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FINANCING LDCs IN THE WSIS PROCESS

From the early days of WSIS preparation a sticky issue was raised and remains unresolved, that of financing the participation of less developed countries (LDC) in the various meetings generated by the WSIS process. So far no practical solution has been found. Internet Governance Forum (IGF) meetings are mostly attended by delegates from developed countries. LDC attendance is sparse, and partially composed of members of well funded transnational lobbies.

However, money is not scarce in the internet milieu. It flows by millions of $.

Some basic internet concepts

Physically, the internet results from the interconnection of thousands autonomous networks, owned by a variety of organizations or individuals.

Functionally, the internet provides a **common communication space** (CCS), which cannot be owned by any entity. This virtual resource is a ***common good.***

The CCS is structured by an architecture defined at the time the internet was designed, then refined and extended over the years.

Among components of the CCS architecture are **identifiers**, allowing to designate entities within the CCS. Two major classes of identifiers are **IP addresses** and **domain names**.

This document shall elaborate only on domain names.

ICANN cash cow

Historically, domain names come in two varieties: gTLD and ccTLD. The latter variety is under the responsibility of national authorities, and shall not be discussed in this document.

gTLDs are approved by ICANN and the Department of Commerce (DOC) of the US government.

Creating gTLDs involves intricate procedures lasting several years, and costly for the proposing organization (registry). Once a gTLD has been created, additional sub-domain names are created by the registry at the request of registrars, retailers that receive orders from users. Sub-domain names are rented to users at a cost, which feeds the food chain from registrars up to ICANN. This is a basic ingredient of the bottom up model, a mantra within ICANN followers.

ICANN is a de facto worldwide monopoly imposed by the US government and thriving on gTLD fees. Like any monopoly ICANN uses its non competitive advantage in setting gTLD fees so as to enjoy a comfortable budget (around $60M, as it seems). This amount could be compared to ITU-T budget.

Being legally a private Californian organization, ICANN decides at its own discretion the use of the money collected from internet gTLD users. No specific provision guarantees that all users receive a fair share in return for their contributions. ICANN friends and clientele get the jackpot.

The top 5 gTLDs are COM, NET, ORG. INFO, and BIZ. Registrations number:

1. COM 88 298 883
2. NET 13 172 571
3. ORG 8 542 760
4. INFO 6 609 655
5. BIZ 2 129 628

With a surplus of minor gTLDs, registered domain names exceed 120 millions.
ICANN is invited to reveal the booty it collects on these registrations.

Some users get their domain names from local registrars located in their own country. Then, they usually pay taxes tacked on the transaction. On the other hand many users get domain names online from US registrars, and do not pay taxes in their own country.

Registrars can expect to be rewarded within reasonable limits for bookkeeping services they provide to their clients. Furthermore, they normally operate on a competitive market which should keep fees from getting abusive.

Registries operate on captive markets allocated by ICANN. The top 5 gTLD registries are in the USA. It is not clear that the fees they collect are a legitimate compensation for the services they provide.

Finally one wonders what services ICANN is providing to justify the money collected on domain names.

The bottom line is: a **private monopoly levying worldwide taxes on the use of a common good.**

A more decent approach

The ICANN monopoly is a rather questionable status in the sense that collecting taxes without accountability to the taxpayers creates a permanent conflict between users interests and ICANN interests.

The field is open to a variety of suggestions for more equitable schemes. Let us explore one in particular.

An internationally agreed council (IAC) to set gTLD fees, taking into account such factors as:

- cost of managing gTLD names and sub-domain names
- needs for future extensions
- services provided by ICANN
- financial capacities of LDCs
- financial help pledged to disadvantaged groups or countries

IAC to determine ICANN appropriate budget, based on agreed projection of activities.

Money collected by gTLD registries to be transferred to a UN accredited trust fund.

Trust fund to transfer approved budget to ICANN and other beneficiaries.

One possible option for a trust fund could be ITU-D, due to its institutional mandate geared to development projects. Additional resources originating from ITU members, IGO/NGOs, private sector, could complement those provided by gTLD fees.

Transition

It would be naïve to expect ICANN to willingly shell out a chunk of what it considers as legitimate revenue. Nevertheless, the UN community may have a different opinion. By using a mix of pressure and persuasion it might be possible to bring ICANN to agree on a tiny return of money, say 1¢ per domain name. It would be a test of cooperation to initiate further negotiations.

Knowing that ICANN has been for years pretending to be an international organization, the UN could consider raising ICANN status to some international level, under conditions including a financial control of gTLD domain names fees by the IAC introduced above, or a similar scheme.

In case of adamant opposition from ICANN, other initiatives could be taken. Governments could collect taxes on gTLD domain names registered off-shore, or set taxes on ICANN. Legal action could be introduced against ICANN for illegitimate monopoly.

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