

Friends of Research4Life Proposal

What is the request?

The request is for the approval of a Friends of Research4Life organization which will be set up as a US-based 501 (c) (3) charitable organization with its own, independent governance structure and Board of Directors. The mission of this organization would be to raise and provide funding for Research4Life initiatives.

Additionally, we would seek for the approval of funds to assist in the setup of the Friends of Research4Life initiative and maintain operational funding until such time as Friends of Research4Life would be self-sustaining. Specifically, we expect that donations from Friends of Research4Life made to Research4Life should exceed any costs of Friends of Research4Life by the end of 2021.

Why is this needed?

Research4Life has only reached a small fraction of its potential in terms of awareness, reach, understanding, and effective usage. As currently operating, the programs are severely under-resourced for the tasks which they are attempting to undertake, and this shows in a number of important ways:

- The infrastructure which underpins the operation of the services the program offers – authentication, CRM, user interface, resource cataloguing, resource discovery functionality – is underpowered, and underdeveloped and relies on volunteer labor from participating partners to a greater degree than such a large enterprise should. A recent donation from Springer Nature has enabled the replacement of the out-of-date authentication system, but further funds will need to be secured to replace other parts of the core infrastructure in order to deliver an acceptable user experience and to support the training and capacity building activities which go alongside the delivery of content.
- There is a huge demand from the user community for training in a whole range of research information literacy and skills, including the key skills involved in leveraging maximum advantage from the resources made available via the Research4Life programs. With the current resources, Research4Life is unable to respond to this demand in a way that would significantly increase awareness and effective usage of the content that the publishing partners are making available. A program of wider, regular and more in-depth training, both face-to-face and, increasingly, via online training and the MOOC would be desirable, as would further exploration of what is needed to support the development of scientific research publishing capabilities and priorities in lower income countries.
- While the program has generated some compelling case studies illustrating the impact of the Research4Life program and its constituent parts, it has not had the resources to carry out in-depth studies to demonstrate true evidence of impact at scale, nor to attribute specific development outcomes to the availability of research publications.

- The fact that Research4Life is highly dependent on the monies from Group B countries, and the fact that the collection rate is so low, puts Research4Life at a higher risk on a monetary basis.

Fundraising is a challenge, but it is particularly difficult without a legal entity for accepting donations. This makes it very difficult to begin significant fundraising efforts as there is no proper structure or funding for development work to occur. Many potential donor organizations will not donate without a tax-exempt, legal structure in place to accept their donations (such as the Google Foundation who, while aligned with the goals of R4L, has stated they would only give money to a registered 501(c)(3) organizations).¹

Some publishers stressed the importance of US charitable status for US\$ donations.²

On a different but related note, R4L currently uses other organizations for managing its RFP process for the evaluation of new technologies crucial to the technological foundation of R4L. This means that R4L is bound under the terms of the organization helping managed the process. The rules and restrictions under which these tenders are done do not provide enough flexibility for the organization to get the best results during the tender process and may discourage otherwise qualified bidders. Other processes are possible (such as running RFPs through STM), but those also come with the additional cost if they are based in Europe because of the need to pay VAT on top of the contract, so this can be a substantial extra cost. A US-based organization would help avoid those costs.

What are the benefits to R4L?

A Friends of Research4Life organization has the potential to widen participation, strengthen the partnership between all contributing stakeholders and reinforce the core value proposition of Research4Life itself.

At the same time, Research4Life will have a fundraising vehicle with independent governance and a mechanism to contract with appropriate third-party agencies for the provision of services and specific fundraising initiatives.

A Friends of Research4Life organization could provide new avenues for revenue such as Legal Firms, Donor Organizations and others.

Friends of R4L could also make existing fundraising efforts with publishers easier and could become a “badge of honor” for publishers and increase the visibility of publishers “doing the right thing.”

¹ *noted during the “Research4Life Fund Raising Feasibility Study: Final Report” from September 2017.

² *noted during the “Research4Life Fund Raising Feasibility Study: Final Report” from September 2017.

Research4Life would be able to focus on its core mission and remove the distractions associated with fundraising efforts.

Friends of R4L could provide (in alignment with approved Bylaws) a streamlined process for vendor evaluation and more direct interactions with potential vendors. This would be accomplished in concert with Board Members (made up of R4L supporters, partners and vetted outsiders with specific and beneficial experience).

What are the costs?

Initial setup costs for Friends of Research4Life would range up to about \$2,000 (likely less) depending on the avenues selected. This would cover the costs of working with an outside agency to help fill out and submit all the proper forms, etc.

Ongoing costs would vary depending on several choices, particularly with vendor selection for ongoing accounting as well as decisions regarding which US States to register in for fundraising efforts (US state laws vary but in general, if you are soliciting funds from donors in a particular state, you must register in that state and the costs can range from \$25 - \$500 each depending on the state).

Roughly the budget would include:

- Setup Costs
 - \$1,600 contract with service provider to assist with all filings (this is optional and can be done by volunteer staff but will require some level of effort to put together all the required documents)
 - Registration Costs for Incorporation (depends on state, but is minimal up to \$100 depending on state of registration)
 - Filing fees for tax exempt status with the IRS - \$600
 - May be some other minor fees accompanying specific filings dependent on state
 - Possible extra fees for some vendors for setup (could be up to \$2,000 but will likely be less or will be included as part of the annual contract)

- Ongoing Annual Fees for Operations Requirements
 - About \$6,000 per year (dependent on vendor selected) for bookkeeping/accounting, accounting software hosting and financial reporting
 - End of year report filing (for 990) for the IRS – up to \$2,000
 - Additional State Fundraising registrations if needed (required in up to 40 additional US States if fundraising is done in that state)
 - Fees for state registrations up to about \$7,500 for registration in all states (includes registering agency and state fees)

- To set expectations, break-even costs for Friends of Research4Life (donations required that would cover annual operating expenses) should be about \$15,000 per year. We expect to reach break-even (or better) in 2021.

What other activities will be required?

- Selection of a Board of Directors (5 – 15 people suggested) who are independent and understand and support the mission of R4L
 - Development of a simple business plan for use in applications
 - Development of Bylaws for organization (included as part of the proposal from vendors if we choose to contract with them)
 - Development of Incorporation Articles (included as part of the proposal from vendors if we choose to contract with them)
 - Development of a Conflict of Interest policy (included as part of the proposal from vendors if we choose to contract with them)
- Must develop a process to track allocation and use of funds by R4L. This will be crucial to the long-term success of Friends of Research4Life and its ability to raise funding in the future. Where did the funds go and what impact are they having?
- *Not included in this initial proposal but should be considered – We may need to hire staff to implement fundraising activities and perhaps to manage the reporting back to donors of how the money has been spent. Initially, it is intended that no staff will be hired for Friends of Research4Life but we would depend on contributions of individual supporters of R4L, R4L “Staff” and Friends of Research4Life Board Members to provide the initial fundraising efforts.

Exit Strategy

Should the Friends of Research4Life not work out as intended (e.g. be fully self-sustaining and a positive influence on the funding for Research4Life, it would be possible to terminate the Friends of Research4Life. There would be some cost associated with it for the remainder of the financial year, plus the requirement for Limiting exposure to losing proposition. I would suggest that if this is done, it should be as close to the fiscal year end (calendar year end) as possible as this would make the cleanest exit. Costs to terminate at that point should be less than \$3,000 (we would still have to file the IRS forms required to conclude the year). Any funds remaining would need to be dispersed according to the Articles of Incorporation, but should be provided to another organization who can fund Research4Life initiatives (perhaps STM if the relationship is still capable of managing this at that time).

Conclusion

We believe that by approving the establishment of a Friends of Research4Life 501(c)(3) organization we can simplify, streamline and increase the fundraising effort for Research4Life at a reasonable cost. Additionally, we can use this organization to support proper fundraising efforts to help Research4Life in its mission.