

New gTLD Applicant Support Program - Financial Assistance

The members of the At-Large New gTLD WG appreciate the efforts that have gone into the preparation of the New gTLD Applicant Support Program (ASP) and are encouraged by the decision of the Board to allow some applicants to apply for a fee reduction. In its review of [ICANN Board Resolutions 2011.12.08.01 – 2011.12.08.03](#) and of the [New gTLD Applicant Support Program: Financial Assistance](#) released by ICANN Staff on 20 December 2011 several concerns have surfaced. These concerns, each of which is discussed separately below, relate to the following issues:

- The lack of specificity on the criteria by which the financial need of a support applicant is judged and the onerous nature of the outcome in the case an applicant does not meet ICANN criteria for the program.
- The Outreach Program of new gTLDs and for the Support program
- The application of the \$2 MUSD to the fee reduction as opposed to other financial needs of aspiring registries
- The lack of action on the creation of a Foundation and/or Fund for the purpose of fund raising.

The lack of specificity on the criteria

The ASP does not include sufficient discussion of the criteria by which a Support Applicant will be judged as meeting financial need requirements. While the JAS WG recommendation was also deficient in this matter, there was a recommendation that further work be done by the JAS WG together with the Staff Implementation team to develop objective criteria for the financial evaluation. The need to do this has been made greater by the punishment documented in the Application Support Program for 'gaming', i.e. by designating forfeiture of the application fee and exclusion from the New gTLD program for those judged as not meeting the financial need criteria. While this may be a clever mechanism for dissuading ICANN's professional gamers, how can an applicant from outside the ICANN community trust that the process won't find them insufficiently needy when they are being measured against unknown criteria? \$47 KUSD is a great sum for an applicant from a developing economy to gamble on being judged insufficiently needy against an unspecified set of financial criteria.

Additionally, one possible adjustment the working group recommends to the process is that applicants who meet the financial need score but who do not meet the other criteria are disqualified from both aid and further participation in the round but remain eligible for a refund. It is certainly unjust to fine an applicant for aid \$138,000 because the SARP decides the applicant is not financially capable of handling the rest of the cost involved in applying or running a gTLD. Although not as clear cut, failure to meet the threshold on Public Interest should not imply loss of refund, while scoring VERY low in Public Interest might still trigger loss of refund. In both cases, the inability to proceed in the current round is a sufficiently strong penalty as to limit gaming.

For support applicants who meet the threshold for funding, and are not selected because the funds are not sufficient to cover all the qualified applicants, they should be refunded, and given priority, for example an extra point in the evaluation, for the next round support program as long as they meet the criteria established for that program.

It is important that the Staff Implementation team work with a group of JAS WG volunteers and others to develop a set of objective criteria that take the realities of the developing world and its variety into account.

Application of \$2 MUSD to fee reductions

The JAS WG was quite explicit in its recommendation that the \$2 MUSD that the Board had allocated to Applicant Support should not be applied to fee reductions. It is clear that this will not accommodate a large enough program, as the ASP itself discusses, only 14 applicants would be aided by this program. Of an estimated 500 possible applications this would mean only 2.8% of the applications would be able to receive aid. The conservative projection by the JAS WG was that at least 10 - 20% of applications should be able to come from developing economies. The current \$2 MUSD would leave developing economy support short by \$5 MUSD of the conservative 10% of application estimate. While it is true that Application Support Program does discuss the other future fund raising to make up the difference, it was recognized by the JAS WG that raising money from external sources in order to pay ICANN application fees was a very improbable. The JAS WG proposal included the recommendation that a portion of the full application fees intended for the ICANN Reserve Fund be applied to cover the Support Applicant's application fees.

As was made clear in the JAS WG report, and in most analyses of the costs of creating new gTLDs, the application cost was only a portion of the required costs. ALAC, in its support of the JAS WG recommendations, advised that the \$2 MUSD be used as the seed fund for raising money for needs such as building out of registry capability or ways of meeting the five (5) critical Registry Continuous Operations Instrument (COI) requirements in developing economies. I.e. that this funding be used to support capacity building in developing economies. When JAS discussed raising funds it was for a fund for building capacity and not for paying ICANN application fees.

The At-Large New gTLD WG requests that the Board give further consideration to the use of the reserve funds that will come in as part of the New gTLD Program application fees as an additional revenue source for the Applicant Support Program.

The Outreach Program of new gTLDs and for the Support program

At-Large members have expressed concern on the reach of the current New gTLD Outreach Program, in that it has not seemed to include outreach beyond centrally located communities in the capitals of the developed world. In most communities in developing economies, there is still no knowledge of the New gTLD program let alone an Applicant Support Program. In extending the Outreach program to include the Applicant Support program, there will be a need to increase the reach of the program

beyond the current scope. As the Applicant Support Program does not yet contain the specifics of the revamped Outreach program beyond a statement about advertising the Applicant Support Program, it is important that the Staff Implementation team work with a group of JAS WG volunteers to develop an Outreach program adequate to the needs of the Applicant Support Program.

The lack of action on the creation of a Foundation and/or Fund for the purpose of fund raising.

One of the recommendations of the JAS WG was that a Board initiated community wide committee be created to investigate the means and methods of creating an ICANN charitable foundation that could both do fund raising and could make decisions about grants to worthy applicants, including to those attempting to create registries in developing economies. A resolution initiating this Board committee was not included among the 8 December 2011 resolutions and no further statements have been made on this recommendation. As the questions that need to be answered in the investigation of an ICANN charitable foundation are many and establishing such a fund would be time consuming, and as such a foundation or fund would be necessary in any fundraising effort to assist Support Applicants beyond the \$2 MUSD allocated by the ICANN Board, we reiterate the JAS WG recommendation that this effort be initiated as soon as possible.

Thank You

At-Large New gTLD Working Group

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