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4 # Final Milestone Report

5 # JAS WG - Joint SO/AC

6 # New gTLD Applicant Support Working Group

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11 **PUBLICATION DATE: ___ October, 2010**

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14 **STATUS OF THIS DOCUMENT**

15 This is the Final Milestone Report from the Joint SO/AC New gTLD Applicant Support

16 Working Group, submitted for consideration by the ICANN Board of Directors and the wider

17 community. The Working Group has met its initial goals and milestones and is making a

18 final report on those in this report. As part of this report a series of additional work items

19 are discussed with the view that the chartering organizations update the charter of the

20 working group so that it can continue the work.

21

22 This is a Final Draft Candidate.

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25
26 **Table of Contents**

58 # 1 Background

59 During the International ICANN Meeting in Nairobi, ICANN's Board recognized the

60 importance of an inclusive New gTLD Program and issued a Resolution (#20)

61 requesting stakeholders "*to develop a sustainable approach to providing support to*

62 *applicants requiring assistance in applying for and operating new gTLDs."* See

63 resolution here: http://www.icann.org/en/minutes/resolutions-12mar10-en.htm#20.

64

65 In direct response to this Board Resolution, the GNSO Council proposed a Joint

66 SO/AC Working Group, composed by members of ICANN's Supporting

67 Organizations (SOs) and Advisory Committees (ACs), to look into applicant support

68 for new gTLDs. The Working Group, also known as the **JAS WG or WG**, was

69 formed in late April 2010.

70 After a snapshot of the initial recommendations was released for community review,

71 the proposals were reworked in the light on comments received. A second snapshot

72 was released to the ICANN board of directors and the chartering organizations

73 before the report was finalized.

74 This Final Report incorporates the feedback received from the public and other

75 consultations. In summary, the recommendations encompass the following:

76 • Cost reduction (evaluation and registry fee modifications);

77   •   Sponsorship and fundraising (ICANN-sourced and external financial

78   assistance);

79   •   Non-cost considerations (technical or logistical support).

80 The specific recommendations are detailed in section 3 of this document. Section 4

81 contains a set of recommendations for follow-on activities, and section 5 contains a

82 set of frequently asked questions with answers about the recommendations.

83 This final report will be sent out in different languages for a 30 day public comment

84 and simultaneously being sent to the chartering organizations for review and

85 approval.

86 **1.1   Objectives and Process**

87 **1.1.1   Objectives**

88 The objectives for this work were derived from the Nairobi ICANN Board Resolution

89 #20, as further detailed by the GNSO Council resolution to launch a joint SO/AC

90 Working Group (referred hereafter as **WG**), and by the WG itself in a proposed

91 Charter, subsequently addressed in Resolutions by the GNSO Council and the

92 ALAC.

93 The basic objective was to develop a sustainable approach to providing support to

94 applicants requiring assistance in applying for and operating new gTLDs.

95 **1.1.2   Process Background**

96 Initially worked in two parallel Working Teams:

97   o   Working Team 1 (**WT1**) focusing on application fee aspects;

98   o Working Team 2 (**WT2**) addressing issues regarding which applicants would

99   be entitled to special support and of what nature the support could be.

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

101   •   On June 14, posted a blog entitled *"Call for Input: Support for New gTLD*
102   *Applicants"* (http://blog.icann.org/2010/06/call-for-input-support-for-new-gtld-
103   applicants/);

104   •   On June 16, posted its preliminary findings for Public Comment – *"Joint*
105   *SO/AC Working Group on New gTLD Applicant Support Snapshot"*
106   (http://www.icann.org/en/public-comment/#wg-snapshot). The document was
107   available in 6 languages. The public forum closed on 23 August, 2010;

108   •   On June 23, during the ICANN Brussels meeting held a public workshop
109   *"Reducing Barriers to New gTLD Creation in Developing Regions"*
110   (http://brussels38.icann.org/node/12503);

111   •   Submitted a second snapshot of the recommendations to the ICANN board of
112   Directors and the two chartering organizations, ALAC and GNSO on 18
113   September, 2010.

114

115 In addition to recommendations that should be taken by ICANN to enable applicants

116 from emerging markets/nations to apply for new gTLD in the first round, the report

117 contains recommendations on criteria and limitations on aid as well as

118 recommendations for follow on activities. There is also a section on frequently asked

119 questions regarding the recommendations.

120

121 More background information regarding this WG, including Charter, relevant

122 resolutions and public comment summary/analysis, can be found in Annexes A to C.

123   **1.2   Standards of agreement in the Working Group**

124 The WG worked under the guidelines defined in:

125 http://gnso.icann.org/en/improvements/proposed-working-group-guidelines-05feb09-

126 en.pdf. Under these guidelines, the following levels of support are identified:

127

128   i. **<u>Unanimous or full consensus</u>**, when no one in the group speaks against the
129   recommendation in its last readings.
130   ii. **<u>Rough or near consensus</u>** - a position where only a small minority disagrees
131   but most agree. This is sometimes referred to as **<u>consensus</u>**.
132   iii. **<u>Strong support but significant opposition</u>** - a position where while most of the
133   group supports a recommendation, there are a significant number of those who
134   do not support it.
135   iv. **<u>No consensus</u>**, also referred to as **<u>divergence -</u>** a position where there isn't
136   strong support for any particular position, but many different points of view.
137   Sometimes this is due to irreconcilable differences of opinion and sometimes it is
138   due to the fact that no one has a particularly strong or convincing viewpoint, but
139   the members of the group agree that it is worth listing the issue in the report
140   nonetheless.
141   v. **<u>Minority</u>** refers to a proposal where a small number of people support the
142   recommendation. This can happen in response to a **<u>Consensus</u>**, **<u>Strong</u>**
143   **<u>support but significant opposition</u>**, and **<u>No Consensus</u>**, or can happen in
144   cases where there is neither support nor opposition to suggestion made by a
145   small number of individuals.
146
147   In cases of **<u>Consensus</u>**, **<u>Strong support but significant opposition</u>**, and **<u>No</u>**
148   **<u>Consensus</u>**, an effort is made to document that variance in viewpoint and to present
149   any **<u>Minority</u>** recommendations that may have been made. Documentation of
150   **<u>Minority</u>** recommendation normally depends on text offered by the proponent.

151   **1.3   Records and Archives**
152   The email archives can be found at http://forum.icann.org/lists/gnso-irtp-b-jun09/
153   The Wiki can be found at https://st.icann.org/so-ac-new-gtld-wg/index.cgi
154
155

156 **2   The Recommendations**

157 There is [**Full Consensus, Consensus**] in the WG to release the following

158 recommendations for approval by the chartering organizations.

159 **2.1   Kinds of support that should be offered**

160 The WG recommends a number of different kinds of support to be made available

161 for eligible applicants, which fall into the following categories:

162   a. Cost Reduction Support;

163   b. Sponsorship and other funding support;

164   c. Modifications to the Financial Continued Operation Instrument Obligation;

165   d. Logistical support;

166   e. Technical support for applicants in operating or qualifying to operate a gTLD;

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

168   function.

169 **2.2   Cost Reductions**

170 The WG recommends that the following fee reductions be made available to all

171 applicants who are determined as meeting the criteria established for support:

172   1. **Full consensus:** Waive the cost of Program Development (US$26,000) for

173   applicants meeting the criteria for assistance. The current proposed program

174   budget indicates an expected Net profit of US$184,600 for the new gTLD

175   program. This profit could fully or partially offset the loss of waiving the

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

177   relatively few applicants (relative to the total number of new gTLD applicants)

178   to meet the criteria for assistance, so the financial burden of waiving these

179   fees should be reasonable.

180   2. **Full consensus:** Staggered Fees. Instead of paying the entire fee upon

181   acceptance of the applications, applicants meeting the criteria established for

182   support could pay the fees incrementally (perhaps following the refund

> **Comment [SBT1]:** I am not sure that it is relevant in comparison to the point N° 2.3.1 a). It is a very small amount of money ;)
>
> AD: I would think that every thousands of dollars would be significant. to some applicants

183 schedule in reverse). Allowing an applicant to have a staggered fee payment
184 schedule gives the applicant more time to raise money, and investors will be
185 more likely to back an application that passes the initial evaluation. Staggered
186 fees enable an applicant to compete for strings that might otherwise have
187 gone to the first and/or only group with enough money to apply. If the
188 applicant does not proceed through the entire process, they are not "costing"
189 ICANN the full projected amount, therefore cost recovery remains intact.

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

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

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

> **Comment [DK2]:** Should we not mention what the Risk/Contingency cost should be if it is not eliminated completely?
>
> Ad: suggestion? What do others think?

206 6. There was a **Consensus** view that in light of complexity of the calculation
207 that established the basis for the USD$100,000 base cost, it was too difficult
208 to determine what, if any of the fee should be eliminated for applicants
209 meeting the requirements for support. It was therefore suggested that this
210 should be subject to further investigation before any recommendations were
211 made on this issue.

212 **2.2.1 Support for build-out in underserved languages and scripts**

213 Subject to the requirements for receiving support from the program, the Working

214 Group had **Consensus** that price reductions should be implemented to encourage

215 the build out of IDNs in small or underserved languages, with the exact amount and

216 timing of the support to be determined. One way this might be accomplished is

217 through bundling of applications:

218

219 a) There was **Consensus** for requiring that each application requesting such

220 support have explicit endorsement from within the language community to be

221 served. This support must come from organizations, NGOs and local

222 companies from within the language/script community. The lead applicant

223 would not, necessarily, need to be from the community to be served

224 assuming other conditions for support were met.

225

226 b) There was a **Minority View** that applicants who may not meet the need

227 requirement for support but who have explicit endorsement from within the

228 language community to be served should also be able to receive some form

229 of support, for example bundling discounts, in order to offer these services to

230 the underserved language/script community. This community endorsement

231 must come from organizations, NGOs and/or local companies from within the

232 language/script community

233

234 There was **Full consensus** that this form of support should encourage the

235 advancement of the language community while also encouraging competition to the

236 greatest extent possible.

237 **2.3 Sponsorship/ Fundraising**

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

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

240 • Funds distributed by an ICANN originated fund

241   • Funds distributed by external funding agencies

2.3.1 Distributed by an ICANN originated fund

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

   a) There was **Consensus** that ICANN establish a Program Development function with an initial goal of securing a targeted commitment originally set at US$10,000,000 for an ICANN based development fund. There was **No Consensus** on the form such a function should take. Some members of the group felt that the fundraising and grant administration work should be done outside of ICANN itself in an affiliated philanthropic organization.

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

   c) There was **Consensus** for a proposal recommending that registrars put in place the means for existing registrants to make voluntary contributions to the development program through registrar-to-registry contribution pass-through, and to find ways of enabling non-registrant

270   small donors to contribute to the development program. Concurrent with

271   the execution of the development message to the donor communities,

272   that the development message should also be delivered to the

273   registrant, and non-registrant user communities through internal and

274   external media.

275   • There was a **Minority** concern about the degree to which Registrars

276   would be open to this suggestion and the manner of its

277   implementation.

278

279   ### 2.3.2   Distributed by external funding agencies

280   **Full consensus** for the view that external funding agencies would make grants

281   according to their own requirements and goals. ICANN would only provide those

282   agencies with applicant information for those who met the criteria established for

283   support.

284   ### 2.4   Modifications to the Financial Continued Operation Instrument Obligation

285   While registrant protection is critical and critical registry functions must be sustained

286   for an extended period of time in the event of registry failure, the WG considered the

287   financial Continued Operation Instrument obligation as document in Application

288   Guidebook V4 AGv4 to be a great barrier for applicants that meet the criteria

289   established by the WG. There was **Consensus** for a recommendation that the

290   continuity period for the financial instrument be reduced.

291   a) There was **No Consensus** on whether that the period for the financial

292   Continued Operation Instrument be reduced from

293   a. 3 years to 6 months, this duration still being twice the duration that

294   is currently defined in the ICANN gTLD Registry Failover Plan of 15

295   June 2008.

296   b. or, that financial Continued Operation Instrument period be

297   shortened from 3 years to 1 year.

Comment [SBT3]: 1st time?
AD: Fixed
cut and paste error, did not used to be first time.

Comment [U4]: Needs to reach an agreement on how this should be reflected on this report.

298   b)   There was is a **<u>Strong support with significant opposition</u>**

299   recommendation that in the case of shared risk pools, the financial

300   Continued Operations Instrument could be reduced or eliminated entirely

301   based on the ability of such a shared pool to absorb the risk and provide

302   Continued Operation with minimal incremental cost.

303   c)   There was **<u>Consensus</u>** that applicants who meet the conditions for

304   support should be encouraged to form such shared risk pools.

> **Comment [SBT5]:** Any difference between; financial Continued Operations Instrument (in 2.4) and Continued Operations Instrument (in 2.6).
> Maybe we don't need to repeat?
>
> AD: Inserted word financial in 2.6

305   **2.5   Logistical Support**

306 The process set in the Applicant Guidebook may be difficult for applicants from

307 emerging markets/nations to meet. The following kinds of logistical support are

308 identified by the WG for those applicants that meet the criteria established for

309 support:

310   a)   **<u>Full Consensus:</u>** Translation of relevant documents. This was a major

311   concern noted by non-English speaking group members, who noted the

312   extra time and effort needed to work in English;

313   b)   **<u>Full Consensus:</u>** Logistical and technical help with the application

314   process. This includes legal and filing support, which is expensive and in

315   short supply in most emerging markets/nations;

316   c)   **<u>Full Consensus:</u>** Awareness/outreach efforts. This includes efforts to

317   make sure more people in underserved markets are aware of the gTLD

318   process and what they can do to participate in the gTLD process.

319   **2.6   Technical support for applicants in operating or qualifying to operate a**

320   **gTLD**

321 Certain of the requirements set in the AG may be difficult for applicants from

322 emerging markets/nations to meet. The following kinds of technical support are

323 identified by the WG for those applicants that meet the criteria established for

324 support:

325   a) Infrastructure – **Full Consensus** for providing support for IPv6 compatible

326   solutions, e.g. hardware and networks as needed;

327   b) Education/consulting –e.g. to help with DNSSEC implementation; **Full**

328   **Consensus**

329   c) Technical waivers or "step ups" – allowing applicants to build their capabilities

330   rather than needing to demonstrate full capacity before applying (as

331   appropriate); **Full Consensus**

332   d) There were several recommendation that involve lower cost and/or shared

333   back end registry services:

334   i. There has been discussion within the group that in the case of shared risk

335   pools[1] of new gTLDs working with the same back-end registry service

336   providers, it would be possible to lower the costs facing the new registry. It

337   is a **Consensus** recommendation that there an effort to encourage and

338   enable those applicants that meet the criteria established for support to

339   participate in such shared risk pools.

340   ii. It is a **Consensus** recommendation that in the case of such shared risk

341   pools, certain required costs such as the financial Continued Operations

342   Instrument be lowered or eliminated entirely based on the ability of such a

343   shared pool to absorb the risk with minimal incremental costs.

344   **2.7 Exception to the rules requiring separation of the Registry and Registrar**

345   **function**

346   There was **Consensus** that in cases where market power is not an issue, applicants

347   who met the requirements for support would be granted a special exemption from

348   the requirement for registry-registrar separation. This special exemption would

349   expire after 5 years at which time the Registry would be required to meet the existing

350   conditions within ICANN relating to registry-registrar separation. During year 4, the

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[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.]*

351 Registry would be required to document a transition plan. During the period of the

352 exemption, the ICANN compliance group would, at its discretion, schedule reviews

353 to insure that the exemption was not being abused.

354

355 This recommendation takes into account the advice given by the GAC to the ICANN

356 Board on 23 September 2010.

357

> ... 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.

358

359 **2.8   Applicants Entitled To Receive Support**

360

361   *Note:* The definition of financial need and the method for determining the

362   financial need of an application has not been established by the WG and

363   is proposed as a work item in the next steps section (section 3) of this

364   document. *Progress on this work item depends upon support from the*

365   *chartering organizations for the recommendations made in this report and*

366   *the addition of experts on establishing financial need to the group.*

367

Comment [SBT6]: It will have a cost. Can we limit the review to 1? If we leave the s to review we need to put a limit (2?).

Comment [DK7]: Do we need to include that though the applications can be made by the applicant's agents. For the sake of support, the applicants themselves as legal entity should be considered?

AD: even if there are agents, i think the applicant is still the entity we care about.

368 Key to making a support program work is the choice of initial support recipients. With

369 this in mind it is agreed that the initial focus should be on finding a relatively limited

370 identifiable set of potential applicants that would be non-controversial to support.

371 The main criterion for eligibility should be need. An applicant would not be selected

372 for support unless the need criterion is met. **Full Consensus**

373 From the support applicants who meet the need criterion, WG recommends that the

374 following categories of applicant receive support (not in priority order);

375   a) Community based applications such as cultural, linguistic and ethnic.

376   These potential applicants have the benefits of being relatively well

377   defined as groups. Facilitating community on the web is one of ICANN's

378   core values; **Full Consensus**

379   b) Non-governmental Organizations (NGOs), civil society and not-for-profit

380   organizations; **Full Consensus**

381   **c)** Applicants located in emerging markets/developing countries; **Full**

382   **Consensus**

383   d) Applications in languages whose presence on the web is limited; **Full**

384   **Consensus**

385   e) There was a **Minority** view that entrepreneusr, who otherwise meet

386   other criteria in this section, in those markets where market constraints

387   make normal business operations more difficult. There was a **Strong**

388   **Support but significant opposition** in the group that for profit

389   enterprises should not be included in the categories receiving aid.

390

391 **2.9 Applicants NOT Entitled To Receive Support**

392 Not recommended for support, even if they can demonstrate financial need, are the

393 following types of application:

394   a) **Consensus** in the group that Brand gTLDS should not be included
395   among those entitled to receive support as they should be self-supporting
396   companies and thus should not be eligible for need based support.

397   • There was a **Minority** view that an exception could be made for those
398   applicants from countries where market constraints make normal
399   business operations more difficult and who are proposing a name in an
400   IDN script not currently supported;

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

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

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

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

409 **2.10 Proposed Constraints on Aid**

410 The WG also agreed on a series of "principles" that are recommended to guide the
411 community as the support process is finalized, namely:

412   a) Self-Financing responsibility: The WG reached **Consensus** on the need
413   for self-financing responsibility on the part of any successful applicant for
414   financial assistance. No more that 50% of the reduced fee may be
415   provided by an ICANN organized development program. This is not
416   meant to limit the manner in which fundraising for the other 50% is done
417   by the applicant.

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

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

423   sustainability and as a way to help limited resources reach more

424   applicants.

425   c) Transparency – **Consensus:** Support requests and levels of grant should

426   be made public to encourage transparency.

427   • There was a **Minority** view that in certain cases the protection of

428   business plans might he harmed by too much transparency.

429   d) Limited Government support – **strong support but significant**

430   **opposition:** The receipt of limited support from government(s) should not

431   disqualify applicants from receiving gTLD support. However, the process

432   is not designed to subsidize government-led initiatives.

433   • There was **strong support but significant opposition** on limiting

434   this exception to Community applicants

435   e) Repayment in success cases – **Full consensus:** In those cases where

436   supported gTLDs make revenue significantly above and beyond the level

437   of support received through this process, recipients would agree to re-

438   pay/rebate application subsidies into a revolving fund to support future

439   applications.

440

441 **2.11 Relationship to New gTLD Applicant Guidebook**

442 **Full Consensus:** The WG believes that these recommendations should not affect

443 the schedule of the New gTLD Applicant Guidebook, currently in its 4th version.

444 Rather it is a separate program that needs to be established in parallel with the

445 completion of the Application Guide Book. The Working Group recommends that

446 once the recommendations in this report are endorsed by the chartering

447 organizations and the Board, that text be added to the Application Guidebook

448 indicating that a support program will be announced before the start of the round and

449 that the conditions of that program will be defined separately.

450 **3   Next Steps**

451 Several work items are proposed as part of the set of recommendations made. Due

452 to the time constraints, and in the interest in getting GNSO Council, ALAC and

453 Board's endorsement for the basic recommendations, the following work items are

454 proposed for further discussion by the current Join SO/AC new gTLD Applicant

455 Support WG or another group. Most of these items require both policy and

456 implementation input and it is recommended that a joint team of Staff and SO/AC

457 members be created. There appeared to be **Full Consensus** on the following list of

458 recommendations, but, as the issue is really one for the chartering organizations, the

459 issues were not discussed in any great depth.

460   a) Establish the criteria for financial need and a method of demonstrating that

461   need. The established tasks of this WG in its charter included establishing

462   criteria for support. Financial need was established as the primary criterion

463   for support. The group was not convinced that the charter included the

464   more detailed task of defining financial need nor how this would be

465   established by an applicant. The group was convinced, however, that as

466   currently constituted it did not have the necessary expertise to make a

467   specific recommendation in this area, especially given the comparative

468   economic conditions and the cross-cultural aspects of this requirement. If

469   the chartering organizations and the Board endorse the recommendations

470   in this report, the WG requests that text be added to the next revision of

471   the Application Guidebook that states that a separate aid program,

472   including a fee reduction plan, will be initiated before the round opens, and

473   that the conditions of this program will be defined separately. The planning

474   work for this next effort is beginning as this milestone report is being

475   submitted and the Working Group requests that its charter be extended to

476   specifically include this task.

477   b) Definition of mechanisms, e.g. a review committee be established

478   operating under the set of guidelines established in this report and those

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

482   c)   Establishing relationships with any donor(s) who may be able to help in
483   first round with funding;

484   d)   Establishing a framework for managing any auction income beyond costs
485   for future rounds and ongoing assistance;

486   e)   Methods for coordinating the assistance, and discussions on the extent of
487   such coordination, to be given by Backend Registry Service Providers;
488   e.g. brokering the relationships, reviewing the operational quality of the
489   relationship.

490   f)   Discuss and establish methods for coordinating any assistance
491   volunteered by providers (consultants, translators, technicians, etc.);
492   match services to qualified applicants; broker these relationships and
493   review the operational quality of the relationship.

494   g)   Establish methods for coordinating cooperation among qualified
495   applicants, and assistance volunteered by third parties.

496   h)   Begin the work of fundraising and establishing links to possible donor
497   agencies.

498   i)   Review the basis of the US$100,000 application base fee to determine its
499   full origin and to determine what percentage of that fee could be waived
500   for applicants.

501

502 The WG also wishes to acknowledge and appreciate the Board's Trondheim
503 resolution 2.2 that appears to support the working group's recommendations for
504 coordinating providers and recipients, and increased awareness and outreach efforts
505 to needy applicants. However we feel that with further work, as recommended
506 above, more of the support mechanisms should be approved for implementation.

507 The Working Group also indicates its willingness to keep working on these additional

508 work items; though with the comment that additional outreach for members and/or

509 advisors with specific expertise will need to be done once the re-chartering is

510 completed.

511

4 Frequently Asked Questions

513 During the process of developing these recommendations, various questions have

514 been asked by the ICANN volunteer community, the ICANN staff and the ICANN

515 Board of directors. This section explores some of these frequently asked questions:

516

4.1 Question: Why these applicants cannot just wait until the next round?

4.1.1 Answer:

519 There are several reasons the group believes that it is critical that support be given
520 to applicants with a financial need for assistance in the first round:
521
522 - Board resolution 2010.03.12.46-47 was quite clear on the need to ensure that
523   the current New gTLD Program should be inclusive. Much of the ICANN
524   community took hope from this decision and not to deliver on this first round
525   would disappoint the global community greatly.
526
527 - With every round, the competitive disadvantage for the new gTLDs increases.
528   For ICANN to cause further disadvantage to those who already are at a
529   disadvantage due to its pricing considerations could be seen as an abrogation
530   of its responsibly to serve the global public interest and foster competition for
531   all.
532
533 - The built-up demand for new gTLDs, especially IDN gTLD, is so great that
534   there is an expectation for many applications. There is a concern that without
535   some sort of assistance program, all of the most obvious names, including
536   IDNs, will be grabbed by wealthy investors, leaving little opportunity, especially
537   in developing regions, for local community institutions and developing country
538   entrepreneurs.
539
540 - While there is every plan for a second round, and most of us believe that such
541   a round will occur, its timetable is at best uncertain. The round of 2001 was

542 supposed to be followed by new rounds, and though it now appears that it will
543 be, it took a decade for that to happen. Since it is impossible to give guarantees
544 of when there might be a future round, making those who cannot afford the
545 current elevated ICANN prices wait for an uncertain future is not seen as
546 equitable treatment.
547
548 -   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.

549

550 **4.2   Question: Running a registry is an expensive proposition, if an applicant**

551 **needs financial assistance for the application process, how can they fund**

552 **a registry?**

553 **4.2.1 Answer:**

554

555 The actual expense of running a registry depends on the capital and operating

556 expenses with a specific economy.. As the local operating expense for a applicants

557 location decreases, the relative burden ICANN's initial applications cost increases,

558 sometimes to the point of becoming an undue burden for those potential registries

559 from developing economies who would be able to run the Registry based on local

560 financial requirements.

561

562 There are also various possible ways in which prospective registries can share costs

563 and cost burden. In these cases the relative cost burden of ICANN fees would also

564 become an undue burden preventing someone from getting the permission to do

565 something, which in their environment and with their arrangements would be

566 affordable.

Comment [SBT8]: Even reading 4 times, I am not sure of the meaning.
Can we put it in more simple words.
Sorry

AD: does the rewrite help any?

567 **4.3 Question: The first round gTLD program is supposed to be self-funding.**
568   **If these price reductions are granted to applicants with financial need,**
569   **what happens to the goal of a self-funded program?**

570 **4.3.1 Answer:**
571
572 The GNSO Implementation guideline was that the overall program be self-funding.
573 The guideline specifically reads:
574

> 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.

575
576 As discussed in the recommendations, certain of the fees are inappropriate for
577 applicants who meet the requirements of the program. The guideline allows for
578 differentiated fee structure as long as the total resources cover the entire cost of the
579 program.

580 **4.4 Question: The solution is supposed to be sustainable, in what respect is**
581   **this solution sustainable?**

582 **4.4.1 Answer:**
583
584 The recommendations in this program are meant to support the sustainability of
585 costs for those who meet the requirements of the program. Reduced fees enable a
586 prospective registry to enter the market and reduce the initial debt that would need
587 to be met. In those cases of community gTLDs where a community is either
588 contributing to the expenses or is intended to reap benefit after the TLD has been
589 established, lower costs contribute not only to sustaining the operation of the gTLD
590 but also lower risk for the community.

591 **4.5   Question: How was the figure of US$10,000,000 arrived at in section 2.3.1**
592   **a? Was this figure just pulled out of a hat?**

593 **4.5.1 Answer:**

594 If by 'pulled out of hat' one means a goal and an approximation, then yes. But if one

595 mean, was it a wild guess with no thought given, then no.

596

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

598   •   Assuming that no cost reductions are made for applicants who met
599   the conditions for support, then many applicants who meet the
600   conditions of the program would need up to half of the US$186,000
601   or US$93,000. Assuming 10 applicants qualify for grant support, i.e.
602   5% of the expected 200 applicants, this would amount to needing
603   approximately US$1,000,000 in the fund. If 5% of 500 applicants,
604   i.e. 25 applicants, need financial support it would be approximately
605   US$2,500,000. If the ratio of those needing aid is higher than 5% of
606   the applicants, the figure goes up.

607   •   Translation of all materials into the 6 UN languages and assisting
608   with applications working in the languages, would occupy 6 full time
609   equivalent skilled translators for approximately a year. Taking a
610   low estimation of the cost of such a skilled translator at $100,000
611   USD/yr with the assumption of 100% overhead cost, the cost for
612   translation assistance becomes approximately $1,200,000 USD/yr.

613   •   Assuming 1 person to administer the program and 1 person to
614   coordinate the work, and assuming they get the same average
615   salary of $100,000 USD/yr at 100% overhead, another $400,000
616   USD/yr is added to this approximate budget.

617   At this point we are already have an estimate of between $2,600,00 USD/yr
618   and $4,100,00 USD/yr . This is before budgeting the requirements for
619   providing for the following:

620   •   Helping to create a possible financial guarantees for thos who
621   have difficulty with the Financial Continued Operation bond, if that
622   requirements is not lessened for those for whom this might be a

623   barrier to entry;
624   •   Contracting various forms of technical assistance;
625   •   Cost of educational outreach;
626   •   Costs for other forms of logistical assistance;
627   •   Travel expenses both for those providing aid and for those who
628   qualify for the support program.
629 Given these assumptions, and returning to the idea that this was a goal for a
630 program that is meant to help those from development regions as well as others who
631 meet the defined requirements for support, a multiplier of 2-4 on the basic $2.6 to
632 $4.1 Million figure for financial aid, translation and administration, the figured on
633 $10,000,000 USD as a fundraising goal for such a program is, while an estimation, a
634 rounded figure of the proper order of magnitude.
635
636
637

638 **5   Annex A – JAS WG Charter**

639 **Chartered objectives for the Working Group** (as adopted by the GNSO Council

640 and ALAC)

641

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

643 evaluate and propose recommendations regarding specific support to new gTLD

644 applicants in justified cases. The working group expects to identify suitable criteria

645 for provision of such support, to identify suitable support forms and to identify

646 potential providers of such support. However, there is no presumption that the

647 outcome will imply any particular governing structure. Accordingly, if the

648 recommendations indicate that the preferred solutions are of a voluntary nature, the

649 criteria and other provisions arrived at in line with the objectives below will solely

650 serve as advice to the parties concerned. The objectives are not listed in any priority

651 order. An overall consideration is that the outcomes of the WG should not lead to

652 delays of the New gTLD process.

653 **Objective 1**:   To identify suitable criteria that new gTLD applicants must fulfill to

654 qualify for dedicated support. The criteria may be different for different types of

655 support identified in line with Objective 2 and 3 below.

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

657 to accommodate applicants that fulfill appropriate criteria to qualify for this benefit, in

658 keeping with the principle of full cost recovery of the application process costs.

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

660 organizational assistance, financial assistance, fee reduction) and support timelines

661 (e.g. support for the application period only, continuous support) are appropriate for

662 new gTLD applicants fulfilling identified criteria.

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

664 as appropriate mechanisms to enable support provisioning.

665   **Objective 5**:   To identify conditions and mechanisms required to minimize the risk

666   of inappropriate access to support. Agreed within WG, pending GNSO Council and

667   ALAC adoption.

668

669   **Operating procedures for the Working Group**

670   The Working Group will operate according to the interim working group guidelines

671   set out in the Draft Working guidelines of 5 Feb 2010.

672

673   **Milestones**

674

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 - ___October	Weekly conference calls resumed, development of final recommendation based on public comments received
__ October	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. Call for Input – Support for New gTLD Applicants
3. Text of first snapshot released on 16 June 2010
4. Transcript - Brussels Meeting Workshop Session
5. Public Comment *Summary and Analysis*
6. Cover letter and text of second snapshot taken on 18 September 2010
7. Record on discussion on bundling - removed from final report.
8. Response to any comments received on second snapshot

Comment [U10]: Karla: this is the same as Public Comment Summary & Analysis, right?

Comment [U11]: Whole session needs review, alignment with Addenda.