

2025 | Background Brief 2.3

Justice Financing Framework

A Guide to Budgeting and Financing for
People-Centered Justice for the Justice Sector





BACKGROUND BRIEF 2.3

2.3 Contributions to Costs by Beneficiaries



Introduction

The Justice Financing Framework proposes that countries should review the allocation of legal and justice services costs and consider the scope for contributions from well-resourced users and beneficiaries, while avoiding access barriers.

This background brief considers the scope for users and beneficiaries to contribute to the cost of primary front line justice services. It:

- Considers the principles for allocating costs.
- Discusses user fees for dispute resolution services (courts and informal mechanisms).
- Reviews payment mechanisms for advice and assistance.

2. Principles for Allocating Costs

There are complex arguments around the extent to which justice is a public good versus the extent to which it is reasonable for people involved in conflicts (and who benefit directly from solutions) to pay or at least contribute to the inherent costs. There is a wide range of international experience (some of which is discussed below) which countries may wish to consider when looking at the potential to raise funds from users and beneficiaries.

It is clear that in some circumstances, people are able and willing to pay to resolve their justice problems.¹⁸ However, cost should not be a barrier to access to justice services.¹⁹ There is considerable literature on the unintended consequences of disproportionate cost allocations, including a loss of faith in the justice system.²⁰ Box 1 below summarizes lessons from other sectors on charging user fees.

18 Maurits Barendrecht et al. "Charging for Justice: SDG 16 Trend Report 2020." Hiil, 2020, <https://www.hiil.org/research/charging-for-justice/>.

19 Ibid, ch. 4.

20 Most of this "fees and fines" literature is related to the costs of law enforcement. See Paik and Packard, 2024 for a recent review of this literature.

Box 1: Lessons from the Education and Health Sectors on Charging User Fees

Education sector

- The United Nations Children’s Fund (UNICEF) has long advocated for free, compulsory primary education.
- Sustainable Development Goal (SDG) target 4.1 states “By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.”
- It is recognized that even small fees can have a disproportionate impact on access. The decision by the Ugandan government in 1997 to abolish a USD 5 annual fee for primary school pupils resulted in an overnight doubling of attendance.²¹

Health sector

- User fees for primary health care, which had been widely introduced in the 1990s, have now been largely abandoned (see [Background Brief 0.2](#)).
- In many health care programs, the removal of user fees has led to a significant increase in the number of patients using public health services, especially for maternal and child health services.²²

Box 2 below summarizes key considerations for payments or contributions from users and beneficiaries for dispute resolution services.

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- 21 World Bank advice had previously been that attendance would only increase by 10 percent. This led to a global fundamental reconsideration of the impact of user fees, and in subsequent years many lower-income countries switched to free primary education (and, increasingly, to free lower secondary education).
- 22 The study assessed the impact of user fee exemption cards introduced by the government to improve healthcare access for the ultra-poor. The study found that 75.5 percent of eligible individuals received the cards, with factors such as literacy, proximity to healthcare centers, and residents in specific health districts being positively associated with card receipt. However, possessing the exemption card did not significantly increase healthcare utilization among the ultra-poor. See Yvonne Beaugé et al. “Do targeted user fee exemptions reach the ultra-poor and increase their healthcare utilisation? a panel study from Burkina Faso.” *International Journal of Environmental Research and Public Health* 17, no. 18 (2020), 6543, <https://doi.org/10.3390/ijerph17186543>.

Box 2: Key Considerations for Payments or Contributions from Users and Beneficiaries for Dispute Resolution Services

Means, needs, and merits. Legal aid is the justice service where most work has been done to rationalize cost allocations. Legal aid subsidies tend to be allocated on the basis of means (ability to pay), need (severity of the problem), and merit (whether the service is likely to lead to an effective and fair outcome).

Proportionality of the cost contribution in relation to the value of the claim.

Indirect costs of ineffective or delayed services. Cost contributions should take into account the impact of ineffective or delayed resolution of the disputes. Even impecunious disputants may prefer to pay a fee for a quick, effective service.

Avoid incentivizing inefficient behavior. For example, funding mechanisms for prosecution services may provide an incentive for prosecutors to bring easy cases to formal courts, as opposed to restorative justice provided at the community level.

For a fuller discussion on the principles for allocating costs, see Annex Section A.

3. User Fees for Dispute Resolution Services (Courts and Informal Mechanisms)

One potential revenue source is for users to pay some or all of the cost of dispute resolution (court/informal dispute resolution) services. Box 3 below illustrates some international experience. Further examples are in Section B of the Annex.

Box 3: Payments For Court Fees: International Experience

Europe: Countries' fees for formal courts

Court fees on average (median) cover 15 percent of the courts' costs and 8 percent of judicial system costs (courts, public prosecution, and legal aid).²³ But there is a wide range of practice with court fees raising as little as 1 percent the fees in Spain and over 100 percent in Austria. Revenue from fees in Austria and Germany are high, given their ability to cross-subsidize fees from land and business registers.²⁴

Ethiopia: Customary Courts in the regional state Oromia

Customary courts in the Ethiopian Oromia are primarily financed through community contributions, reflecting a grassroots approach to maintaining their operations. In rural areas, nearly all community members contribute to the functioning of these courts, with each individual typically providing around USD 1.5 (200 Ethiopian birr) annually. For those facing financial difficulties, exceptions are made to ensure inclusivity. This widespread participation demonstrates a collective commitment to the customary justice system, reinforcing its legitimacy, relevance, and ownership in local communities. Community contributions are streamlined through the involvement of local government structures such as revenue and tax collection offices, and Ganda (lowest) administrations, which assist in collecting funds on behalf of the customary courts. A formal invoicing system has been implemented to facilitate the process, ensuring transparency and efficiency. This system not only enhances the financial stability of the courts, but also fosters a sense of shared responsibility among community members for the upkeep of their justice mechanisms.²⁵

A requirement for users to pay for public court services may be particularly relevant for large commercial disputes, which in some countries (e.g., the UK and Australia) are currently subsidized by the state. There is scope to consider the extent to which well-capitalized users of the justice system with resource-intensive disputes should contribute to the service they are benefitting from. This is linked to concerns over power imbalances that may be inherent in the system (see Box 4 below). These issues are discussed further in Section C of the Annex.

23 European Commission for the Efficiency of Justice (Council of Europe, Special file - Report "European judicial systems - CEPEJ Evaluation report - 2024 Evaluation cycle (2022 data), October 2024, 39, <https://www.coe.int/en/web/cepej/special-file>.

24 Barendrecht et al. "Charging for Justice." *HiiL*, January 2024, accessed July 27, 2025, <https://www.private-law-theory.org/2024/01/19/barendrecht-botero-and-banks-charging-for-justice-2/>.

25 Ibid.

Box 4: Costs and Power Imbalances

- In the **United Kingdom** (UK) and other countries, there is growing concern about Strategic Lawsuits Against Public Participation (SLAPPs), where the potential cost of defending a legal action is used to silence criticism.²⁶
- In **Uganda**, there is evidence that powerful and educated elites are using the formal justice system to intimidate less powerful opponents in relation to land disputes.²⁷

4. Payment Mechanisms for Advice and Assistance

This section considers user or beneficiary payment mechanisms for legal advice and assistance, in particular for those unable to afford private lawyers' fees.

4.2 Contributions to running costs of organizations providing free advice and assistance

Box 5 below provides an example of mechanisms for users to contribute to the running costs of organizations providing free legal advice and assistance. Both are examples of mechanisms that avoid charging fees at the moment of crisis. For example, in return for justice services delivered in the community, a beneficiary may be asked to become a member of a supporting fund or to make payments in kind. The "pay it forward" scheme described in Box 5 operates in practice as a "no cure, no pay" arrangement, which can work well for disputants in cases where substantial money is at stake in comparison to the costs of services, but where the outcome is uncertain.

26 Peter Coe et al. "Addressing strategic lawsuits against public participation (SLAPPs): a critical interrogation of legislative, and judicial responses." *Journal of Media Law* (June 2024), 1–40, <https://doi.org/10.1080/17577632.2024.2443096>.

27 Anthony Okech. "Policy brief comparing state and traditional land justice systems in Uganda." *International Development Research Centre*, 2017, <https://idl-bnc-idrc.dspacedirect.org/items/ee0a386c-428d-4715-b19c-5d034bf70f88>.

Box 5: Members Fees and “Pay It Forward”

Member fees

A 2024 survey of Namati’s Grassroots Justice Network showed that the second-most frequently cited source of funding for grassroots providers of legal advice and assistance was “Member fees: Income from members of a community or professional association,” accounting for 28.72 percent of responses. Additionally, 9.57 percent of respondents reported receiving funding through client contributions and/or fees.

‘Pay it forward’

A notable example of user contributions is seen in an experiment conducted by Namati and a partner organization in **Myanmar**, Than Lwin Thisar, which tested a “pay it forward” scheme. Clients who successfully resolved cases with paralegals were invited to make voluntary contributions, which were transparently allocated for purposes such as community education or transport needs for paralegals. The success of this model seemed to depend on the receipt of financial compensation by clients.

Source: Namati, namati.org.

4.3 Insurance

Legal fees insurance operates in some OECD countries, but practice and coverage vary. Policies generally exclude or give limited coverage for family issues, crime problems, and services related to contracting and prevention. Legal insurance is unlikely to be a solution for people without a regular sufficient income from which to pay a premium. The range of approaches to legal insurance mirrors the experience of the health sector (see Box 6 below and [Background Brief 0.2](#))

Box 6: Lessons from Other Sectors on Insurance

There is a wide variety of approaches to insurance within the health sector. In some countries like the US, insurance is predominantly privately funded and operated with separate limited provision for the poorest (e.g., Medicare, also in the US). In other countries, e.g., the UK, while there is a system of “national insurance contributions,” this is in effect a general tax, and individuals’ contributions have no relation to their access to health services.

4.4 Third party litigation funding

Litigation funding, or third-party litigation funding (TPLF), refers to an outside investor or funding company contributing to the costs of a lawsuit. The legal costs are usually shared by the party litigating and the outside investor looking for a return on the investment through a favorable judgment or settlement.



Annex: Analytical Background

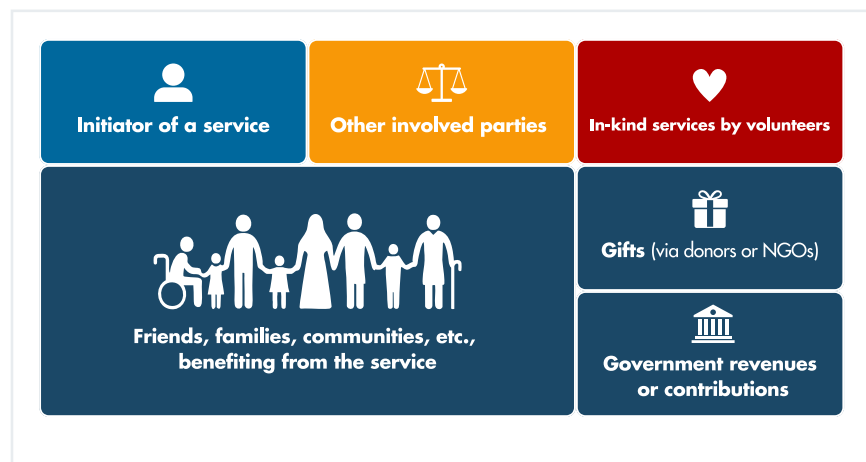
A. Accepted principles for allocating costs

A1: Contributors

“Smart contributions,” Chapter 6 of Hiil’s report *Charging for Justice*, summarizes the literature on cost allocations before 2020. The chapter starts with the following diagram on possible contributors to the cost of resolving a problem/conflict.

The top three squares represent possible contributions by the participants to the resolution process. The size of the boxes reflects that when analyzing costs, the people-centered perspective requires that all costs of accessing justice are counted: not only out-of-pocket expenses, but also the opportunity costs of time spent, as well as the emotional costs (stress, or the side effects of legal procedures known as secondary victimization). Considerable contributions come from volunteers and from professionals who are contributing time that is not compensated.

Figure 4: Possible Contributors to the Costs of Services



The bottom three squares show how contributions can also come from the government (legal aid, subsidized courts), from gifts, or from organizations that benefit from effective resolution processes in general: some industry organizations may for example offer arbitration or an ADR scheme for clients of their members.

A2. Cost allocation criteria

The report cites a large comparative study from which the following allocation criteria can be derived for the costs of dispute resolution systems. These principles can be applied to all seamless pathways from problems to resolution, including court procedures, ADR mechanisms, and even informal justice in communities. not only out-of-pocket expenses, but also the opportunity costs of time spent, as well as the emotional costs (stress, or the side effects of legal procedures known as secondary victimization). Considerable contributions come from volunteers and from professionals who are contributing time that is not compensated.

- Fees should be differentiated on the basis of the extent of use of resources.
- They should be related to the size of tasks and follow a “pay as you go” structure.
- Subsidies by the state should be transparent.
- Lawyer fees (costs of party representation) are the biggest part of total costs and should be proportionate to the value at stake.
- They should also be predictable—preferably by tariffs or fixed fees established before the case starts.
- Lawyer fees should be determined by the tasks in litigation or dispute resolution: fewer tasks in simplified procedures reduces costs.
- More needs to be done to put proportional costs into effect.
- Predictable costs come with standardization. A ‘pathway’ or ‘track’ approach has a number of attractive features.
- More tasks should be shifted from the lawyers/parties to the neutral lower courts.
- For large (corporate) litigation, it may be difficult to predict costs. Transparent case management that allows tracking of costs is the answer.

A3. Cost allocation principles: public goods, private goods, and sustainability

There is a principled argument that all justice services are public goods and should be paid by the state. An alternative view is that only the procedures, methods, and know-how related to justice services for solving conflicts between citizens meet the criteria for a public good (non-excludable; non-rival).

Most justice problems occur in key relationships—family, work, land, housing, community, or local government—in which people are crucially dependent on one other person or organization for their well-being.

Conflicts can be seen as inherent in these relationships. People involved in these conflicts benefit directly from solutions. Together they have in their power to reach an agreement. Therefore, it can be seen as fair and reasonable to let them pay the costs of third-party governance of their relationships. If all governance of private relationships would need to be paid by the state, this would make the justice system unsustainable. However, when there is inequity of resources between the parties, there may be a case for the state supporting the less resourced party. This can help ensure equality of justice outcomes so that both parties perceive the procedure as fair and equitable and can go on with their lives.

How to allocate these costs between them is another matter. Allocation can happen in proportion to the responsibility for (not) resolving the problem. And some people may need subsidies to cover the part of the costs allocated to them.

People also must cope with the consequences of accidents, crime, or other unlawful conduct. In these cases, government subsidies for justice services are more likely to be needed. A person who commits a crime may not be able to pay costs, and it would be unreasonable to require a victim of crime to incur costs.

Finally, people need the justice system to ensure government agencies provide essential public services. For administrative procedures, different cost allocation principles may apply.

A4. Costs as a barrier to access: life events

Cost should not be a barrier to access. Chapter 4 of Hiil's *Charging for Justice* report has data about willingness to pay and reasons why people do not use justice services. ODI Global research on health and education has data on the impact that costs can have on access by those living on lowest incomes.

The data suggest that people are willing to spend on resolution, and more likely to spend on justice services that are effective and that have costs that are proportionate to the value at stake. This is more likely to happen when service providers are members of their own community and have a similar level of salary/cost of living.

Costs can become a huge barrier to access, because justice problems are often related to life events that drastically change people's ability to pay. This means:

- Out-of-pocket costs of services should be low or zero at the point of delivery for people in custody, having immediate security needs, or an urgent need to spend on other immediate needs—including housing and medical services.
- Insurance (see next section), contributions by communities, and state subsidies are ways to share the risk of high costs.
- People in these situations may have more ability to pay once their immediate needs are remedied and when outcomes have been achieved for them.

In addition, justice costs can present a huge barrier for people living on the lowest incomes. Indeed, lack of access to justice can be a reason for them falling into poverty or remaining trapped in poverty.

A5. High- versus low-income countries

Cost as a barrier for access to justice is a universal issue. There are, however, differences in how this plays out for people in high- versus low-income countries. In wealthier nations, people often pay for legal services through fees, insurance plans, or membership programs. These relatively well-organized and structured contribution schemes are largely supported—in full or in part—by government funding, sometimes even with supplemental private funding. Comparatively, many people in lower-income countries can't afford basic legal help, and whatever legal aid exists is usually underfunded and stretched

thin, with large differences in the availability and quality of services offered depending on geography. With fewer safety nets around the negative impacts of life events, poor communities struggle at a different level with cost as a barrier for solving their justice problems. Expectations around contributions from beneficiaries in these regions should be adjusted in line with a realistic analysis of the political economy in impoverished communities, as well as lessons learned from the health sector.

A6. Summary

When reviewing cost allocations to citizens, consider:

1. Proportionality of costs and value/interests at stake.
2. The indirect costs of ineffective or delayed services.
3. Informal payment structures that may result from ineffective cost allocation mechanisms.

In this review, prioritize:

1. Contributions to primary justice services.
2. Contributions by well-capitalized users of the system.
3. Allocations to citizens that cause debt problems.
4. Allocations to citizens in poverty.
5. Allocations inducing business models that lead to additional costs elsewhere in the system.

B. Current cost allocations: little consistency

Justice systems have an enormous variety of cost allocations for each of their functions. The following list is illustrative:

- Costs of contracting and notary deeds are usually borne by the parties involved.
- Governments can lower these costs for their citizens' everyday relationships by offering trustworthy templates. Several countries have formats for marriage contracts (e.g., Bangladesh).
- Costs for processing of permits or identity documents are usually borne by the citizens requiring the permit.
- Costs of experts are usually borne by the parties, but in exceptional cases, the government may subsidize them.
- In European countries, court fees on average (median) cover 15 percent of the courts' costs and 8 percent of judicial system costs (courts, public prosecution, and legal aid).²⁸ But there is a wide range of practice, with court fees raising as little as 1 percent of court fees in Spain and over 100 percent in Austria.²⁹

²⁸ Special file – Report, "European judicial systems," 39.

²⁹ Barendrecht et al. "Charging for Justice." Noted that revenue from fees in Austria and Germany are high, as they are able to cross-subsidize fees from land and business registers.

- Costs of legal representation in court cases can be fully recoverable from the opponent, partly or not at all.
- Fees for registration of (property) rights may be used to cover the costs of public services to resolve these conflicts. Revenue from court fees in Austria and Germany
- are high, as both countries are able to cross-subsidize fees from land and business registers. Fees for registration of a marriage can be used to cover costs of divorces. Fees for registering at a municipality after moving to a new home can be used for resolving neighbor disputes.
- Fines and capital obtained by prosecution of criminal activities may be used to fund criminal justice services.
- Community service work or payments in kind can compensate for work done by local communities in justice services.
- Legal assistance may be funded on the basis of a fixed fee or hourly fees, allocating the risks of cost overruns to lawyers or clients/government respectively.
- Regulatory oversight and dispute resolution costs are sometimes allocated to the organizations that are regulated (i.e., banks or legal professionals) and sometimes covered by the government.
- Costs of security and public order can be allocated to organizers of events or be borne by the state.

This overview, and a lack of overarching theories and comparative reviews, strongly suggests that cost allocations can be optimized.

C. Reviewing cost allocations

C1. Review of all costs per category of justice problems

Countries could consider undertaking a comprehensive review of the allocation of the costs of justice services. Some jurisdictions may have commissioned a review of court fees, fines, or legal aid contributions, but few have prioritized the implementation of effective and fair allocations.

Countries in particular could review the cost allocation of all services that are relevant for preventing or resolving particular categories of justice problems.

- A person seeking access to justice may have to contribute to the costs of all these services.
- Ideally, these services should be provided seamlessly, without unnecessary cost barriers.
- Cost allocations may have unintended effects elsewhere in the particular supply chain.
- Proportionality of costs and value/interests at stake can better be safeguarded for each seamless pathway.

C2. Example of cost allocations to be reviewed: Contributions to primary front line justice services

Community justice services are often provided at scale for nominal costs to governments. Community paralegals, judicial facilitators, and customary courts often consist of volunteers from the community who are intrinsically motivated to help preserve peace and justice, or are held in high regard for their contributions.

In many lower-income countries, the vast majority of front line assistance services are provided for free, and service providers are concerned about the impact that user fees would have on access.³⁰ However, even in lower-income countries there are examples of user contributions, especially where the monetary value of the service is high (e.g., securing land title or access to government-funded social protection schemes), or the service is part of a customary or informal justice mediation/decision making system.³¹ User contributions will be more affordable where there is widespread access to government-funded social protection programs. These are increasingly widespread in lower-middle-income countries, but coverage remains limited in low-income countries (with the notable exception of Ethiopia).

The following table may be helpful to review the overall allocation of financial and in-kind contributions to the costs of operating a high-quality front line primary justice system in communities.

Services per Key Relationship	Possible Financial/In-Kind Contributors
A.1 Rules and contract formats	Government, donors
A.2 Assisting people to apply these individually	Initiator, other party, friends, family
B.1 Services providing guidance, tools and formats for resolution	Government, donors
B.2 Diagnosis of conflicts	Initiator, other party, friends, family
B.3 Information about solutions that generally work	Government, donors
B.4 Assistance with reaching agreement	Initiator, other party, informal justice providers, government
B.5 Providing neutral decisions	Initiator, other party, informal justice providers, government
B.6 Feedback, learning, improvement	Government
C.1 Crime prevention	Government, community
C.2 Restorative, retributive justice	Initiator, other party, informal justice providers, government
C.3 Administrative justice	Initiator, government agency (other party), government

³⁰ ODI 2023a and 2023b.

³¹ Although many customary and informal justice systems charge fees, these are generally perceived as costing much less than accessing the formal justice system. Whether these lower fees inhibit access by the very poorest—or whether in practice the fees are waived for the very poorest—is an area for future research.

Countries should consider how companies, government organizations, and NGOs use the public justice services. Major commercial litigation and the subsequent administrative burdens regarding high-stakes projects can be very time-consuming for courts, and thus resource-intensive. If courts and other justice sector organizations can interact with these organizations in a way that covers the variable and fixed costs of their services, their funding challenges can be reduced considerably.

A 100 percent cost-recovery rate for the type of procedures noted above seems to be low hanging fruit for a government working on people-centered justice. When individuals only get subsidized legal help after a means test, it is difficult to explain that courts can be used by rich companies almost free of charge.

100 percent cost recovery is not an undue burden on commercial activity. In high-stakes litigation, court fees are likely to be a small proportion of all costs of accessing solutions, which also include the costs of lawyers, internal coordination, and experts. A condition for this is that courts also have it in their power to ensure costs of resolution are proportional to what is at stake for the parties. Courts in any case will need a mechanism to protect defendants against strategic litigation intended to burden opponents with excessive legal costs (SLAPPs). SMEs and NGOs may need subsidies for costs allocated to them in some exceptional cases. These subsidies can be funded from slightly higher fees for large organizations, or by the government.

Appendix of Background Briefs

Introduction and Purpose

0.1 Justice Financing Framework: Introduction and Purpose

0.2 Lessons for Justice Financing from the Health Sector

People-Centered Culture and Purpose

1 Setting High-Level People-Centered Justice Objectives

1.1 Outcomes Focused on the Resolution of People's Justice Problems

"More Money for Justice"

2 Assessing the Scope for Increasing Resources

2.1 Financing Ambition #1: Justice Sector Share of Total Government Expenditure

2.2 Judicial System Share of Total Government Expenditure

2.3 Contributions to Costs by Beneficiaries

2.4 Private Sector Investment in Justice

2.5 Financing Ambition for Countries in Receipt of Significant External Development Support

"More Justice for the Money:" More Justice Outcomes from Available Resources

3 Setting Spending Priorities in Line with People-Centered Justice Objectives

3.1 Defining Primary Front Line Justice Services

3.2 Financing Ambition #2: Primary Front Line Justice Services

3.3 Financing Ambition #3: Information, Advice, Assistance, and Informal Dispute Resolution

3.4 Scalable Best Value-for-Money Activities

4 Improving Efficiency and Effectiveness of Spending

4.1 Governance and Regulation of Justice Services

4.2 Financing Ambition #4: Research, Development, Governance, Evidence-Based Practice, and Continuous Improvement

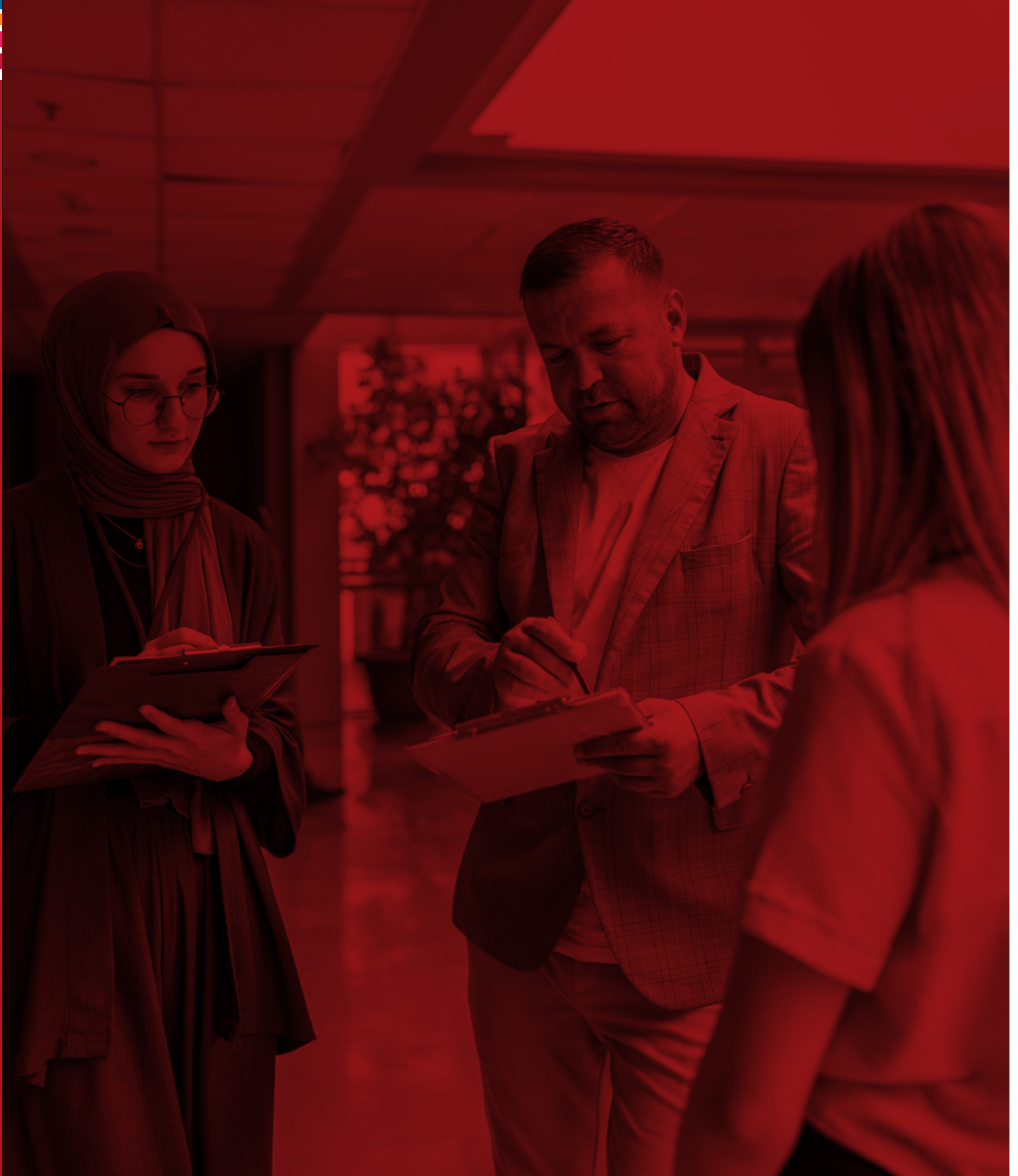
4.3 Systematic Efficiency and Effectiveness Expenditure Reviews

Implementation

5 Developing Achievable, Costed, Prioritized, Transparent, and Accountable Plans

5.1 Achievability, Costing, and Prioritization

5.2 Transparency and Accountability



This Background Brief is an excerpt from the Justice Action Coalition Workstream IV, "Justice Financing Framework," November 2025. For more information, see www.sdg16.plus/justice-financing-framework.