## At-Large's Subsequent Procedures Scorecard: <u>Applicant Support Program (ASP)</u>

## **CPWG SubPro Small Team**

Revised and shared on At-Large Consolidated Policy Working Group (CPWG) Call On Wednesday, 16 September 2020, 19:00 UTC



## **APPLICATION SUBMISSION**

Topic/Area:	[17] APPLICANT SUPPORT PROGRAM (ASP)	Priority:	HIGH	Settled On:	05.05.2020, revised 13.09.2020
Related:	<ul> <li>Global South/Middle Applicant outreach – Communication [2.4.2]</li> <li>Nature of support – use of funds, beyond funds, funding source</li> <li>Criteria – Metrics</li> <li>Accountability Mechanism – appeal against SARP evaluation determination</li> <li>Contention set resolution involving ASP Applicants</li> <li>Support – Accreditation Programs [2.2.6]</li> <li>Application Fees [2.5.1] &amp; Variable Fees [2.5.2]</li> </ul>				
Key Issues:	<ul> <li>The ASP for the 2012 application round offered USD2mil in financial support but yielded only 3 ASP applicants. Only 1 of the 3 ASP applicants was found to have met the selection criteria, resulting in 2 of the 3 applications being terminated. In hindsight, the selection criteria standard was said to have been set too high, driven primarily by overwhelming caution against risk of 'gaming'.</li> <li>Four other issues which arise are to do with: <ul> <li>Metrics for measuring success of ASP Program;</li> <li>Appeals process to SARP determinations (which did not exist before);</li> <li>If successful ASP applicants should receive priority in contention sets (and under what circumstances); and</li> <li>How far should ICANN-funded financial support be contemplated for successful ASP applicants? Should it be limited to just the application process or for eg, should it extend to registry fees for up to a limited period post delegation?</li> </ul> </li> </ul>				
Policy Goals:	<ul> <li>Increase "success" of program, using a set of metrics – awareness/outreach, total EOIs, total applicants, total ASP "grantees" etc</li> <li>Provide financial support and non-financial support/pro-bono services to certain eligible applicants</li> <li>Ensure that information about the program and participation in the program is accessible to the target audience.</li> </ul>				
Assigned CCT- RT Rec's:	<ul> <li>Rec. 32: Revisit the Applicant Financial Support Program (prerequisite for SubPro)</li> <li>Rec. 29: Set objectives/metrics for applications from the Global South (prerequisite for SubPro)</li> <li>Rec. 30: Expand and improve outreach into the Global South (prerequisite for ICANN Org)</li> <li>Rec. 31: ICANN Org to coordinate the pro bono assistance program (prerequisite for ICANN Org)</li> </ul>				
References:	<ul> <li>SubPro Draft Final Report, 20 August 2020</li> <li>06. SubPro Applicant Support – CPWG consensus summary, 22 April 2020</li> </ul>				

<ul> <li>04. SubPro App</li> <li>Working Docur</li> <li>SubPro PDP W</li> </ul>	plicant Support – CPWG consensus summary, 14 April 2020 plicant Support – CPWG consensus building, 6, April 2020 ment_SubPro ICANN67 Discussion Topics, 1 April 2020 G Application Submission_Summary Document, 7 January 20 plicant Support Update to CPWG, 31 July 2019	)20
What has SubPro PDP WG concluded?	What will SubPro PDP WG recommend?	Is this acceptable? If not What else needs to be done & by/with whom?
	WG notes CCT-RT Rec 32, "Revisit the Applicant Financial Support Program" has puts forward the following recommendations to support improving ASP in subsequent procedures.	<ul> <li>CCT-RT Rec 32 not met satisfactorily; in particular:</li> <li>Actual metrics to measure success of ASP per CCT- RT Rec 29 or success of outreach and awareness to Global South per CCT-RT Rec 30, while suggested in interim, are not properly developed but instead punted to IRT to develop.</li> <li>Recommendation 17.2 vis a vis CCT-RT Rec 31, ICANN must actively coordinate the pro-bono assistance program, not merely facilitate it.</li> </ul>
<ol> <li>No objection to ASP continuing, successful applicants should enjoy financial support vis application fee reduction</li> </ol>	<ul> <li><u>Affirmation with Modification 15.3 (Under "Application</u> <u>Fee"</u>:</li> <li>Affirm Implementation Guideline B from 2007 with addition, "Application fees will be designed to ensure that adequate resources exist to cover the total cost to administer new gTLD process. Application fees may differ for applicants that qualify for application support."</li> </ul>	Yes, since impact is Applicants that qualify will enjoy reduced application fee (the Financial Support limb) No further intervention needed.
<ul> <li>2. ASP should:</li> <li>(a) Be open to applicants regardless of their location as long as they meet</li> </ul>	<ul> <li><u>Recommendation 17.1</u>:</li> <li>Recommends that Implementation Guideline N be replaced with, "ICANN must <u>retain the ASP</u>, which includes <u>fee reduction for eligible applications</u> and</li> </ul>	<ul> <li>Yes, but with major provisos!</li> <li>Support ASP to continue in subsequent procedures &amp; be available to applicants which meet eligibility</li> </ul>

program criteria – ie eligibility (b) Extend financial support beyond subsidy on application fees (c) Target Global South & "Middle Applicant" (ie still struggling regions which may not be underserved or underdeveloped)	<ul> <li>facilitate the provision of <u>pro-bono non-financial</u> <u>assistance</u> to <u>applicants in need</u>."</li> <li>Updating original IG to: <ul> <li>Acknowledge ASP in place in 2012 round</li> <li>Include reference to pro-bono non-financial assistance in addition to fee reduction</li> <li>Eliminate reference to economies classified by the UN as least developed, as Program not limited to these applicants.</li> </ul> </li> </ul>	<ul> <li>criteria, <u>regardless of location</u>. However, there is still need to press for requirement on demonstration of specific service to beneficiary target region or community - advocate for IRT to ensure requirement that <u>applicant must</u> <u>demonstrate how they would serve beneficiary</u> target region or community, not propose merely a general public interest benefit as an evaluation <u>criterion</u>.</li> <li>Yes, amendment is needed to regularize/ update existing Implementation Guidance N</li> <li>Major proviso being: per CCT-RT Rec 31, ICANN Org must actively encourage and coordinate participation of parties wishing to offer pro-bono assistance as well as communication between those parties and eligible applicants to ensure eligible applicants have effective access to probono assistance, and not be left with just a list of offerors – advocate for this change.</li> </ul>
(d) Extend financial support towards expenses like application writing fees, related attorney fees, [ICANN registry-level fees]	Recommendation 17.2: Expand scope of financial supportto ASP beneficiaries beyond application fee to also covercosts such as application writing fees, attorney feesrelated to application process.WG's RationaleRecognizes costs of applying for a TLD extend beyondapplication fee and these additional costs could beuncertain and prohibitive for applicants with limitedfinancial resources.Recommendation 17.3: ICANN to improve outreach,awareness-raising, application evaluation, and program	<ul> <li>Yes, but need to push the envelope on <u>financial</u> <u>support to include operational costs, consistent</u> <u>with the ICANN Board's decision made in Nairobi</u> in initiating the ASP which is <u>for ICANN Community to</u> <u>find a way to support applicants that are in need of</u> <u>means to make the application and to operate</u>.</li> <li>More detailed suggestions are found below (under the WG omissions section)</li> </ul>

<ul> <li>(e) Employ longer lead times to create awareness, draw on regional experts, leverage tools &amp; expertise to evaluate applicant business cases</li> </ul>	evaluation elements of the ASP, as proposed in the Implementation Guidance belowImplementation Guidance 17.4: Outreach and awareness- raising activities should be delivered well in advance to application window opening, as longer lead times help to promote more widespread knowledge about the program. Such outreach and education should commence no later than the start of the Communication Period.	<ul> <li>Yes, because outreach was very poor for 2012 round.</li> <li>More importantly, the element of education around the business model for applicants as identified by AM Global Study is missing – there is need for the inclusion of business model education (eg. different business case studies) to increase the utility of the ASP.</li> </ul>
	Implementation Guidance 17.5: A dedicated IRT be established / charged with developing implementation elements of ASP – giving regard to the JAS WG Final Report and 2012 implementation of ASP.	Major concern that "implementation elements of ASP" lacks sufficient policy guidance details; that these are highly necessary yet has been punted off to IRT which typically does not incorporate extensive community participation; CCT-RT Rec. 29 not met.
	Implementation Guidance 17.6: Outreach efforts should not only target the Global South, but also "middle applicants" (those located in struggling regions that are further along in development compared to underserved or underdeveloped regions). Evaluation criteria in ASP must treat "middle applicants" similar to those currently set forth in Criteria #1, Section 4 (Operation in a developing economy) of the Financial Assistance Handbook ( <i>i.e. benefiting LDCs, LLDCs, SIDS per UNDESA</i> <i>list</i> )	Agree in principle, but we still have no visibility on ICANN Org's on definition of "Global South", or agreement on how to describe underserved or underrepresented regions.
	Implementation Guidance 17.7: Support PIRR rec 6.1.b, "Consider researching globally recognized procedures that could be adopted for implementing ASP".	<ul> <li>In principle, yes, since impact:</li> <li>Assists with transparency and predictability for applicants and community.</li> <li>Documentation of rationale particularly assist with appeals process.</li> </ul>

	Implementation Guidance 17.8: Have dedicated IRT	Major concern that "implementation elements of ASP"
	should draw on experts with relevant knowledge,	lacks sufficient policy guidance details; that these are
	including from targeted regions, to develop appropriate	highly necessary yet has been punted off to IRT which
	program elements related to outreach, education and	typically does not incorporate extensive community
	application evaluation. Regional experts may be	participation; CCT-RT Rec. 29 not met.
	particularly helpful in providing insight on the evaluation	
	of business plans from different parts of the world.	
(f) Consider number of	Implementation Guidance 17.9: Dedicated IRT should	Major concern that "identified metrics" offer a
successful applicants as a	seek advice from experts in the field to develop	"piecemeal view approach lacking sufficient policy
measure of success –	framework for analysis of metrics to evaluate success of	guidance details; that these are highly necessary yet
PROGRAM METRICS	ASP – identified non-exhaustive list of potential data	has been punted off to IRT which typically does not
framework for measuring	points to support further discussion in implementation	incorporate extensive community participation; CCT-RT
success	phase. WG anticipates dedicated IRT will consider how	Rec. 29 not met.
	these and other potential metrics may be prioritized:	
	Awareness and Education:	
	<ul> <li>Number of outreach events and follow up</li> </ul>	
	communications with potential applicants	
	<ul> <li>Level of awareness about the Program/ASP</li> </ul>	
	<ul> <li>Level of interest expressed/number that</li> </ul>	
	considered applying	
	• Number of applicants	
	• Diversity of applicant pool (including geographic	
	diversity and IDNs)	
	<ul> <li>Number of service providers offering pro-bono assistance</li> </ul>	
	<ul> <li>Approval Rate:</li> <li>Number of approved applicants</li> </ul>	
	<ul> <li>Number of approved applicants</li> <li>Success of Launched gTLD:</li> </ul>	
	<ul> <li>Success of Launched gridb.</li> <li>Number of registrants of domain name</li> </ul>	
	registered in "regional" TLDs (eg TLDs focusing	
	mainly on a local, limited market) KIV other	
	barriers registrants in developing countries to	
		J I

	<ul> <li>access domain names, such as inability to access online payment services and a lack of global registrars.</li> <li>Number of domain names registered in "regional" new gTLDs compared to the number of Internet users in such regions. These numbers could be compared with same numbers for Internet users and "regional" new gTLDs in developed regions such as Europe and North America.</li> </ul>	
<ol> <li>Method for selecting recipients if applicants exceeds funds allocated</li> </ol>	Implementation Guidance 17.10: Dedicated IRT to consider how to allocate financial support in the case that available funding cannot provide fee reductions to all applicants that meet the scoring requirement threshold.	<ul> <li><u>Major concern that "implementation elements of ASP"</u> <u>lacks sufficient policy guidance details</u>; that these are highly necessary yet has been punted off to IRT which typically does not incorporate extensive community participation.</li> <li>If expecting uptake to improve then more consideration ought to be given to having established approach. We had suggested:</li> <li>Using points earn during evaluation to determine dispersion of funds if there are more applicants than funds</li> <li>Using "quota per region" approach</li> </ul>
	<u>Recommendation 7.11</u> : Support PIRR rec 6.1.a, "Consider leveraging the same procedural practices used for other panels, incl. publication of process documents and documentation of rationale."	<ul> <li>In principle, yes, since impact:</li> <li>Assists with transparency and predictability for applicants and community.</li> <li>Documentation of rationale particularly assist with appeals process.</li> </ul>
4. Source of ASP funding	<u>Recommendation 17.12</u> : ICANN Org must develop plan for funding ASP, as proposed in IG below	Major concern over how ICANN org will develop such plan, need more visibility on concrete steps

		Implementation Guidance 17.13: ICANN Org should evaluate whether it can provide funds (per 2012) or whether additional funding is needed for the ASP in subsequent rounds Implementation Guidance 17.14: ICANN Org should seek funding partners to help financially support the ASP as appropriate	<ul> <li>Advocate for ICANN Org to actively inform, encourage and liaise with National banks and aid agencies worldwide to participate in sponsoring applicants or ASP funding.</li> </ul>
successful A string conte for the cond "multiplier" bids placed applicants t an auction o	us for priority to ASP applicant in ention but support cept of a ' (or equivalent) for by successful ASP that participate in of last resort to ontention set.	<ul> <li><u>Recommendation 17.15</u>: If an applicant qualifies for ASP and is part of a contention set that is resolved through an auction of last resort, a bid credit, multiplier, or other similar mechanism must apply to the bid submitted by that applicant.</li> <li><u>Implementation Guidance 17.16</u>: Research should be conducted in implementation phase to determine exact nature and amount of bid credit, multiplier, or other mechanism described in Recommendation 17.15. Research should also be completed to determine a max value associated with the bid credit, multiplier, or other mechanism.</li> </ul>	Support in in principle – this is something that the ALAC had proposed earlier and continue to advocate for as a feature of any auction of last resort participated in by eligible applicants such as successful ASP applicants. <u>However, again, there is major concern</u> <u>over lack of sufficient policy guidance details</u> ; that these are highly necessary yet has been punted off to IRT which typically does not incorporate extensive community participation.
6. Partly dealin gaming – co transfers of	onditions governing	Implementation Guidance 17.17: If the applicant getting ASP prevails in an auction, there should be restrictions placed on the applicant from assigning the RA, and/or from any Change of Control for a period of no less than 3 years. This restriction seeks to prevent gaming of the ASP whereby an applicant transfers its ownership of a registry to a 3 <sup>rd</sup> party for financial gain.	Acceptable.

		<ul> <li>However, necessary assignments shall be permitted, limited to:</li> <li>Assignments due to going out of business</li> <li>Assignments due to death or retirement of a majority shareholder</li> <li>Assignments due to EBERO</li> <li>Assignments to affiliates or subsidiaries</li> <li>Assignments required by competition authorities</li> <li>All assignments after such time shall be governed under then RA standard provisions; provided that any assignment or Change of Control after the 3<sup>rd</sup> year, but prior to the 7<sup>th</sup> year, shall require applicant to repay full amount of financial support received through the ASP + additional 10%.</li> </ul>	
7.	No automatic termination of applications which do not meet ASP criteria	<ul> <li><u>Recommendation 17.18</u>:</li> <li>Unless the SARP reasonably believes there was willful gaming, applicants who are not awarded Applicant Support (whether "Qualified" or "Disqualified") must have the option to pay balance of full standard application fee and transfer to standard application process.</li> <li>Applicants must have limited period of time to provide any additional information necessary to convert theirs to a standard application, without causing unreasonable delay to other elements or other applicants eg in a contention set.</li> </ul>	<ul> <li>Yes, we advocated strongly for this. Unsuccessful ASP applicants should be allowed to choose either withdraw or transfer to standard application regime, with reasonable time given to pay balance application fee amount if choose to transfer.</li> <li><u>While mostly consistent with our past comments, concern remains</u> as to:</li> <li>How SARP's evaluation methodology will be expanded to include determination of wilful gaming</li> <li>Development of broad agreement on penalty to be applied to applicants found to be wilful gamers.</li> </ul>
8.	Financial Assistance Handbook (details of ASP) to be in AGB	<u>Recommendation 17.19</u> : The Financial Assistance Handbook or its successor, subject to changes included in	Agree.

	the above recommendations, must be incorporated into the AGB for subsequent rounds.	
What has SubPro PDP WG concluded?	What SubPro PDP WG has omitted?	Is this acceptable? If not, what else needs to be done and by/with whom?
9. No consensus for priority to successful ASP applicant in string contention	Any recommendation on priority for successful ASP applicant in string contention	<ul> <li>We commented, "Applicants who are subject to string contention resolution procedures and auctions are expected to have the financial wherewithal to see through the resolution procedure or participate in an auction as a last resort. Applicants who qualify for ASP are by default disadvantaged in this regard given their need to obtain Application Support in the first place. One this basis, propose that <u>an applicant who qualifies for ASP should be given priority in any string contention set, and not be subjected to any further string contention resolution process."</u></li> <li>"In advocating for greater participation in New gTLD Program – to meet need for diversity, competition, choice etc – priority in string contention ought to be given to successful ASP applicants."</li> <li>A denial of outright priority in string contention to a successful ASP applicant demands inclusion of provisions to help level the playing field for successful ASP applicants to effectively compete in an auction of last resort against applicants that are better resourced and not in need of application or operational support – <u>this proposal has been taken up in some form but details remain lacking</u>.</li> </ul>

10. Dedicated Application Round for ASP potential applicants	Any recommendation for separate application windows based on types of applications	<ul> <li>We commented, "Some support for dedicated round for applicants from developing countries and which proposes to benefit communities in developing countries or indigenous communities."</li> <li>Some support but <u>no consensus within At-Large</u></li> </ul>
NEW/PENDING ISSUES:	SubPro PDP WG seeking input on:	What else needs to be done and by/with whom?
11. Whether ASP should include financial support beyond a reduction of application fees	<ul> <li>Whether ASP should include reduction or elimination of ongoing registry fees specified in Article 6 of RA for eligible candidates?</li> <li>It included a preliminary recommendation that ASP should include coverage of such fees and a compromise proposal was put forward that ICANN should cover registry fees for a limited period of time but has now omitted it for lack of consensus.</li> </ul>	<ul> <li>Yes, it should. We also provide input on guardrails to mitigating risk of gaming while increasing appeal, utility of ASP, to boost overall success of ASP, as follows:</li> <li>Joint financing of Applicant Support applications</li> <li>ICANN Applicant Support must take account of the overall investment costs necessary for the success of the proposed independent Registry, including</li> </ul>
12. Dealing further with risk of gaming – Effect of Transfer on timing of ASP process	<ul> <li>WG noted recommendation to allow unsuccessful ASP candidates to transfer to a standard application raises questions about timing of the ASP process relative to timing of overall application evaluation process</li> <li>WG considered a proposal to address concerns about gaming associated with transfer but found that under that proposal, ASP applicant had no information to gain, and is therefore not in a position to game the system.</li> </ul>	<ul> <li>how these costs will be financed.</li> <li>The financial evaluation of the application must be undertaken by qualified staff within ICANN Org. The applicant's submitted financial data should be kept confidential, except that in the event of joint financing by third party entities (e.g. regional development banks) such data would have to be shared under conditions of confidentiality and with the applicant's consent.</li> <li>'Portfolio applicants' or incumbent Registry/ Registrar entities with 10 or more delegated gTLDs (new and legacy) are ineligible to apply for Applicant Support.</li> <li>To be eligible for Applicant Support, an applicant for:</li> </ul>

	<ul> <li>A geographic name string, must be incorporated in the jurisdiction corresponding to that geographic name, on the basis of prior authorization and regardless of intended use of the string.</li> <li>A non-geographic name string, must not be incorporated in the jurisdiction considered as tax havens by the OECD.</li> <li>To implement joint financing, ICANN Org must: <ul> <li>(a) Undertake a review of the financing of independent gTLD applications arising from the 2012 Round. And publish the anonymised data arising from that review. This is not to be out-sourced.</li> <li>(b) Conduct a proactive information and promotional activity with possible third party entities to facilitate subsequent approaches from ICANN and applicants for Applicant Support.</li> <li>(c) Establish confidentiality rules and procedures with respect to the sharing of the applicants' information with third party entities, including all of the applicant's financial data.</li> </ul> </li> </ul>
Main Positions At-Large is concerr of Concern:	ned over many aspects of these recommendations and implementation guidance:
On CCT-RT Recom	
CCT-RT Rec 32	2 not met satisfactorily; in particular:

- Actual metrics to measure success of ASP per CCT-RT Rec 29 or success of outreach and awareness to Global South (or any other target groups) per CCT-RT Rec 30 are not adequately addressed by way of policy but instead 'delegated' to implementation
- On Recommendation 17.2 vis a vis CCT-RT Rec 31, ICANN must <u>actively coordinate</u> the pro-bono assistance program, the probono assistance program, not merely facilitate it.

## **On SubPro Recommendations & IGs**

At-Large has major concerns with many of the recommendation and implementation guidance which we believe either do not go far enough to improve the utility of ASP and/or suggest "implementation elements of ASP" which lack adequate policy guidance details which are highly necessary. Instead these are punted off to IRT/implementation phase which typically does not incorporate extensive community participation. In particular:

- Recommendation 17.1 Should include within ASP framework, a requirement that applicants must demonstrate how they would serve a beneficiary target region or community, not propose merely a general public interest benefit as an evaluation criterion.
- Recommendation 17.2 Financial support must include operational costs, consistent with the ICANN Board's decision made in Nairobi in initiating the ASP which is for ICANN Community to find a way to support applicants that are in need of means to make the application and to operate.
- Recommendation 17.3 and IG 17.4 Express inclusion of business model education (eg. different business case studies) to increase the utility of the ASP.
- Implementation Guidance 17.5, 17.8, 17.9, 17.10: Will a dedicated IRT established / charged with developing implementation elements of ASP even if giving regard to the JAS WG Final Report and 2012 implementation of ASP allow for effective community participation and/or input to be incorporated?

We have some suggestions related to IG 17.10: If expecting uptake to improve then more consideration ought to be given to having established approach, suggest:

- Using points earn during evaluation to determine dispersion of funds if there are more applicants than funds
- Using "quota per region" approach
- Recommendation 17.12 and IGs 17.13 ad 17.14: Given that the success of the ASP is intrinsically tied to the amount of ASP funds available, we have keen interests in how ICANN org will develop such plan to source for ASP funds. In particular, we believe more concrete steps should be established to secure funding for ASP; that ICANN Org ought to actively inform, encourage and liaise with National banks and aid agencies worldwide to participate in sponsoring applicants or ASP funding; and that request for cooperation by GAC be made, as appropriate.

• Recommendation 17.15 and IG 17.16: We are concerned about being asked to support important elements which lack adequate policy guidance details. To be clear, we maintain our proposal to allow an applicant who qualifies for ASP should be given priority in any string contention set, and not be subjected to any further string contention resolution process but note that if 2 or more applicants that qualify for Applicant Support were to be placed in a contention set, then a mechanism is still required to resolve that contention set. In this scenario, and should priority not be given to an applicant that qualifies for Applicant Support, then a version of the Vickrey auction should be the mechanism of last resort where the benefit of a multiplier should apply to bids placed by applicants that receive Applicant Support.
<ul> <li>Recommendation 17.18: While we fully support the move to allow applicants that fail ASP evaluation the option to pay balance of full standard application fee and transfer to standard application process, we remain concern over questions on (i) how SARP's evaluation methodology will be expanded to include determination of wilful gaming; and (ii) the development of broad agreement on penalty to be applied to applicants found to be wilful gamers.</li> </ul>
Issues omitted in Recommendations - no priority to successful ASP applicant in string contention
<ul> <li>In advocating for greater participation in New gTLD Program – to meet need for diversity, competition, choice etc – we maintain that an applicant who qualifies for ASP should be given priority in any string contention set, and not be subjected to any further string contention resolution process, especially an auction which such an application would be inherently disadvantaged in this regard given their need to obtain Application Support in the first place.</li> </ul>
<ul> <li>A denial of outright priority in string contention to a successful ASP applicant demands inclusion of provisions to help level the playing field for successful ASP applicants to effectively compete in an auction of last resort against applicants that are better resourced and not in need of application or operational support – eg allowing benefit of multiplier in auction bids for successful ASP applicants – this proposal has been taken up in some form but details remain lacking.</li> </ul>
On the question of whether ASP should include financial support beyond a reduction of application fees
<ul> <li>Our input by consensus is "yes, it should". We also provide input on guardrails to mitigating risk of gaming while increasing appeal, utility of ASP, to boost overall success of ASP (see above under "New/Pending Issues")</li> </ul>