

Paying for Transition: Financing Justice Without Fiscal Collapse

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Series: Transitional Justice, Economic & Social Transition — research papers accompanying [the Transitional Justice, Economic & Social Transition working blueprint](#). **Paper T4.**

Policy paper T4 in the Transitional Justice series. Status: draft for review. This paper is a policy companion to the Third Republic transitional-justice model laws. It does not amend them.

1. The question

Every promise a transition makes to victims has a price: compensation, rehabilitation, archives, truth-seeking and memorials. The question is how a post-authoritarian government in the PRC (Mainland) can pay for transitional justice in a way that is credible to victims, lawful under a new budget constitution and survivable for public finances. Commitments that a treasury cannot honour turn reparation into a second betrayal. Commitments sized only to what is convenient turn it into a token gesture. This paper sets out a financing design that avoids both.

2. The hub position

The Transitional Justice, Economic & Social Transition blueprint (<https://freechina.live/governance-public-policy/third-republic-governance-blueprints/transitional-justice-economic-social-transition/>) treats remedy as a separate track whose implementation status must be traceable. It keeps legal authority, finance, execution and accountability distinct, warning that "availability of money does not prove lawful expenditure." It calls for transparent fiscal responsibility and auditable public debt. It leaves fund design, payment scales and the sequencing of debt and pension reform as open questions. This paper addresses those questions.

The model laws already fix several financing anchors:

- **Victim Reparation Act, Article 22.** Requires annual budgets, priority items, instalment payments, audits, an emergency fund and assessment of long-term obligations. It bars unenforceable, unlimited fiscal commitments. Article 13 sets public compensation benchmarks, Article 18 provides interim emergency relief, Article 19 orders priority by need rather than influence, and Article 28 leaves the amounts to a future legislature (<https://freechina.live/governance-public-policy/third-republic-governance-blueprints/en-transitional-justice-victim-reparation-act-draft/>).
- **Truth Commission Act, Article 24.** Requires a budget authorised by law and subject to independent audit, and bars investigated agencies from using budget control to obstruct the commission. Article 25 requires annual financial reporting (<https://freechina.live/governance-public-policy/third-republic-governance-blueprints/en-truth-commission-act-draft/>).
- **Archives Openness Act, Article 26.** Subjects the archives institution's budget to independent audit and legislative oversight (<https://freechina.live/governance-public-policy/third-republic-governance-blueprints/en-archives-openness-act-draft/>).
- **October 1 Memorial Day Act, Articles 21 and 24.** Require annual publication of the commemorative agency's budget and leave the amount to a future legislature (<https://freechina.live/governance-public-policy/third-republic-governance-blueprints/en-october-1-memorial-day-act-draft/>).
- **The policy proposal.** Lists eligibility and fiscal ceilings as matters for further research

(<https://freechina.live/governance-public-policy/third-republic-governance-blueprints/en-october-1-national-day-of-suffering-and-freedom-policy-proposal/>).

None of these texts creates a fund, names a revenue source or sets a ceiling. That gap is deliberate, because the amounts belong to an elected legislature. The legislature will still need a design to fill it.

3. Evidence and comparative options

3.1 ROC (Taiwan): a dedicated foundation, appropriated by the state

The Martial Law-era compensation foundation shows the full cycle of a dedicated foundation. A Control Yuan investigation report records 9,898 applications and 7,723 approved cases between 1999 and 2012. It records NT\$19.43 billion paid against NT\$20.25 billion appropriated through the defence budget (<https://cybsbox.cy.gov.tw/CYBSBoxSSL/edoc/download/50334>). The same report criticised several failings:

- Processing slowed to about a hundred cases a year.
- Personnel costs ran at NT\$35–39 million a year in the final five years.
- A ministry letter extended eligibility beyond the statute.
- Supervision by the Ministry of National Defense was weak.

The successor body for state wrongdoing in the authoritarian period works in smaller board-approved tranches. In August 2026 its board approved 91 compensation cases worth more than NT\$170 million. By the end of July 2026, 3,162 of 4,021 accepted life-and-liberty applications had been compensated, and 42 of 399 property applications had been approved (<https://cna.com.tw/news/aip/202608310169.aspx>). The report states approvals. It does not show disbursement or receipt.

Remedy counts must also be kept apart from payment counts. The Ministry of Justice figure of 6,198 matters remedied by May 2025 refers to annulled convictions, not money paid. The Transitional Justice Commission's 5,983 refers to the same kind of remedy at a different stage, and the two figures should not be added together (<https://freechina.live/third-republic/primary-evidence-historical-research-foundation/research-updates-version-history/>).

3.2 Asset recovery: real but slow and contingent

The ROC (Taiwan) Act Governing the Settlement of Ill-gotten Properties by Political Parties (2016) presumes that property a party acquired from 15 August 1945 and still held when the Act was promulgated was improperly obtained, excluding party dues and political donations (<https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=A0030286>). The recovery process is slow in practice. In 2019 the committee ordered the Broadcasting Corporation of China to transfer land to the state. For property already sold to third parties, it sought NT\$7.73 billion in value. An administrative court then suspended enforcement until the main lawsuit is final (<https://www.taiwannews.com.tw/zh/news/3796435>). The lesson for financing is that recovered assets are litigated, delayed and uncertain, so they cannot support fixed obligations to victims.

3.3 Germany: when expected assets become debts

The Treuhandanstalt took over about 8,500 East German enterprises. Early hopes were for surpluses in the hundreds of billions. Privatisation brought in roughly 70 billion DM, and the agency closed at the end of 1994 with a deficit of nearly 260 billion DM (<https://www.bpb.de/kurz-knapp/lexika/handwoerterbuch-politisches-system/202195/treuhandanstalt/>). A contemporary account gives the closing deficit as 256.4 billion DM (<https://germanhistorydocs.org/en/a-new-germany-1990-2023/closing-the-treuhandanstalt-trusteeship-agency-december-30-1994>). Parliamentary oversight began with a budget subcommittee, and an inquiry committee was created only in 1993 (bpb, above).

The legacy debts went into the Erblastentilgungsfonds, a federally guaranteed special fund created in 1995. Repayment came from Bundesbank profits above a statutory threshold, and the fund was dissolved at the end of 2015 (<https://www.anwalt.org/erblastentilgungsfonds-gesetz-elfg/>). The fund shows two lessons. A transition should not plan on a windfall from former state assets. Legacy liabilities are best placed in one transparent vehicle with a repayment rule and an end date.

3.4 Colombia: fiscal sustainability as a schedule, not a veto

Colombia's Victims Law 1448 of 2011 requires implementation to safeguard fiscal sustainability. Colombia's Constitutional Court upheld that clause in judgment C-753 of 2013, holding that sustainability guides implementation but cannot restrict or deny victims' right to reparation (<https://www.corteconstitucional.gov.co/relatoria/2013/C-753-13.htm>). The implementing decree treats the CONPES 3712 financing plan as indicative, and actual amounts are set in each year's budget (https://www.funcionpublica.gov.co/eva/gestornormativo/norma_pdf.php?i=48899).

The size of the backlog matters as much as the legal principle. The Victims Unit reports more than nine million registered victims. About 1.3 million administrative indemnities, worth roughly 9 trillion pesos, had been paid by August 2022. At the pace of that time, the Unit estimated that indemnification would take 82 years to complete (https://www.unidadvictimas.gov.co/wp-content/uploads/2024/05/Balance_UnidadVictimas2024.pdf). These are the government's own figures.

3.5 International trust funds: valuable, but small and unpredictable

The ICC Trust Fund for Victims received €5.7 million in voluntary contributions in 2024. Because the convicted persons were indigent, the court-ordered liabilities had to be covered from donor funds (https://asp.icc-cpi.int/sites/default/files/asp_docs/ICC-ASP-24-14-ENG.pdf). The orders far exceed what has been funded:

- **Ongwen:** liability of €52.4 million. No complement is reported, and an urgent €5 million appeal was launched in 2024.
- **Ntaganda:** liability of US\$31.3 million, against a €1.5 million Board allocation plus an earmarked contribution.
- **Lubanga:** US\$10 million liability, fully complemented.

Liability from perpetrators and money from donors can add to a national programme. Neither can serve as its foundation.

3.6 Special budgets and audit

Audit findings from both sides of the Strait show that special-purpose budgets tend to lag behind their plans. In the ROC (Taiwan), auditors found that the first phase of a special infrastructure budget had a realised ratio of only 12.89% at the end of 2017 (<https://www.ettoday.net/news/20180727/1222278.htm>). In the PRC (Mainland), the 2023 central audit report found bond funds of RMB 27.9 billion idle or misused across 522 projects (<https://news.qq.com/rain/a/20240628A0A21U00>). These findings show that a programme is accountable only if it reports what was appropriated, what was spent and what was delivered as separate figures.

4. Recommended design

1. **One statutory Transitional Justice Fund, kept on budget.** Create a special account inside the national budget, funded by annual appropriation within a legislated multi-year ceiling. Off-budget foundations dilute legislative control.
2. **Cost the programme before promising benefits.** Before benefit benchmarks under Reparation Act Article 13 are set, an independent body should publish an estimate of the long-term liability

- and the assumptions behind it. Benchmarks are then set to fit the ceiling, in line with Article 22's bar on unlimited commitments.
3. **Fund emergency relief first.** Fully fund interim relief under Article 18, ordered by the Article 19 criteria (age, health, livelihood), before any general schedule begins. Elderly survivors should not wait for a multi-decade schedule.
 4. **Make legal entitlements enforceable and scheduled.** Each award becomes an enforceable claim with a published payment date. Payment may be in instalments or as an indexed pension where the recipient chooses. Fiscal constraint may change when an award is paid. It may not cancel the award.
 5. **Use contingent revenue only once it has been received.** Recovered assets, forfeitures and donor contributions go into the Fund as supplementary resources. They are counted only when actually received and never form the basis for an entitlement.
 6. **Keep legacy debt apart from victims' money.** Liabilities of state enterprises and of the former party-state belong in a separate, time-limited debt vehicle with its own repayment rule and sunset date. They must not draw on the victims' Fund.
 7. **Report three stages separately.** Publish approved, disbursed and received amounts each quarter, by programme and by region, and never merge them.
 8. **Cap administrative costs and set processing deadlines.** Set a statutory administrative-cost ceiling, processing deadlines and caseload targets. If the targets are missed, the legislature must review the programme. Each body ends on a fixed date and transfers its records and residual funds by law.
 9. **Audit independently and keep budgets out of investigated hands.** The supreme audit institution should audit the Fund every year and publish the results to a legislative committee. Agencies under investigation may never hold budget control over truth, archives or reparation bodies (Truth Commission Act Article 24).
 10. **Allow court review of delay.** Victims may bring a challenge in court when fiscal constraint is used to postpone awards beyond the published schedule, following the reasoning of the Colombian court.
 11. **Set rules for local co-financing.** Local governments may add commemorative or service programmes. They may not reduce national benchmarks. Central guarantees protect victims in poorer regions.

5. Open questions and risks

- **Scale.** No credible count yet exists of eligible victims in the PRC (Mainland). The liability estimate in provision 2 is a precondition for any benchmark. It is not a detail to settle afterwards.
- **Asset litigation.** Recovery cases may run for years and may be lost. The Fund must be solvent without them.
- **Inflation and currency stress.** A transition may coincide with monetary instability, and the indexation rules need careful design.
- **Equity between categories.** Gaps in timing between life-and-liberty claims and property claims, which are addressed in T2, may be seen as unfair.
- **Fraud and capture.** Generous schedules attract false claims. Verification under the Archives Openness Act and the victim registry must keep pace with payments.
- **Evidence gaps.** Chilean and Argentine reparation financing, including Argentina's use of public-debt bonds, has not yet been verified for this draft and should be added before publication.

6. Cross-links

- Hub: Transitional Justice, Economic & Social Transition — <https://freechina.live/governance-public-policy/third-republic-governance-blueprints/transitional-justice-economic-social-transition/>
- Model laws: Policy Proposal <https://freechina.live/governance-public-policy/third-republic-governance-blueprints/en-october-1-national-day-of-suffering-and-freedom-policy-proposal/> ; Legal Package <https://freechina.live/governance-public-policy/third-republic-governance-blueprints/en-third-republic-transitional-justice-legal-package/> ; Truth Commission Act

- <https://freechina.live/governance-public-policy/third-republic-governance-blueprints/en-truth-commission-act-draft/> ; Archives Openness Act
<https://freechina.live/governance-public-policy/third-republic-governance-blueprints/en-archives-openness-act-draft/> ; Victim Reparation Act <https://freechina.live/governance-public-policy/third-republic-governance-blueprints/en-transitional-justice-victim-reparation-act-draft/> ; October 1 Memorial Day Act <https://freechina.live/governance-public-policy/third-republic-governance-blueprints/en-october-1-memorial-day-act-draft/> ; Legislative Notes and Roadmap <https://freechina.live/governance-public-policy/third-republic-governance-blueprints/en-transitional-justice-legislative-notes-roadmap-v1-1/>
- Comparative evidence: ROC (Taiwan) Comparative Practice — <https://freechina.live/third-republic/primary-evidence-historical-research-foundation/transitional-justice-victim-remedies-political-archives/>
 - Sibling papers in this series: T1 Reparation Before Rhetoric (registry, claims windows and payment rules); T2 Property Restitution and Its Limits; T3 Lustration, Amnesty and Truth — [Lustration, Amnesty and Truth: Drawing Lines That Courts Can Defend](#)

In this series: [Reparation Before Rhetoric](#) · [Property Restitution and Its Limits](#) · [Lustration, Amnesty and Truth](#).

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