

BIG WORLD, SMALL SOLUTION

Microjustice: low-cost legal services for the developing world.

THROUGHOUT MUCH OF the mid-1990s, Patricia van Nispen worked for the United Nations in the former Yugoslavia helping refugees who had fled their homes in the face of war. For van Nispen, a Dutch lawyer, one of the biggest barriers to resettlement was helping refugees regain a legal identity, something hard to do when all the necessary documents had been destroyed or left behind. “In some parts of the world, legal rights are a luxury,” she says. “If you don’t have basic identification, you just don’t exist.”

Van Nispen’s experience spurred her to seek a more permanent solution. She organized a conference in Madrid in 2006 with International Legal Alliance, SA, a Dutch organization committed to access-to-justice issues, to dis-

cuss how to provide sustainable and affordable legal solutions to developing countries. The Microjustice Initiative, a partnership between ILA and Tilburg University in the Netherlands, was the result.

Based on the microfinance model, microjustice aims to provide legal services at a low cost to local communities. “The idea is to make the product as simple as it can be, then delegate much of the work to the community itself,” says Maurits Barendrecht, a law professor at Tilburg, who studies conflict systems and has been developing ways to adopt best practices from mediation and adjudication and apply them to common legal issues such as property ownership and employment disputes.

In the field, van Nispen has set



Miriam Flores, Microjustice lawyer, in Bolivia

up microjustice clinics in Bolivia and Peru, where even simple matters like opening a bank account or getting a birth certificate can require a court appearance. “In the past, getting these documents would have been very expensive, or people would just decide to live without a pension or a bank account,” says Anaelba Palacios,

the Bolivia country manager. “Now we have this opportunity to solve the problem from beginning to end and at a low price to our clients.”

The offices are staffed by young local lawyers or law students. In Bolivia, the microjustice clinics charge \$16 to fix a mistake in a legal document. If it’s necessary to go to court, the price goes up to \$60, most of it to cover court costs and taxes. Clients pay in small installments and sometimes work with microfinance institutions that help pay for the right documentation before granting a loan.

So far, the clinics still rely on donors, but van Nispen says that



as the volume of their cases increases, the clinics will eventually be self-sustaining, a target she sets at four to five years away. In the meantime, she is lobbying and raising funds, as well as fielding requests for information from organizations in Sri Lanka, Colombia, Thailand, and Rwanda, among other countries.

If microjustice takes off, the effect on the developing world will be enormous, says Anne Marie van Swinderen, a microfinance consultant at Triodos Facet BV, who acts as an adviser to the Bolivian project. "This might well be a very big thing," she says. "If it succeeds in gaining momentum and recognition from governments on how to better organize legal systems, then it could be revolutionary."

—FRANCESCA HEINTZ

GIVETH AND TAKETH

Banks would rather loan money to partners than firms.

BANKS ARE MAKING LOANS again—only this time it's to high-income partners who are being pressed for capital by their firms.

Thanks to declining in revenue and profits, firms such as Howrey and DLA Piper and Clifford Chance are asking their partners for more money. The requests come at a time when partners are taking home less. For more and more partners, the solution has been to take out a loan to cover the capital call.

Citigroup Inc., which does the most banking to lawyers, says that in the first quarter of 2009, partner borrowing increased 28 percent from a year earlier, to nearly \$3 billion. Wells Fargo & Co., which took over Wachovia's group, lent \$50 million to partners in April, double the amount of a year ago.

In large part, the uptick is happening because the credit crunch has made borrowing more expensive for firms, and the credit facilities are coming with extra scrutiny that makes firm leaders wary about banks being too intrusive.

The collapse of several large law firms last year didn't help either. Law firm leaders were reminded that banks were willing to seize control if firms got in trouble. Bankers, meanwhile, watched the Heller Ehrman White & McAuliffe bankruptcy in horror as lawyers struggled to collect on the firm's accounts receivable, the asset banks typically lend against.

As a result, capital loans to partners are now expected—for some time, anyway—to become the norm, and some banks are



expanding and staffing up to meet potential requests. In May, JPMorgan Chase & Co. Inc. hired Lester Pataki, head of Citi's global law firm group, to become national banking practice leader. More regional players, such as PNC Financial Services Group and SunTrust Banks, Inc., are also becoming more active in the sector.

And why not? In a recession, the lawyers seem like safe bets. "Generally lawyers at top firms can get a job," Sharon Weinberg, head of JPMorgan's group, says. Meaning that a Heller Ehrman may default, but its partners' debt will live on. —NATE RAYMOND

Welcome to Canada. We have something to declare.

Voted best law firm in Canada two years in a row.
2008 and 2009 International Legal Alliance Summit & Awards.