



The Internet Corporation for Assigned Names and Numbers

15 November 2013

Mr. Byron Holland
Canada Internet Registration Authority (CIRA)
350, rue Sparks Street, Suite 306
Ottawa, ON, K2R 7S8

Dear Byron,

On the eve of important and far reaching changes to the Internet Ecosystem, I want to express my support for the emerging outcome of the discussions on financial contribution from the ccTLD community to ICANN and my satisfaction that we are at a point where we anticipate being able to close this longstanding and challenging discussion.

This process began with an attempt to value the contribution that ICANN brings to the ccTLD community. I am quite pleased that one of the outcomes is a greater understanding and recognition of the value that the ccTLD community brings to ICANN and the Internet governance community as a whole. I believe that the mutual recognition of the beneficial relationship that exists between ICANN and the ccTLD community represents a solid basis on which we can determine what might be an appropriate financial contribution from the ccTLD community. This conceptual approach has been expressed in 'the value exchange model' that has been developed collaboratively between ICANN staff and the ccNSO Finance Working Group and which is illustrated in Annex 1. More importantly, this conceptual approach underpins our future cooperation and collaboration: both ICANN and the ccTLD Community bring tremendous value to the multi-stakeholder model of Internet governance.

I have also had an opportunity to review the current estimates of what the application of the 'value exchange model' specially represents in terms of current ICANN and ccTLD costs and expenditures, as summarized in Annex 2. I accept that the resulting \$3.5 million amount is a fair and reasonable assessment of the net benefit that the ccTLD community receives from ICANN and therefore represents the overall level of financial contribution that ICANN hopes to receive.

I understand that the ccNSO has been reviewing approaches to determining the voluntary financial contribution for individual ccTLD's given this overall level of total

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contribution that we are seeking. I look forward to receiving the ccNSO's recommendations in this respect.

As this process draws to a close, I will be reaching out to you and your colleagues, so that we might now turn our focus and efforts to our common goal of bringing value to the Internet and its users. I invite you and the ccTLD community at large to work together with us, as true partners, to strengthen the multi-stakeholder model at all levels and to enhance the stability, security and interoperability of the Domain Name System.

Sincerely,

A handwritten signature in blue ink, appearing to read "Fadi Chehadé", written over a horizontal line.

Fadi Chehadé
President & CEO, ICANN

Annex A:

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



Annex C

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VALUE EXCHANGE MODEL

Conceptual Value Categories and Associated Benefits

(thousands of \$US)

Estimated Annual ccTLD Benefit

SPECIFIC

Are easily identifiable; directly support ccTLDs

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

SHARED

Shared 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>
Sub-Total	\$2717

GLOBAL

ICANN = ccTLDs

The benefits are for the Internet eco –system or global infrastructure, 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. Examples of Global Benefit include:

ccTLDs: provide best example of ‘multistakeholder model’ - international community in 130+ countries, providing ‘boots on the ground’ for ICANN, helping fund IGF & national internet fora, fostering domestic internet policy development etc.;

ICANN: supports DNSSEC, IPv6; its structure allows ccTLDs to input into global policy development; interact with GAC and rest of community etc.;

TOTAL VALUE PROVIDED BY ICANN TO ccTLDs

\$3542