

2025 | Background Brief 2.4

Justice Financing Framework

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





BACKGROUND BRIEF 2.4

2.4 Private Sector Investment in Justice

Introduction

The Justice Financing Framework recommends that countries should increase the scope for private sector investment in justice. This includes fostering an enabling environment for private sector entrepreneurs to obtain an adequate return on investments to deliver justice at scale with appropriate risk management.

This background brief discusses:

- The potential for private sector financing and entrepreneurship to deliver primary justice services.
- The assurances that private entrepreneurs need in order to contribute to delivery of primary justice services at scale.
- How to mitigate the risks of private entrepreneur involvement.

1. The Potential for Private Sector Financing and Entrepreneurship to Deliver Primary Justice Services

A justice service is a public good. Regardless, the private sector can play a role in service delivery, helping to improve the justice system and access to legal services. Currently, however, this form of involvement is limited and underdeveloped, particularly when it comes to people-centered primary front line justice services.

1.1 Barriers to private sector financing

There are significant barriers to private finance for development in general. One overarching challenge is that governments can borrow at lower rates than the private sector, so it can be cheaper for governments to fund services. The concept note for a 2025 OECD conference on mobilizing private finance for development also pointed out that the scalability of mobilized private finance remains insufficient. This is due to major impediments which range from perceived high investment risks, regulatory barriers, and lack of effective enabling environments in developing countries.³²

The specific challenges in the justice sector include regulatory barriers (see **Background Brief 4.1**), limited enabling environments, and perceived high investment risks. Private investors find the justice sector unattractive due to the lack of scalable and financially sustainable service models with clear and measurable outcomes. It is therefore questionable whether innovative financing mechanisms such as social impact bonds (see Box 1 below) can be helpful: few of these financing models have been able to scale both the impact and the investment component.

32 Concept Note, "Mobilising private finance towards 2030 and beyond," OECD, February 2025, <https://www.oecd-events.org/cop-pl4sd-2025conf/eventagenda>.

Box 1: Private Sector Investment for Outcome-Based Financing

An outcome-focused approach³³ with clear indicators has the potential to attract private sector capital, particularly impact investors and development finance institutions.³⁴ Social impact bonds/partnerships are mechanisms to bring in private funding to support some aspects of public services. These involve outcome-based contracts, with investors being repaid if measurable outcomes are achieved.

There is at least one example of this approach in the justice sector: the UK's Peterborough Prison Project.³⁵ Cordaid's successful results-based funding of police services in Democratic Republic of Congo (DRC) also points to the potential value of outcome/results-based approaches in the justice sector.³⁶

However, the design of social impact bonds and results-based programs is challenging and the adoption of social impact bonds in other sectors has proved more limited than originally anticipated. After more than ten years, the cumulative investment in social impact bonds is only USD 700 million, corresponding to less than 0.05 percent of global aid flows over the same period.

1.2 Private sector entrepreneurship may have significant potential

Private sector entrepreneurship may have the potential to address underexplored gaps in the delivery of primary front line justice services. In general, cost-effectiveness—paired with a need for client-oriented services—drives private sector development, leading to continued innovation, improvements, and optimization in products and service delivery. With a strong entrepreneurial approach, the private sector can also circumvent, where needed, the “business as usual” pitfall and achieve a more transformative approach.

Securing private involvement in justice services requires distinct strategies, as public and private sectors approach investments differently. Public sector investments often focus on maintaining infrastructure, such as court buildings and information technology (IT) systems, or addressing issues such as aging facilities and outdated processes. In contrast, private sector involvement may prioritize scaling and improving the quality of services, aiming for sustainable growth through increased reach and revenue.

33 See [Background Brief 1.1](#) for an outline of outcomes focused on the resolution of people's justice problems, including some outputs that could be delivered by the private sector.

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

35 Vibeka Mair. “Investors in Peterborough prison bond, the world's first social impact bond, to get 3% return.” *Responsible Investor*, July 27, 2017, <https://www.responsible-investor.com/peterboro-sib>.

36 Clare Manuel and Marcus Manuel. “Small is beautiful, but scale is necessary”: front-line justice services in lower-income countries with the potential to scale-up.” *ODI Global*, July 3, 2023, <https://odi.org/en/publications/small-is-beautiful-but-scale-is-necessary-front-line-justice-services-in-lower-income-countries-with-the-potential-to-scale-up/>.

However, entrepreneurs are likely to face challenges in making a return on their investment in relation to low-value disputes. To date, most private sector investments in justice systems are directed toward legal technology initiatives that serve large law firms and businesses, rather than addressing broader access to justice. Box 2 below provides examples of private sector involvement in developing tools and methods to support front line justice services. To date, however, none of these have been able to go to scale.

Box 2: Examples of Private Sector Initiatives to Develop Tools and Methods Supporting Front Line Justice Services

Alternative (ADR) and Online (ODR) Dispute Resolution Platforms: Creating and investing in ADR/ODR platforms can offer efficient and cost-effective means for resolving disputes while building the capacity of the business sector to handle its own affairs, reducing the burden on traditional court systems.

Community-Based Legal Services: Creative user-oriented private sector products such as AI-powered legal chatbots can provide instant legal guidance.

Educational Initiatives and Capacity Building: Investing in educational platforms like Legal Literacy Programs that enhance public understanding of legal rights and processes empowers individuals to navigate the justice system more effectively.

2. How to Make Involvement Attractive for the Private Sector

2.1 A huge but splintered market

Billions of people globally lack access to justice, leaving a huge untapped market. Data suggests that people are willing to pay for effective outcomes in some contexts, but investors tend to favor traditional markets for their investments, and revenue models for justice services remain complex.³⁷ (see [Background Brief 2.3](#)).

For the private sector to ‘warm up’ to the justice sector, investment potential must be met with market access and clarity on acceptable private rates of return on investment (ROI), facilitated by the necessary certification, regulation, adoption, and implementation. Innovative financing models, technology, and partnerships are ways to leverage ROI so that private investors can generate both financial and social returns in the justice sector.

37 Prof. Dr. Maurits Barendrecht et al. “Delivering Justice Rigorously,” *HiiL*, September 2022, <https://dashboard.hiil.org/publications/trend-report-2021-delivering-justice/>.

Doing this will require:

- Predictable revenue streams and promising ROI outlooks.
- Scalable interventions.
- A focus on delivering measurable impact through outcome-focused justice solutions.
- Data.

Partnerships aligning private involvement and investments with public goals.

For private investors, scale in the public justice sector is a major barrier. Public justice services are usually delivered in jurisdictions that operate at the country, state/provincial, or even county level. Each court organization and jurisdiction has different rules, requirements, and procurement practices. This increases the costs of doing business with the justice sector. Box 3 below sets out a proposal from HiiL to address this issue.

Box 3: Proposal from HiiL to Address the Issues of Scale

International standardization would make it more attractive for private suppliers to assist public justice services. If an ODR or case management system can be adapted and sold in a hundred jurisdictions, it has a much better ROI outlook than if it can only serve one market.

In the market for private legal services to international business, this standardization has taken place: clients, international law firms, and private suppliers like Thomson Reuters and Wolters Kluwer operate in international markets with scalable products that are customized to each jurisdiction. If this standardization could happen in primary front line justice services as well, economies of scale could be huge.

It should be noted that securing acceptable ROI 'at the bottom of the pyramid' in low-value transaction markets (such as primary front line justice) has in general proved challenging.³⁸

38 Caylee Talpert et al. "20 Years of Business at the Base of the Pyramid: Lessons Learned and Future Directions." *Business Fights Poverty*, May 2024, <https://businessfightspoverty.org/20-years-of-business-at-the-base-of-the-pyramid-lessons-learned-and-future-directions/>.

2.2 Investment from philanthropy

Philanthropic organizations can play a key role by offering initial investment to test and scale promising people-centered justice initiatives. Philanthropy can fill gaps in justice funding where government or private sector support is lacking. This funding could specifically help with catalysis, pushing promising interventions in instances where they otherwise would be heading toward the “graveyard of pilots.” More recently, the philanthropic and nonprofit sector has emphasized measurable results and outcomes to improve effectiveness.³⁹ While this is a promising development, it also introduces complexity around efficiency over values-driven missions and may limit support for entities like the justice sector which are still figuring out how to measure their impact.

2.3 Where to invest and who to partner with?

To make entrepreneurial decisions, private sector actors need data-driven insights to assess financial (and social) returns: what products and services could provide added value to justice systems, and how much are people/institutions willing to pay for it? To identify the most pressing gaps, governments can offer open justice data and analytics in areas such as court efficiency, case backlog reduction, and alternative dispute resolution success rates. Justice organizations themselves may also offer data to the private sector, in some cases in return for partnerships.⁴⁰

For justice institutions, working together with the private sector through collaborative arrangements and by pooling of resources (blended finance) and expertise may help tackle specific people-centered justice challenges. Long term Public-Private Partnerships (PPPs), where the private sector bears significant risk and management responsibility and remuneration is linked to performance, could be a possible model.⁴¹ PPPs could encourage private sector involvement by promoting participatory strategies (with market access) while fostering a sense of shared responsibility for social impact. The main benefit, but also challenge, lies in the potential for private sector efficiency while maintaining public sector oversight and values. The private sector has the reputation for being more cost-efficient than the public sector, although this does not always translate into practice. The private sector has experience with research and development-backed, cost-effective, and competitive services that could provide useful insights for public service delivery. A potential PPP example could be a government agency partnering with a technology company to deliver a new online court system. Revenue streams in this example can be generated through cost savings for the government, user fees (**Background Brief 2.3**), legal aid referrals, and technology licensing among others.

39 Paul Brest. “The Outcomes Movement in Philanthropy and the Nonprofit Sector.” *HistPhil*, April 17, 2020, <https://histphil.org/2020/04/17/the-outcomes-movement-in-philanthropy-and-the-nonprofit-sector>.

40 The World Justice Project (WJP) offers a Private Sector Partnership for the Rule of Law. This partnership facilitates private sector involvement in rule of law initiatives, amongst which data is provided. For more information, see: https://worldjusticeproject.org/sites/default/files/documents/Private-Sector-Partnership-Prospectus-2023_Updated.pdf.

41 For broader discussion of the potential use of PPPs, see “What is a PPP: Defining “Public-Private Partnership,” *World Bank*, last accessed April 2025, <https://ppp.worldbank.org/public-private-partnership/what-ppp-defining-public-private-partnership>. In the UK, one of the countries that was at the forefront of proposing PPPs, the number of PPPs declined in the last ten years amid debates about their value for money. For more details, see UK Parliament, “Public Accounts Committee report, Treasury must set out clear position on PFI,” June 2018, <https://committees.parliament.uk/committee/127/public-accounts-committee/news/98395/private-finance-initiatives-report-published-17-19>.

2.4 Opening up the justice market

The scope for private sector engagement in the delivery of justice services needs to be considered in context. This relates to both the capacity of users to pay for justice services (see [Background Brief 2.3](#)) and of the government to develop, implement, and enforce policies regarding the private sector. The state has a key role in ensuring that access to justice is equal, and that there is effective oversight of private sector justice providers.⁴²

In the current situation, strict regulation discourages private sector involvement in the development of justice services that are considered a public good. [Background Brief 4.1](#) describes why regulatory reform is important, and how it can be undertaken for front line justice services.

Governments may want to start to enact laws that allow private sector participation in areas such as legal aid, alternative dispute resolution, court technology, and infrastructure development, while maintaining oversight through independent regulatory bodies. In a broad sense, this means the justice sector needs to create a “justice economy” that encourages private sector involvement, similar to the green economy in climate change initiatives. Lessons can also be drawn from the education sector, where private sector initiatives have helped improve school performance and increased access to education.

Box 4: Lessons from the Education Sector on Private Sector Involvement

A World Bank paper⁴³ on effectively leveraging private sector investment to improve education outcomes highlights opportunities for innovation through diverse service providers. Such an approach can ensure accountability and quality through strong regulatory frameworks, empowering users with information and choice, and promoting equitable access to education for all, particularly underserved populations.

3. Mitigating risks of private sector involvement

While there is potential for private sector investment in primary front line justice services, attracting private actors for public goods also comes with (perceived) risks. Such risks largely arise from the idea that justice, as a sector, is more complex to invest in than sectors like education or health due to its foundational principles (e.g., equality, rights, etc.). Moreover, established justice institutions may distrust actors from the private sector, fearing their positions are threatened.⁴⁴ Risks, however, can be mitigated by regulatory frameworks that balance innovation and efficiency on one hand, and the fundamental principles of justice, equity, and public service on the other.

⁴² For example, in the case of ODR, oversight for algorithms and nondiscriminatory historical data.

⁴³ Donald Rey Baum et al. “What matters most of engaging the private sector in education : a framework paper.” *World Bank Group*, July 1, 2014, <http://documents.worldbank.org/curated/en/600511468126896866>.

⁴⁴ Maurits Barendrecht et al. “Delivering justice rigorously.” *Hiil*, September, 2022, <https://www.hiil.org/research/delivering-justice-rigorously-sdg-16-3-trend-report/>.

Below is an overview of five major risks associated with private sector investments in the justice sector, combined with possible mitigation strategies (safeguards).

Risk 1: Private companies may prioritize profit over public welfare and justice outcomes.

Safeguards:

- Implement proper regulatory frameworks (see [Background Brief 4.1](#)).
- Establish clear performance metrics tied to justice outcomes, not just financial returns.
- Undertake regular audits and public reporting of outcomes in line with outcome-based performance metrics.

Risk 2: Private entities may not be subject to the same level of public scrutiny as government institutions.

Safeguards:

- Mandate regular public disclosures.
- Establish independent oversight committees.

Risk 3: Companies may have vested interests that conflict with justice objectives.

Safeguards:

- Enforce strict conflict of interest policies.
- Introduce disclosure requirements for all stakeholders.
- Undertake regular ethics audits.

Risk 4: Private sector involvement might lead to a two-tiered system where quality of justice depends on ability to pay.

Safeguards:

- Ensure baseline services remain publicly funded and accessible.
- Implement sliding scale fees for any private services.
- Monitor outcomes and outcome disparities.

Risk 5: Cost-cutting measures might compromise the quality of justice services.

Safeguards:

- Establish and enforce minimum quality standards.
- Perform regular outcome-based performance evaluations.
- Introduce user feedback mechanisms with a feedback loop into new service development.

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

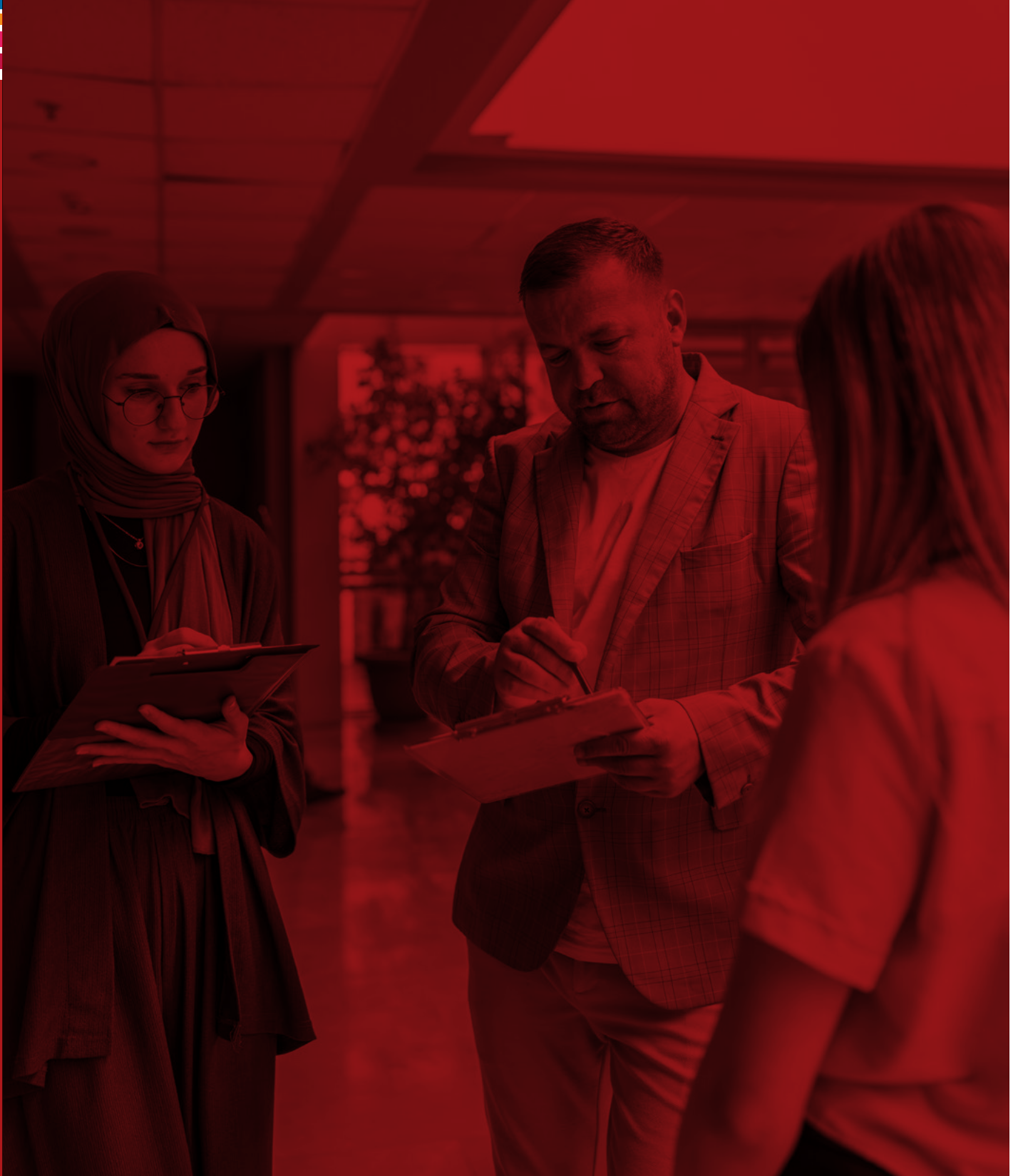
4.3 Systematic Efficiency and Effectiveness Expenditure Reviews

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.