~~the~~

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683 **5 Annex A – JAS WG Charter**

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

686

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

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

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

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

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

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

713

714 **Operating procedures for the Working Group**

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

717

718 **Milestones**

719

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

~~87.~~

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