

**NEW gTLD PROGRAM: NEXT ROUND**

**gTLD**

# ASP Funding Plan

24 September 2024



# Agenda

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01

# **ASP Budget Estimate & Funding Sources**

# ASP Budget Estimate

**Total ASP Program Cost Estimate**

**\$10-16M USD**

Total budget is a range for several reasons:

1. costs of subsidizing supported applicants will depend on the final gTLD evaluation fees
2. ICANN org is still negotiating with vendors to conduct the ASP evaluation
3. the final costs of ASP will depend on the volume of ASP applications received and evaluated (up to 200), as well as the number of applicants that qualify for support (up to 45)

ICANN will account for and report on actual ASP costs, including the use of auction proceeds funds, within the Next Round reporting cadence.

# Program Costs & Funding Source

Program Costs	Funding Source
<p>ASP Implementation &amp; Operation</p> <ul style="list-style-type: none"><li>● Comms, Outreach, Website &amp; ASP System</li><li>● Staff support</li><li>● Contingency</li><li>● Shared Services</li><li>● ASP Eligibility Evaluation</li></ul>	<p>Next Round Cost Recovery</p>
<p>ASP Package of Support</p> <ul style="list-style-type: none"><li>● Applicant Counselor</li><li>● Capacity Development</li><li>● gTLD evaluation fee reductions (75-85%)</li><li>● Base RA Fee Reduction</li></ul>	<p>50% Next Round Cost Recovery 50% 2012 Auction Proceeds Fund (following <a href="#">7 Sept 2024 Board Resolution</a>)</p>

02

# **ASP Budget Assumptions & Background**

## ASP Budget Assumptions

1. The ASP receives and processes up to 200 applications, or 10% of all gTLD applications.
2. For financial modeling purposes, the budget assumes ICANN will receive 2,000 applications.
3. Applicant financial assistance is budgeted for 40-45 supported applicants at between 75-85% reduction for the gTLD base application fee and applicable gTLD evaluation fees (TBC following base gTLD evaluation fee).
  - a. *See slides 8-10 for background on this assumption.*
4. Any unused funds received from gTLD applicants for ASP are expected to be put aside to fund the ASP in future rounds to give certainty to applicants that this part of the gTLD application fee will be used for future ASP purposes.

## Background on Budget Assumption 3

With regard to the number of ASP applicants that qualify for support, the assumption of 40-45 applicants is based upon a number of inputs:

- The GNSO Guidance Process (GGP) for ASP articulated success as:
  - no fewer than 0.05% of successfully delegated gTLDs were from supported applicants.
  - org should set a minimum meaningful level of fee reduction
  - funding for gTLD fee reductions should be spread equally across all qualified supported applicants.
- The ASP-IRT Sub-track advised that 50% would be a minimum meaningful level of fee reduction; after public comment on the ASP Handbook, the ASP-IRT Sub-track advised that the minimum should be 75%.

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## **Background on Budget Assumption 3 (cont'd)**

- The ODA and Implementation Plan indicated a [75-85%] reduction in the base gTLD application fee and gTLD evaluation fees for qualified supported applicants.
- This was in-line with 2012 fee reduction since the SubPro Final Report did not call for changes.
- The ASP-IRT Sub-track did not advise changing the 85% maximum amount of fee reduction.
- Based upon GGP, IRT, and public comment input, the ASP Handbook indicates a 75-85% fee reduction, depending on the number of applicants that qualify for support.

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## **Background on Budget Assumption 3 (cont'd)**

- The GGP set a minimum of 0.05% of gTLD applicants successfully delegated were supported.
- The final percentage of fee reduction will depend on:
  - the base gTLD application fee and the number of applicants that qualify for support, up to the maximum amount available.
  - *See next section for support scenarios.*

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## **Financial Support Scenarios**

## Support Scenarios

The ASP Handbook indicates 75-85% fee reduction based upon community feedback.

**Table 1.** Estimated number of applicants at different levels of support.

Level of Fee Reduction	75%	85%
Estimated Number of Supported Applicants	45	40

# Additional Financial Support

04

# ASP Bid Credit

## Bid Credit

### Background:

- SubPro Final Report Recommendation 17.5 states: *If an applicant qualifies for Applicant Support and is part of a contention set that is resolved through an ICANN Auction of Last Resort, a bid credit, multiplier, or other similar mechanism must apply to the bid submitted by that applicant.*
- The Bid Credit/Multiplier Research was presented to the full SubPro IRT in Kigali at [GDS: SubPro IRT Work Session \(2 of 3\)](#) on Wednesday 12 June 2024. The slide deck can be found [here](#).

### Next Steps:

- Implementation outcome of this is pending decisions on the New gTLD Program contention resolution process.
- ICANN org will determine the options for bid credits for supported applicants in consultation with the full IRT as a part of the contention resolution process.

05

# Reduced Registry Operator Fees



# Reduced Base Registry Agreement (RA) Fees (1/2)

## Background Context:

- During the SubPro ODA, ICANN conducted research per Implementation Guidance 17.7 in the [SubPro Final Report](#) (p. 253) which called for research on other globally recognized procedures that could be adopted for the ASP.
- Research findings indicated that organizations with demonstrated financial challenges may need support beyond a one-time award to ensure ongoing success and stability ([ICANN Survey of Globally Recognized Procedures for Financial Assistance Programs](#), pp. 43-44).
- In line with research and in the spirit of Recommendation 17.2 ([SubPro Final Report](#), p. 252, ICANN org developed an implementation proposal for extending financial support to supported applicants that become registry operators.
- In June 2024, the ICANN Board [adopted Supplemental Recommendation 17.2](#).
- To remain within the bounds of ICANN's role and mission, the scope of this extended financial support is centered around ICANN org fees established within the Registry Agreement (RA).

## Reduced Base Registry Agreement (RA) Fees (2/2)

**Implementation:** ICANN will reduce fees for supported applicants that become Registry Operators in years 1, 2, and 3 on a graduated scale, resuming to full fixed fees in year 4.

Year 1	USD \$6,250 - Fixed fees (75% reduction)
Year 2	USD \$12,500 - Fixed fees (50% reduction)
Year 3	USD \$18,750 - Fixed fees (25% reduction)
Year 4	USD \$25,000 - Full fixed fees

*Fees represented in table are based on previous fee amounts. The actual reduction will be based on the percentages noted in each year.*