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Draft Final Report

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

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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41 1. Executive Summary

42 1.1 Background

- 43 • An ICANN Board resolution during the ICANN Meeting in Nairobi recognized
44 the importance of an inclusive New gTLD Program and requested
45 stakeholders "to develop a sustainable approach to providing support to
46 applicants requiring assistance in applying for and operating new gTLDs."
47 See resolution here: [http://www.icann.org/en/minutes/resolutions-12mar10-
49 en.htm#20](http://www.icann.org/en/minutes/resolutions-12mar10-
48 en.htm#20).
- 50 • In direct response to this Board resolution, the GNSO Council proposed a
51 Joint SO/AC Working Group, composed by members of ICANN's Supporting
52 Organizations (SOs) and Advisory Committees (ACs), to look into applicant
53 support for new gTLDs.
- 54 • The WG, also known as the JAS WG, was formed in late April and decided
55 early on to work in two parallel Working Teams; Working Team 1 focusing on
56 application fee aspects and Working Team 2 addressing issues regarding
57 which applicants would be entitled to special support and of what nature the
58 support could be.
- 59 • The WG posted its preliminary findings for public comments on 16 June 2010
60 and also held a public workshop on 23 June during the ICANN Brussels
61 meeting. Comments received were considered for the development of this
62 final report from the WG.
- 63 • For more background information, see section 2 and Annexes A - C.

64 1.2 Recommendations from the Working Group

- 65 ■ TBC

66 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~~
76 Resolution #20, as further detailed by the GNSO Council resolution to launch a joint
77 SO/AC Working Group, and by the WG itself in a proposed Charter, subsequently
78 addressed in Resolutions by the GNSO Council and the ALAC. See Annex A for the
79 Charter and 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 ~~put-out-posted~~ for public comment. Working as a single team, the working group
112 members s then reviewed ~~and the comments~~ and discussed updates to the
113 recommendations based on the comments received from the ~~review-public comment~~
114 period, ~~both English language and non-English language, and form comment~~
115 ~~received and~~ during the workshop held at the Brussels ICANN meeting.

116 Fee Considerations

- 117 ▪ TBC

118 Background

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

124 Process

125 WT1 examined how the application fee has been constructed and explained/justified
126 in the cost consideration documents [\(1\)](#) and the [Draft Applicant Guidebook, version](#)
127 [4AG4](#) in order to determine if there is any potential for requesting the fees be
128 revisited for applicants that meet the established criteria. The WT1 suggests several

129 options for financial support of applicants. The first two proposals appear to have
130 consensus; the remaining proposals are still under discussion.

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

- 132 1. New gTLD Program Development Costs US\$26,000
- 133 2. Fixed and variable Application evaluation costs - Predictable US\$100,000
- 134 3. Risk/Contingency costs US\$60,000

135 **Proposals**

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

137 1. Waive the cost of Program Development (~~US\$26k~~26,000) for selected entities
138 qualifying for financial assistance. The document New gTLD Program Explanatory
139 Memorandum New gTLD Budget (2) indicates an expected Net profit of US\$184,600
140 for the new gTLD program. This profit could fully or partially offset the loss of waiving
141 the ~~US\$26k~~26,000 program development costs for several applicants. We expect
142 ~~very-relatively~~ few applicants (relative to the total number applying) to meet the
143 criteria for assistance, so the financial burden of waiving these fees should be
144 ~~minimal~~reasonable.

145 2. Staggered Fees. Instead of paying the entire fee upon acceptance of the
146 applications, applicants meeting the criteria established for support could pay the
147 fees incrementally (perhaps following the refund schedule in reverse). Allowing an
148 applicant to have a staggered fee payment schedule gives the applicant more time
149 to raise money, and investors will be more likely to back an application that passes
150 the initial evaluation. Staggered fees enable an applicant to compete for strings that
151 might otherwise have gone to the first and/or only group with enough money to
152 apply. If the applicant does not proceed through the entire process, they are not
153 "costing" ICANN the full projected amount, therefore cost recovery remains intact.

154 3. Auction Proceeds. Qualified applicants receive a partial refund from any auction
155 proceeds (3) —for which they can repay any loans or invest into their registry, or the

156 auction proceeds could be used to refill the disadvantaged applicant's foundation
157 fund for subsequent rounds.

158 4. Lower the Registry fixed fees due to ICANN. In lieu of the Registry-Level fixed fee
159 of US\$25,000 per calendar year (4), instead only charge the Registry-Level
160 Transaction Fee ~~of US\$0.25~~ per initial or renewal domain name registration to a fee
161 comparable to a minimum used for other gTLDs. An annual fee of US\$25,000k to
162 ICANN is a barrier to sustainability for an applicant representing a small community.
163 ~~Many TLDs pay much less to ICANN (if anything).~~ If a minimum is absolutely
164 required, then ~~consider lowering~~ this fee by to 350% for qualified applicants.

165 5. Reconsider the Risk/Contingency cost per applicant (US\$60,000k). The WT
166 questions if ICANN really expects a total of US\$30,000,000 (US\$60,000k x 500
167 applications) in unknown costs to surface. This fee should be eliminated for
168 applicants that meet the criteria established by the WG. If elimination is not possible,
169 then it should be drastically could be reduced/excused for the applicants that meet
170 the criteria established by the WG.

171 6. The Fixed/Variable cost of US\$100,000 is based on a total cost of a previous
172 round of applications and might not be relevant to the new gTLD applicants and this
173 costs should be reduced for applicants that meet the criteria established by the
174 WG. ~~is based on the total cost of the previous round of applications, which the cost~~
175 ~~considerations document quantifies as \$1.8MM for all ten applications. This fee most~~
176 ~~probably includes costs associated with the conflict that arose from the rejection of~~
177 ~~the ".XXX" application, which remains unresolved. The fee of \$180,000 may have~~
178 ~~been significantly skewed by the long term work required for .XXX. The actual~~
179 ~~evaluation and administrative costs for the other nine applications may have been~~
180 ~~considerably less than \$180,000 per piece. If this is the case, the \$100,000 fixed~~
181 ~~cost fee could be reduced for the applicants that meet the criteria established by the~~
182 ~~WG.~~

183 WT1 is working with WT2 on identifying sources of funding for subsidizing the fees
184 for qualified applicants. The WG suggests that an independent foundation be
185 established, outside of ICANN structures, to assist applicants with funding.

186 Who should get support and what types of support should be available:

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

188 Key to making a support program work is the choice of initial support recipients. With
189 this in mind it is agreed that the initial focus should be on finding a relatively limited
190 identifiable set of potential applicants that would be not controversial to support.
191 ~~Working Team 2 considered a number of possible applicants, but agreed that the~~
192 ~~initial focus should be on finding a relatively limited and easily identifiable set of~~
193 ~~potential applicants which would be non-controversial to support. The main criteria for~~
194 ~~eligibility should be need. An applicant would not be selected for support unless the need~~
195 ~~criteria is met.~~ Based on these criteria, and ~~aer the per~~ review of the comments, the
196 ~~Working GroupWG~~ recommends the following:

- 197 • a. Community based applications such as cultural, linguistic and ethnic.
198 These potential applicants have the benefits of being relatively well defined as
199 groups. Facilitating community on the web is one of ICANN's core values.
- 200 • At least in the initial/pilot phase, target support to ethnic and linguistic
201 communities (e.g. the Hausa community, Quechua speakers, Tamil
202 speakers). These potential applicants have the benefits of being relatively
203 well defined as groups, and pass the test of being generally non-
204 controversial. Such communities already have a history of recognition at
205 ICANN and facilitating community on the web is one of ICANN's core values.
- 206 • b. Address support for other groups, especially NGOs and civil society
207 organizations at a future point as the idea of who constitutes a "community" in
208 this space is less clear and the tests for which groups might need/merit
209 support would be trickier. Moreover, the number of applicants could be very
210 large.

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211 | ● ~~6-~~ Overall, the Working Group recommends giving some preference to
212 | applicants geographically located in Emerging Markets/Developing countries
213 | and in languages whose presence on the web is limited.

214 | ● ~~d~~ A series of groups are not recommended for support based on WG work,
215 | specifically:

216 | ● ~~o~~ Applicants that don't need the support/have ample financing;

217 | ● ~~o~~ Applicants that are brands/groups that should be self-supporting
218 | companies;

219 | ● ~~o~~ Applicants that are geographic names (such as .Paris and others);

220 | ● ~~o~~ Purely Government/parastatal applicants (though applicants with some
221 | Government support might be eligible);

222 | ● ~~o~~ Applicants whose business model doesn't demonstrate sustainability.

233 | 2. What kinds of support might be offered?

234 | The group recommended a number of different kinds of support that could be
235 | valuable for potential applicants, support which falls relatively neatly into three
236 | categories:

237 | a. Logistical, outreach and fee Support in the Application Process

238 | Translation of relevant documents – a major concern noted by non-English speaking
239 | group members, who noted the extra time and effort needed to work in English

230 | Logistical and technical help with the application process – including legal and filing
231 | support that are expensive and in short supply in most Emerging Markets nations

232 | Awareness/outreach efforts – to make more people in underserved markets are
233 | aware of the gTLD process and what they can do to participate in the gTLD process

234 | Fee reduction/subsidization and/or some sort of phased-in payment for deserving
235 | applicants – this discussion builds off of the work of Working Team 1, and includes
236 | two key ideas:

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237 That deserving applicants might receive some reduced pricing in general
238 That some sort of phasing for payment might be appropriate, enabling selected
239 applicants to effectively “pay as they go” for the application process rather than
240 having all funds assembled up front

241 b. Technical Support for Applicants in operating or qualifying to operate a gTLD
242 Infrastructure – providing IPv6 compatible hardware and networks as needed
243 Education/consulting – to help with DNSSEC implementation
244 Possible technical waivers or “step ups” – allowing applicants to build their
245 capabilities rather than needing to demonstrate full capacity before applying (as
246 appropriate)

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

248 c. Support for Build-out in Underserved Languages and IDNs for new gTLDs
249 Price discounts to incentivize build-out in scripts with a limited presence on the web
250 Bundled pricing to promote build out in multiple scripts – incentivizing an expansion
251 of IDN content as new gTLDs are launched by encouraging applicants to build out in
252 numerous scripts at once

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

254 Agree with the idea of Working Team 2 to offer some kind of "Support for Build-out in
255 Underserved Languages and IDNs for new gTLDs" – bundling applications with
256 lower fees for extra languages. ...there may not be so many IDN applications unless
257 ICANN offers incentives or discounted fees on bundled applications that include
258 non-Latin IDNs.

259 •

260 **Other recommendations?**

261 The Working Group also agreed on a series of “principles” that are recommend to
262 guide the community as the support process is finalized, namely:

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

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

270 c. Transparency – Support requests and levels should be made public to encourage
271 transparency.

272 d. Applicant form is not limited – While many groups receiving support would be
273 NGOs, applicants would need to be non-profits. Some might start as non-profits but
274 morph into hybrids or for-profits and others might be appropriate for-profit or hybrid
275 applicants.

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

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

283 **Additional Questions and Possible Responses:**

284 Q: Can we offer standardized plans of support? A: This will become clear over time,
285 but standardizing packages of support should help reduce support costs.

286 Q: Is there a minimum number of people in a community needed to create “critical
287 mass” for viability? A: There was extensive discussion around this, but no
288 consensus. It is hoped that new business models will emerge specifically for work
289 with smaller

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294 4. Next Steps

295 Several work items were proposed as part of the set of recommendations that were
296 made. Due to the constraints of time, and the need to get GNSO Council and Board
297 feedback on the proposals before proceeding on these works item, they are
298 proposed for discussion as either extensions to the Join SO/AC new gTLD support
299 WG charter work items for another group.

300

301 1. Definition of mechanisms, e.g. an external review committee operating under a
302 set of guidelines, for determining whether an application for special consideration is
303 to be granted such and what sort of help should be offered

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

306 3. Establishing framework for managing any auction proceeds for future rounds and
307 ongoing assistance

308 4. Methods for coordinating the assistance, and discussion on the extent of such
309 coordination, to be given by the ISP; e.g. brokering the relationships, reviewing the
310 operational quality of the relationship.

311

312

313 **Annex A – JAS WG Charter**

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

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

324 **Objective 1:** To identify suitable criteria that new gTLD applicants must fulfill to qualify for dedicated
325 support. The criteria may be different for different types of support identified in line with Objective
326 2 and 3 below.

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

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

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

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

337

338 **Operating procedures for the Working Group**

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

341

342 **Milestones**

343

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://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.

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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:
 - Brussels Face to Face Session transcript
 - Full comment dump
 - African statement
 -
- Minority reports if any (these would also have a foot note reference in the body of the main document)
- tbd