



**ANNUAL REPORT &
FINANCIAL STATEMENTS
2018**



April 2019
www.microjustice4all.org

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1. Annual Report

1.1. General

Incorporation

Stichting Microjustice4All (MJ4All) was incorporated on December 3th, 1996 by notarial deed. The foundation has its official seat in (2517 AN) The Hague, at the Laan van Meerdervoort 70.

MJ4All is registered with the Chamber of Commerce, number 41160018 (RSIN: 805877447) and is a charitable foundation under Dutch Law (“ANBI”).

Objectives MJ4All

MJ4All is an organization dedicated to legally empower the poor and victims of humanitarian disasters. By providing people with legal documentation and enabling them to live under the shelter of the law and enjoy the protection and opportunities it affords, MJ4All helps them to get out of the poverty cycle.

With the provision of legal documentation, awareness-raising activities, local capacity building and evidence-based lobbying, MJ4All aims to enable all people to participate in society and encourage them to be self-reliant.

Country-specific Legal Inclusion Mappings are the new tool that MJ4All has developed to structurally identify the level of legal inclusion in a country and to identify a Legal Empowerment Plan for the country.

The legal empowerment

Over the past twenty years MJ4All has developed its method for legal empowerment in practice, implementing field programs in three continents. This method consists of standardized legal service provision in identified basic legal needs of the target group(s), while undertaking bottom-up legal reform and advocacy activities. In this way MJ4All aims to establish sustainable legal service provision infrastructures for the legal empowerment of the poor, marginalized and victims of humanitarian disasters.

Focus

MJ4All helps to set up local infrastructures for legal service provision in order obtain practical legal solutions and to arrange valid legal documents with a focus on:

1. Birth certificates and various civil documents to enable access to e.g. education, health care, social benefits, microfinance and voting;
2. Housing and land registration for property protection, access to collateral and investment opportunities;
3. Setting up businesses, cooperatives and other legal entities, and drafting contracts to increase income-generating activities and civil society participation;
4. Legal issues related to the above, mostly related to family law and inheritance matters.
5. Legal issues that are specific to a context, especially in post-humanitarian crisis rehabilitation processes.

1.2. The Board of MJ4All

On 31 December, 2018, Mrs. Patricia van Nispen tot Sevenaer is the Director of the foundation.

The Supervisory Board is formed by:

J.J. de Domingo Angulo, Chairman
M.J. Verweij, Secretary
C.F. Wittebrood
GJ.W Pulles

The Supervisory Board members do not receive any compensation other than compensation for expenses incurred in the performance of their duties.

Report on activities by the Supervisory Board

In 2018 the Supervisory Board met every two months together with the Director. During these meetings the Supervisory Board discussed all significant issues related to the management of the Foundation and projects as well as about the strategy to be followed in the future. The most common aspects analysed and approved (when needed) by the board are:

- Annual Accounts and the Annual Report for 2017;
- Current projects and programs and new activities in preparation;
- Team: capacity, composition, recruitment;
- Organizational management: expert recruited to develop systems & procedures
- Administrative and financial matters;
- Director: periodic performance review;
- Annual Plan and Budget 2019

The Supervisory Board wants to thank the Director, the consultants, and all volunteers for their dedication and commitment to MJ4All during 2018.

On 6 May 2019 the Supervisory Board approved the Annual Report and Financial Statements 2018.

J.J. de Domingo Angulo, Chairman
M.J. Verweij, Secretary
C.F. Wittebrood
GJ.W Pulles

1.3. Report on activities by the Director

In 2018, MJ4All has undertaken the following activities:

1. Developed the country-specific Legal Inclusion Mapping Method
2. Implemented pilot legal inclusion Mappings in Kenya and Bolivia, and Prepared a Comprehensive Legal Empowerment Plan for Kenya and Bolivia and a pilot implementation plan for 2019
3. Started the Legal Inclusion Program with preparation of upscaled mappings in Serbia, Egypt and Jordan

1. Developed the country-specific Legal Inclusion Mapping Method

The Legal Inclusion Indicator framework was first developed rudimentary at the start of the mapping in Bolivia in March with indicators related to the agents of legal interactions:

- a. the capacity of 'people' to claim their rights
- b. the efficiency and accessibility of the 'state' organization and
- c. the quality and costs of legal service providers

These indicators need to be mapped on:

- a. a country level to identify the legally excluded groups, and
- b. the excluded group(s) level to identify a legal empowerment plan for each to them

Legal Inclusion Mapping Indicator Framework

Agents of Legal Interactions	LIM Phase I: indicators on country level	LIM Phase II: LIM of specific Excluded Groups and issues	SDG 16
People	Society: <ul style="list-style-type: none"> • Poverty level • Education Level • Groups at risk 	Description of the vulnerability of the specific excluded group	Peaceful and Inclusive Societies for Sustainable Development
State	Accessibility, affordability, transparency and quality of the legal and institutional framework	Legal and Institutional Framework applied to the specific group, and research into the legal tools available to their legal empowerment	Effective, accountable and inclusive institutions on all levels
Legal Assistance	Accessibility and quality of legal assistance	Legal assistance available per excluded group	Access to Justice for All
Outputs Phase I and Phase II			
	Comprehensive Legal Empowerment Plan to achieve Legal Inclusion with the stakeholders: <ul style="list-style-type: none"> • Recommendations for legal empowerment at the state level • Legal Empowerment Service Provision Programs for excluded groups 		Implementation Tool & Progress Monitoring Framework for SDG 16

There are 2 research methods:

- a. Social research through surveys: regarding the people to identify the excluded groups.
- b. Legal analysis of the state organization regarding basic legal needs and of the organization of the legal services providers.

These 2 methods come together to identify a Comprehensive Legal Empowerment Plan for the country

2. Results of the Legal Inclusion Mappings in Kenya and Bolivia

1. Legal Inclusion mapping Bolivia

- a. Legal Inclusion Survey Report
- b. Provisional Legal Inclusion Mapping report

The survey research was conducted in the months May-July 2018 in the 3 biggest cities La Paz, Cochabamba and Santa Cruz, and the rural areas. Also, Microjusticia Bolivia has used its Case Management Systems containing all consults and cases since 2008, having had over 80.000 clients.

The social research together with the legal research has led to the Provisory LIM Report for Bolivia with a Comprehensive Legal Empowerment Plan, of which a pilot will be implemented by MJB in 2019. On the basis of the results, and the validation by all stakeholders, the report will be finalized late 2019.

Legally excluded groups in Bolivia

Legal exclusion is an issue that affects the poor in general, and social legal inclusion research has shown that 64% to 80 % cannot afford to pay quality legal services, and lack sufficient education to understand all documents that need to be arranged to be legally included and empowered. The rural, mainly indigenous, population is worse off, with lower income and education levels and distance to the administrative-legal institutions. Within the poor, women lack are cut off from the legal protection offered by the legislation of Bolivia, with rural women most legally excluded. Small and micro-enterprise are another important excluded group. Due to the formalistic system, it is not sustainable to have one's business registered due to a) the state system will put up too many obstacles and additional unforeseen costs, and b) if your purchases are from the informal sector without invoices you cannot make your administration complete and you have to pay profit tax on all income without deducting the costs! Special interest groups are also elderly people and disabled who often do not access the social benefits due lack of paperwork. The administrative legal system is over-formalistic, and correcting an error in a document is a very complicated procedure for which a legal service is needed.

Government efforts to increase inclusion

The Government of Evo Morales in power as of 2006 has passed a lot of legislation with the objective to empower the vulnerable and these legally excluded groups socially and politically, but due to a lack of legal empowerment the policies do often not reach the people for which they are destined.

The Government is putting top-down efforts in making the legal system more accessible through digitisation, but has met too much resistance from the institutions and bureaucracy yet. And the administrative institutions related to documentation have not yet been affected and remain inefficient, bureaucratic and corrupt.

Legal aid

People really do need legal aid to be able to find their way through the system. The problem with lawyers and 'tramitadores' (persons who are specialised in bureaucratic procedures, having their contacts within the system, and knowing how to facilitate and improve the success of the process) is that the good ones are too expensive for most excluded groups, and the cheap ones do not explain all the steps and charge every time again, and often do not come with a solution. People even complain that they use to lose your paperwork, while having extracted each time more money out of you. People who get assistance from Microjusticia Bolivia are in this context so grateful, always exclaiming that: "these boys and girls finally listen to my problems, explain what it is all about, and solve them all" and regarding the price: 'is very good, of course we pay for a good service'.

Comprehensive Legal Empowerment Plan

Within this context the recommended Comprehensive Legal Empowerment Plan, that will be implemented in 2019 on a pilot-scale, consists of two parts:

1. Upscaling and replication of the legal services offered by Microjusticia Bolivia through among others:
 - a. Renewed product development (=standardized legal services)
 - b. Distribution of the products by involving social organisations working with the excluded groups, and developing tailor-made legal products and developing new distribution channels
 - c. Cooperation with legal stakeholders and involving them in other departments of Bolivia to become the Legal expert organisation implementing the legal services
 - d. Communicating closely with the relevant Government agencies and institutions the technical legal obstacles (see below policy development)

2. Administrative legal institutional change
 - a. In all legal administrative procedures to see what can be done to make them more effective and efficient, accessible and affordable for all.
 - b. Digitalisation of all administrative-legal procedures
 - c. Develop physical and digital portals with all relevant information on the legal and administrative procedures.
 - d. One could look to the example of Kenya and other countries how one-stop shops for governmental and judicial services have been developed and digital governance (E-Citizen) has started to be shaped.

Making the system accessible and functional cannot be done only top-down, but should be developed with all stakeholders, involving all relevant institutions and state bodies, but specially also the legal experts working a daily basis on the ground for the excluded groups on getting their legal paperwork in order. Also being inspired by the Kenyan experience where there are regular stakeholders' meetings in the criminal justice sector for example, in Bolivia on a central level and in the departments, multi-stakeholder meetings should be set up for each of the legal-administrative needs to make to little by little ameliorate all procedures. This is not work that can be done overnight, but this takes a long-term joint effort of all involved, ideally having a plan for having succeeded in reaching the sub-goals of SDG 16 by 2030.

Implementation of the Comprehensive Legal Empowerment Plan on pilot scale in 2019

The 12 years' experience of Microjusticia Bolivia (MJB) in legal service provision is an excellent basis for both setting up a sustainable legal services infrastructure for Bolivia, developing legal products prototype 2.0, and enhancing cooperation with the Government agencies and the relevant institutions to start multi-stakeholder processes to ameliorate the legal-administrative processes to become accessible to the people.

MJB will in 2019 implement this Comprehensive Legal Empowerment Plan, on a pilot scale by choosing 1 or 2 key areas where the legal service provision will be taken to the next level while contacting with all stakeholders, proposing them to work the proposed process of legal-administrative reform. At the end of 2019 MJB will validated with all stakeholders the Provisory Legal Inclusion Report for Bolivia and develop a Comprehensive Legal Empowerment Plan for Bolivia until 2030. At the same MJB will promote the LIM and LEP regionally in Latin America so that other countries will start a similar process to implement SDG 16.

2. Legal Inclusion Mapping Kenya

- a. Legal Inclusion Survey Report Kenya
- b. Provisional Legal Inclusion Mapping Report Kenya

The survey report was implemented in Western Kenya in rural areas around Kisumu and Kakamega, and in Nairobi in slum areas, and in business areas as Eastleigh with its large Muslim Somali entrepreneurs' population.

The Legal Inclusion Mapping Report is based on this social research together with the legal research, through extensive consultations with stakeholders. The draft version of the LIM report has been shared with a number of key legal experts, journalists, NGOs, and they all agree on the results. The Provisional LIM Report will be used as basis for implementing in the Legal Empowerment Pilot program, to set up a social business for legal services with the Kenyan NGO Legal Resources Foundation. During the implementation and cooperation with stakeholders, the results will be further validated, and a final version of the LIM report Kenya will be made by the end of 2019.

Mapping findings

In Kenya the people legally excluded are all who cannot afford to pay the minimum fees of the advocates, who still have a price monopoly. Due to low income and education levels, this is the largest part of the population. Within the 'poor' people in rural areas are even more cut off from access to their legal needs. The worse off are women, for which the law offers legal protection but in practice the law is not implemented. Then of course special legally excluded groups are farmers, microenterprise, indigenous rain forest people, nomads and incarcerated.

Overall there are very positive developments to increase legal inclusion in Kenya as a consequence of the 2010 Constitution and the digitisation of the public sector. The main issues of concern for the legal inclusion of all are:

1. Forces within the institutions that are blocking the digitalisation processes, e.g. in the land registration
2. To access the digital governance, one has to be educated and trained in ICT and be able to fill out forms correctly. In general, most people need (legal) assistance to access the system and protect their rights. At present, legal assistance is too expensive for the vast majority of Kenyans, for a large part, due to the monopoly on legal services of the registered advocates who have to charge a minimum fee specified per type of legal service (price monopoly legal profession)
3. There are a number of legal-administrative areas that need simplification, providing transparency and taking away the 'gatekeepers' such as inheritance procedures and the role of the chief in some basic administrative procedures.

A sustainable legal services infrastructure is needed for the legal empowerment of the Kenyan population at large. In the first place, people should be able to easily access information on their rights and the ways to access them, and they need to be able to hire affordable and reliable legal assistance services.

Legal Empowerment Plan – Pilot 2019

During the mappings' stakeholder consultation, we re-established contact with the Kenyan NGO Legal Resources Foundation Fund (LRF). This is the only NGO working structurally in all the prisons of Kenya providing paralegal help to the prison population. They also are in charge of the paralegal network organisation in Kenya and are accredited by the Government to provide paralegal trainings. LRF has a long experience with a) paralegal programs in all prisons in Kenya, and b) providing paralegal training and accreditation, and organizing the paralegal network in Kenya

In December 2018, MJ4All identified the way to pilot the Legal Empowerment Plan together with LRF. LRF is committed to set up a social business for legal services in daily legal needs in private and administrative law, next to their current core activities. Piloting the LEP with LRF is the focus of 2019.

During the implementation of the LEP, we will come across a lot of the obstacles identified in the LIM, and we will get more knowledge on setting up the legal empowerment activities. This will be all used to validate and complement the LIM Report for Kenya by the end of 2019, and to further develop the Comprehensive Legal Empowerment Plan for Kenya.

3. Started the Legal Inclusion Program with preparation of upscaled mapping in Serbia and promotion activities

The focus has been on the development of the LIM method and the pilots in Bolivia and Kenya. However, preparations have been made to implement the full mappings in Serbia in 2019 with: 2 preparatory field missions and a training to the Serbian consultants in The Hague.

Also many networking and lobbying activities were developed and attended to promote the Legal Inclusion Mapping and Legal Empowerment Method and to involve stakeholders worldwide.

The income of MJ4All in 2018 was € 155.365,- while the budget for 2018 was € 189.969. The difference is due to the fact that less project-related funding was spent in 2017 than foreseen; which will serve as income to be spent on the projects in 2018.

The budget for 2019 is **€ 249,106**

The Hague, 6 May 2019

Patricia van Nispen tot Sevenaer, Director Microjustice4All

2. Financial Statements

2.1. Balance sheet

Assets		<u>31 December 2018</u>	<u>31 December 2017</u>
		€	€
Receivables and prepayments	2.4.1	10.022	362
Cash and cash equivalents	2.4.2	315.864	228.666
		<u>325.886</u>	<u>229.029</u>

Liabilities		<u>31 December 2018</u>	<u>31 December 2017</u>
		€	€
Reserves and funds continuity reserve	2.4.3	54.288	47.312
Short term liabilities	2.4.4	271.598	181.717
		<u>325.886</u>	<u>229.029</u>

2.2. Statement of income and expenditure

		2018 Actual	2018 Budget	2017 Actual
		€	€	€
Income:				
Income own fundraising	2.5.1	154.651	189.969	75.426
Interest income		108		342
Other income	2.5.2	606		4918
Sum of income		<u>155.365</u>	<u>189.969</u>	<u>80.686</u>
Expenditure:				
Expenditure on the objective				
Legal Empowerment of the poor	2.5.3	154.651		75.426
Expenditure on fundraising	2.5.4			
Other costs	2.5.5	2.599	2400	2.632
Sum of expenditures		<u>157.250</u>		<u>78.058</u>
Deficit/Surplus		<u>-1.885</u>		<u>2.628</u>
<u>Appropriation of result</u>				
Allocation or withdrawal from continuity reserve		-1.885		2.628

2.3. Explanatory notes

General

a. Activities

The Activities of Stichting MicroJustice4All (MJ4All), having its legal seat at The Hague in the Netherlands, primarily consists of attracting donations for the international delivery of legal services to poor people in developing regions.

b. Related parties

MJ4All functions as the umbrella organization, the expert organization providing among others the following services to the Microjustice4All Country Organizations. The Country Organizations are:

- Microjusticia Bolivia
- Microjusticia Peru
- Microjusticia Argentina
- Microjustice organisations in Kenya
- Microjustice Rwanda
- Microjustice Western Balkans (Mikropravda)

In The Netherlands the foundation has the following related parties: Stichting Friends of Microjustice and Stichting Microjustice International Platform.

Stichting Friends of Microjustice aims to promote the interests of MJ4All and to support her activities financially.

Microjustice International Platform is the platform organization for the independent MJ4All Country Organizations. The Microjustice International Platform is currently in development, and its tasks are executed by MJ4All. There have been no (other) transactions with this organization.

c. General accounting principles for the preparation of the financial statements

The financial statements have been prepared in accordance with Guideline RJ650, which applies to Dutch fundraising organizations.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise, the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value. Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

For the purpose of understanding, the classification of certain items in the financial statements has changed. The comparative figures have been adjusted accordingly. These adjustments have no effect on the equity and result of the previous financial year.

d. Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date. Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as of balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

e. Estimates

In applying the principles and policies for drawing up the financial statements, the directors of the entity make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

Principles of valuation of assets and liabilities**a. Receivables**

Receivables are included at face value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables. Payments on projects that have been executed without having any contribution but for which contribution is likely are reported on an accrual basis.

b. Current liabilities

Current liabilities are included at face value. Project related contributions for which the granting period does not match the annual reporting period are reported on an accrual basis.

c. Principles for determination of the result

Revenues arising from the project related contributions are reported as long as the granting period matches the annual reporting period. Project related contributions received for which the activities have not yet been performed are reported on an accrual basis.

Operating costs arising from project activities are reported at face value and where as the project activities have been performed.

Services rendered in kind consist of contributions received for the execution of services for internal purposes (overhead costs). The contribution for these internal services are identical to the expenditures for these internal purposes.

2.4. Notes to the balance sheet

2.4.1. Receivables and accrued income

	31-12-2018	31-12-2017
	€	€
Prepayments on projects		
Liberty Kenya		
Other receivables and prepayments		
Interest	23	43
Other prepayments	10.000	405
Other receivables		3.908
Book value at December, 31	<u>10.023</u>	<u>4.356</u>

2.4.2. Cash

The cash consists of bank deposits in different currencies (Euro, USD and Pounds).

2.4.3. Continuity reserve

The continuity reserve is specified as follows:

	31-12-2018	31-12-2017
	€	€
Balance at January, 1	47.312	44.684
Release of provision for Invoices of previous years	8.861	
Result for the financial year	-1.885	2.2628
Balance at December, 31	<u>54.288</u>	<u>47.312</u>

2.4.4. Short term liabilities

The short-term liabilities and accruals can be specified as follows:

	31-12-2018	31-12-2017
	€	€
Grants received in advance		
Advance LIM project	107.784	
Advance POBB Kenya project	128.705	167.392
Accounts payable		
Creditors		1.434
Other costs to pay	35.109	12.889
Book value at December, 31	<u>271.598</u>	<u>181.715</u>

2.4.5. Assets and liabilities not recognized in balance sheet

Stichting Friends of Microjustice has a rotating fund of EUR 250.000 which it may use to finance the development and operating costs of MJ4All.

2.5. Notes to the Statement of income and expenditure

2.5.1. Income

The income out of own fundraising can be specified as follows:

	2018	2017
	€	€
Implementing SDG16 in Kenya: Setting up a sustainable MJ4ALL Legal infrastructure to help communities access their basic legal rights	151.690	64.926
Implementing LIM	2.961	
Symposium		10.500
	<u>154.651</u>	<u>75.426</u>

2.5.2. Other income

	2016	2015
	€	€
Realized exchange differences	606	3.599
Non project related donations		1.319
	606	4.918

2.5.3. Expenditure on the objective

	2018	2017
	€	€
Implementing SDG16 in Kenya: Setting up a sustainable MJ4ALL Legal infrastructure to help communities access their basic legal rights	151.690	64.926
Symposium Legal Inclusion towards Global Goal for Sustainable Development 16 (funding by Municipality of The Hague)	2.961	10.500
Implementing Project LIM		
	154.651	75.426

2.5.4. Other costs

	2018	2017
	€	€
Costs Project Serbia	2.400	2.632
Payment differences	199	
	2.599	2.632

2.5.5. Explanation cost allocation

Destination	Objective	Expenditures on fundraising	Other costs	Total sum 2018	Budget 2018	Total sum 2017
Expenses	Legal Empowerment of the poor	Own fundraising				
MJ4ALL Legal Service provision						15.551
Local & international fees consultants	136.824			136.824	162.609	51.622
Travel costs	13.213			13.213	15.000	2.407
Overhead & Financial Administration	7212			7213	12.360	5.847
Total sum	157.250			157.250	189.969	75.426

2.6. Signing of the Annual Report

The Director approves the annual accounts, resulting in total assets of € 325.886, -.
The foundation's capital of € 54.288, - and a negative result on the balance sheet of €1885, -.

The Hague, 6 May 2019

Director - Mrs. Patricia van Nispen tot Sevenaer

3. Other information

3.1. Appropriation of result for the financial year 2018

The negative result of Euro 1885 will be reduced from the continuity reserve of the foundation.

3.2. Subsequent events

There are no subsequent events known, which may affect the information included in these financial statements, or in the presented balance sheet items and their valuations or in the explanatory notes.