

# OVERVIEW OF PROPOSED GUIDELINE on ccTLD CONTRIBUTIONS to ICANN

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# AGENDA

1. Background and Context
2. Value Exchange Model
3. Guideline Principles
4. Proposed Rate bands
5. Comments/Questions

# Background & Context

- ccTLD contributions to ICANN have been a regularly a topic discussion since the creation of ICANN.
- In the early years (1999-2003) the contribution of ccTLDs was to make up 35% of ICANN's budget, with individual contributions based on domains under management.
- In March 2007, the ccNSO adopted the current guideline based on a WG recommendation
- At the March 2010 ICANN meeting the ICANN CEO suggested that ccTLDs needed to increase their financial contributions to ICANN - a figure \$10 to \$12 million was raised as a possible target.

## Background & Context (continued)

- In response the ccNSO formed the Financial Working Group (FinWG) in November 2010 with a mandate:
  - “a. to discuss with ICANN (i.) the amounts attributed to ccTLDs and (ii) the underlying attribution method(s) to attempt to establish which of those amounts and method(s) are reasonable and may be acceptable to the ccTLD community*
  - b. to discuss with ICANN a methodology for individual ccTLDs to use to calculate a fair and equitable voluntary financial contribution to ICANN and propose such a methodology to the ccTLD community.*
- Consistent with this mandate, it has reviewed and assessed
  - the total value that ccTLDs receive from ICANN, using the ‘value exchange model’ and
  - potential models and methodologies for allocating this amount across the ccTLD community.
- Throughout this process, the FinWG has kept the ccNSO community apprised of its deliberations; it has had 12 meetings and has provided an update to the ccNSO at every ICANN meeting since March 2011.

# Initial value/benefit based model overview

ICANN >> ccTLDs	ccTLDs >> ICANN
Root Zone Management	
Limited (Global) Policy development	Meeting Hosts, sponsorship of meetings and events
Ring fencing policy development - ccTLD responsibility - policy development	Bring competence: business sense, volunteer time of CEO's, operator of Internet Services
Global Platform for communication - Networking - Sharing and benchmarking - Meeting other stakeholders	Contribution to Internationalisation - by number of members - by Geo Diversity - Regional Organisations
Influencing the Governance/ Strategy of ICANN (ccNSO appointed Board member selection)	Role of representatives (with RIR's and RO) of MSH model internationally: IGF, WCIT, ITU,...
Platform for SSR: DNSSEC, IPv6	Operator knowledge of implementing DNSSEC
Protection of Multi stakeholder Model	Increase strength of the MSH: global dimension, operators at local and regional level
Training opportunities	

# Conceptual Value Categories

## Specific

- Easily Identifiable
- Direct support of the ccTLD's
- Benefit exclusively the ccTLD's

## Shared

- Shared resources for shared benefit
- Not directly accountable to ccTLD's
- Tangible matters

## Global

- Support of the Internet eco-System
- Support of the global infrastructure
- Subjective matters

## VALUE EXCHANGE MODEL

**SPECIFIC BENEFITS** - easily identifiable and directly support ccTLDs

Policy support	\$334
Secretariat support	\$232
Travel support	\$094
Overheads 25%	<u>\$165</u>
<b>Sub-total</b>	<b>\$825</b>

**SHARED BENEFITS** - Tangible benefits to ccTLDs that are shared within the ICANN community

Governance (2 members on ICANN board)	\$377
ICANN Meetings	\$906
ccTLD meeting hosting costs	(\$750)
IANA	\$1800
IDNs	<u>\$384</u>
<b>Sub-Total</b>	<b>\$2717</b>

**GLOBAL BENEFITS** -

**ICANN = ccTLDs**

For the Internet eco –system or global infrastructure, are less tangible and in most cases hard to quantify for both ICANN and ccTLDs. ICANN and the ccTLD community have acknowledged that the value both add in this category is equivalent.

**TOTAL VALUE PROVIDED BY ICANN TO ccTLDs**

**\$3542**

## **Proposed Guideline for Voluntary Contributions of ccTLDs to ICANN**

- ICANN and the ccNSO each recognize the value the ccTLD community and ICANN bring to their relationship
- ICANN and the ccNSO recognize and acknowledge the value exchange model, with specific, shared and global value categories, which has been developed cooperatively, as the basis to allocate expenditures
- The ccNSO recognizes that ICANN undertakes expenditures that are of direct and specific benefit to the ccNSO community and recommends that ICANN be reasonably compensated for these costs
- Consistent with its public interest mandate and not-for-profit status, ICANN is encouraged to continue to its efforts to improve its management practices and be cost efficient
- ccTLDs function in a wide variety of operating environments using differing business and governance models

## *Proposed Guideline for Voluntary Contributions of ccTLDs to ICANN (continued)*

- The ccNSO has developed the attached 'banded model' for voluntary contributions to ICANN, however, the level of contribution that any ccTLD registry makes to ICANN should continue to be determined between ICANN and the individual ccTLD manager
- Where a ccTLD agrees to initiate payment of contributions or to an increase in contributions, **either as a result of the adoption of this guideline or in time, after reaching a higher band,** these amounts could be phased in annually or over a period of three to five years
- Where a Registry is responsible for managing more than one ccTLD, it will have the option of determining its ICANN contribution on the basis of either
  - the total domains under management, or
  - the sum of the contributions of the individual ccTLDs
- **ICANN and the ccNSO have agreed to have a discussion on the need to review the model and its results, after a minimum period of five (5) years**

## Proposed Revenue Bands

<u>Band</u>	<u>Domains Under Management</u>	<u>Suggested Voluntary Contribution</u> (\$US)
<i>Band A</i>	<i>Greater than 5 million</i>	<i>\$225,000</i>
<i>Band B</i>	<i>2.5 million to 5 million</i>	<i>\$150,000</i>
<i>Band C</i>	<i>1 million to 2.5 million</i>	<i>\$ 75,000</i>
<i>Band D</i>	<i>500, 000 to 1 million</i>	<i>\$ 25,000</i>
<i>Band E</i>	<i>250,000 to 500,000</i>	<i>\$ 15,000</i>
<i>Band F</i>	<i>50,000 to 250,000</i>	<i>\$ 10,000</i>
<i>Band G</i>	<i>Less than 50,000</i>	<i>\$ 500</i>

## ***Proposed Revenue Bands***

<b><i>Band</i></b>	<b><i>Domains Under Management</i></b>	<b><i>Number of cc's in Band</i></b>	<b><i>Suggested Contribution (\$US)</i></b>	<b><i>Revenue (assuming all cc's pay)</i></b>
<b><i>Band A</i></b>	<b><i>Greater than 5 million</i></b>	<b><i>5</i></b>	<b><i>\$225,000</i></b>	<b><i>\$1,125,000</i></b>
<b><i>Band B</i></b>	<b><i>2.5 million to 5 million</i></b>	<b><i>8</i></b>	<b><i>\$150,000</i></b>	<b><i>\$1,200,000</i></b>
<b><i>Band C</i></b>	<b><i>1 million to 2.5 million</i></b>	<b><i>13</i></b>	<b><i>\$75,000</i></b>	<b><i>\$ 975,000</i></b>
<b><i>Band D</i></b>	<b><i>500,000 to 1 million</i></b>	<b><i>11</i></b>	<b><i>\$25,000</i></b>	<b><i>\$ 275,000</i></b>
<b><i>Band E</i></b>	<b><i>250,000 to 500,000</i></b>	<b><i>9</i></b>	<b><i>\$15,000</i></b>	<b><i>\$ 135,000</i></b>
<b><i>Band F</i></b>	<b><i>50,000 to 250,000</i></b>	<b><i>26</i></b>	<b><i>\$10,000</i></b>	<b><i>\$ 260,000</i></b>
<b><i>Band G</i></b>	<b><i>Less than 50,000</i></b>	<b><i>183</i></b>	<b><i>\$500</i></b>	<b><i>\$ 92,000</i></b>
<b><i>TOTAL</i></b>				<b><i>\$4,062,000</i></b>