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FROM POLICY TO PRACTICE:

ASSESSING NIGERIA'S ASPIRATIONS AS A REGIONAL ARBITRATION HUB UNDER THE NATIONAL POLICY ON ARBITRATION AND ADR 2024.

INTRODUCTION

In today's interconnected global economy, the demand for efficient, cost-effective, and reliable dispute resolution mechanisms is greater than ever. Traditional litigation is often burdened by long delays, high expenses, and limited physical access. Consequently, it is now being supplemented, or even replaced, by alternative dispute resolution (ADR) methods like arbitration, mediation, and conciliation.

These approaches provide businesses with a more streamlined and confidential way to settle disputes, particularly in complex commercial and international matters. For emerging markets, especially in Africa, ADR offers a practical solution to additional challenges businesses face in these regions.

Africa, with its fast-growing economies, abundant natural resources, and vibrant industries, is increasingly seen as a promising destination for both local and international investments. However, the continent's business environment has been hindered by inefficiencies in resolving disputes, especially through the court system where lengthy legal processes, dwindling trust and fragmented frameworks can discourage investment.

Recognizing this, Nigeria, one of Africa's largest economies and a key player in regional trade[1], introduced the National Policy on Arbitration and Alternative Dispute Resolution (ADR) for 2024-2028 (The "Policy"), a bold move to position itself as the leading hub for arbitration in Africa while adhering to Nigeria's commitments under international treaties.[2] This policy aims to strengthen Nigeria's reputation as a business-friendly nation by improving the accessibility, efficiency, and reliability of its dispute resolution mechanisms.

Through this initiative, Nigeria hopes to not only attract foreign investment but also to foster a more predictable and transparent legal environment for both domestic and international businesses whilst protecting national interests. With its focus on modernizing ADR practices, the policy represents a significant leap forward in transforming the way disputes are resolved in Africa, bringing benefits to businesses, government agencies, and the economy at large.

NIGERIA'S ARBITRATION HUB VISION

In the foreword to the National Policy on Arbitration and ADR, 2024, Nigeria's current Honorable Attorney General of the Federation and Minister of Justice, Lateef O. Fagbemi, SAN, highlighted the challenges that Nigeria's practice of Arbitration and Alternative Dispute Resolution (ADR) has experienced over the years including "limited patronage, underdeveloped institutions, and a general lack of confidence in the arbitration system, both from local and international stakeholders". These factors have hindered Nigeria's ability to fully leverage arbitration as an effective tool for dispute resolution. This stands in contrast to global trends, where arbitration has emerged as the preferred mechanism for resolving commercial disputes—evidenced by the 890 new cases filed at the International Chamber of Commerce Court (ICC) alone in 2023.[3]

The Policy proposes solutions to these ongoing challenges, but its effectiveness in positioning Nigeria as a leading arbitration hub in Africa remains uncertain. While it outlines a strategic plan for Nigeria to become a global destination for arbitration, leveraging the country's strategic location, growing economy, and evolving legal infrastructure, it remains unclear whether these factors will be sufficient to establish Nigeria as the preferred hub for dispute resolution on the continent.

Nigeria's aim is not only to attract international arbitration but also to create a business-friendly environment that encourages both local and foreign companies to efficiently resolve disputes within its borders. This ambitious goal is driven by the recognition that arbitration is becoming the preferred method for resolving commercial disputes worldwide[4], offering advantages such as speed, confidentiality, and flexibility. Ultimately, the Policy aims to reduce the burden on the court system, expedite the resolution of commercial disputes, foster ease of doing business, and enhance investor confidence[5].

This article aims to critically examine the key highlights of the Policy vis-à-vis current realities, assess the feasibility of the Policy in addressing the challenges facing arbitration in the country and explore its potential strengths and weaknesses in positioning the country as a regional hub for dispute resolution. This article will also offer recommendations on how Nigeria can strengthen its legal and institutional frameworks to better support the policy's implementation and foster a more conducive environment for arbitration.

SMALL CLAIMS ARBITRATION

In creating a business-friendly environment, one of the most innovative elements of the Policy is the introduction of Small Claims Arbitration, as detailed in Paragraph 16[6]. This provision seeks to enhance access to justice for individuals, businesses, and "socially and economically disadvantaged groups" by offering a quick and affordable dispute-resolution process devoid of the technicalities associated with traditional litigation.[7]

Nigeria introduced the small claims process in its courts systems in 2018 under the Presidential Enabling Business Environment Council (PEBEC). The PEBEC, under the office of the Vice President, played a key role in introducing small claims courts in Nigeria as part of its efforts to improve the ease of doing business. Small claims courts are courts that are empowered to determine disputes that do not involve large sums of money. Widely utilized in developed legal systems, these courts are intended to facilitate the expeditious and cost-effective resolution of minor civil claims. The procedural and evidentiary rules are deliberately simplified to enable parties to navigate the process and present their cases without the necessity of legal representation.[8] Additionally, they operate under a defined monetary threshold, beyond which claims are not admissible. For instance, in Lagos state, a legal action for the resolution of a dispute between parties may be initiated in a designated Small Claims Court within Lagos State under the following conditions:

a) The Defendant, or at least one of the Defendants, resides or conducts business in the State;

b) One of the Claimant resides or carries on business in the State;

c) Cause of action arose wholly or in part in Lagos;

d) The claim involves a liquidated monetary sum not exceeding N5,000,000 (Five Million Naira), excluding interest and costs; and

e) The Claimant has issued a Letter of Demand, in the prescribed form, to the Defendant.[9]

Small claims courts enhance access to justice by providing an affordable legal avenue for individuals and small businesses who might otherwise be excluded from pursuing claims due to the high cost of litigation. The process is intentionally simplified, with minimal formal procedures, and quicker timelines, enabling faster resolution of disputes. By handling low-value civil matters, small claims courts also help alleviate the burden on the broader judicial system.[10] Additionally, these courts empower individuals to represent themselves, allowing laypersons to seek legal remedies without the need for professional legal representation. [11]

The proposal of small claims arbitration under the Nigerian Policy on Arbitration and ADR, marks a significant and progressive step in the country's dispute resolution framework. This is because despite the existence of small claims courts, small claims arbitration remains an important and necessary alternative for resolving low-value disputes. While small claims courts offer accessible, low-cost legal processes, they are not always the most suitable or available option for all parties or cases. One key reason small claim arbitration is still needed, is that arbitration is a private process, unlike court proceedings, which are typically public. For businesses especially micro, small and medium enterprises (MSMEs) and individuals who value confidentiality and wish to keep disputes and outcomes private, this is a critical benefit. Also, many consumers and commercial agreements include mandatory arbitration clauses, which legally bind parties to resolve disputes outside of the court system irrespective of the dispute value. Small claims arbitration will offer a faster, more flexible, and less formal alternative for resolving disputes, this is particularly valuable for MSMEs, which form the backbone of Nigeria's economy[12] and often lack the resources to pursue or defend small claims through the regular judicial system, while maintaining the principles of fairness and neutrality.

The Policy proposes small claims arbitration framework designed to handle disputes involving amounts up to, but not exceeding ₦5,000,000 (Five Million Naira), effectively eliminating the need for lengthy litigation and making justice more accessible to individuals and businesses alike. This represents a transformative development within Nigeria's dispute resolution landscape, particularly for small and medium-sized enterprises (SMEs) and startups, which are often disproportionately affected by the financial and administrative burdens of traditional court processes. By offering a faster, more affordable, and less formal alternative, the framework enables businesses to resolve disputes efficiently, thereby allowing them to redirect valuable time and resources toward growth, innovation, and long-term sustainability.

However, despite its potential benefits, there are lingering concerns about the practical implementation of the small claims arbitration provision in the policy — particularly around the availability and funding of qualified arbitrators. It is well established that arbitration presents additional costs including costs of the arbitrator(s), venue and other administrative costs.[13] Therefore, for the small claims arbitration system to be effective, there must be a sufficient pool of trained arbitrators who are not only willing but also able to serve on small claims arbitration panels, often at lower compensation levels than in traditional arbitration settings. Moreover, the question of who bears the cost—whether it is the parties through a fixed fee, government-funded arbitrators, donor contributions, or institutional sponsorship—raises further concerns about accessibility and fairness, particularly for economically disadvantaged claimants. Without clear funding mechanisms and administrative support, there is a risk that the framework, though well-intentioned, could struggle to deliver on its promises of affordability, efficiency, and broad-based access to justice.

JUDICIAL SUPPORT AND PROCEDURAL SAFEGUARDS

The Policy underscores the continued relevance of the National Judicial Policy on Arbitration in Nigeria, which calls on the judiciary to facilitate and uphold arbitration by adopting procedural rules that expedite arbitration-related cases.[14] It advises courts to avoid intervening in disputes where parties have opted for arbitration, urging them instead to honor such agreements by staying any related court proceedings. Accordingly, this provision of the policy aligns with the applicable laws and the position consistently upheld by the Nigerian judiciary. Section 5 of the Arbitration and Mediation Act (AMA) 2023, states that: subject to the provisions of any other applicable law, where an action is brought before a court in respect of a matter that is subject to an arbitration agreement, the court must, upon the request of either party—provided such request is made no later than the submission of the party's first statement on the substance of the dispute—refer the parties to arbitration, unless the court determines that the arbitration agreement is null, void, inoperative, or incapable of being performed. Prior to the enactment of the Act,[15] the relevant provisions were already reflected (as amended) in section 2, 4, and 5 of the previous law.[16] The modern position of the Nigerian courts was clarified in the Supreme Court's unanimous decision in The Owners of MV Lupex v. Nigerian Overseas Chartering & Shipping Ltd (MV Lupex).[17] In that case, the Court overturned the lower courts' refusal to stay proceedings in favor of arbitration, despite the fact that one party had agreed to arbitrate in London, submitted to the arbitral tribunal's jurisdiction, and even filed a counterclaim. In the lead judgment, Mohammed JSC stated: "Where parties have chosen to determine for themselves that they would refer any of their disputes to arbitration instead of resorting to regular courts, a prima facie duty is cast upon the courts to act upon their agreement."

This principle was also reaffirmed in the recent case of UBA Plc v. Trident Consulting Ltd[18], further emphasizing the judiciary's support for upholding arbitration agreements. Thus, the policy provision of staying court proceedings pending arbitration is consistent with both the current statutory framework and prevailing judicial authority. The Policy also aims to discourage the misuse of court processes to derail arbitration and alternative dispute resolution (ADR). To this end, it empowers courts to impose punitive costs on legal practitioners and parties who deliberately exploit judicial proceedings to obstruct or delay arbitration or ADR efforts. The Policy also specifically recommends that judicial proceedings stemming from arbitration or ADR be resolved within a maximum timeframe of 60 days from the date they are filed. Similarly, it proposes that any appeals arising from those decisions should be concluded within 270 days of the appeal being lodged. [19] However, this commendable proposition is not reflected in the Arbitration and Mediation Act (AMA) 2023. The AMA 2023, while a progressive piece of legislation that introduces several key reforms to arbitration and mediation practice in Nigeria, does not provide a structured timeline for the resolution of arbitration-related court proceedings. This legislative gap presents a potential obstacle to the swift and effective enforcement of arbitral awards and undermines the goal of positioning Nigeria as a preferred seat of arbitration.

To give full effect to the Policy's objectives, it is recommended that a legislative amendment or supplementary regulation be introduced to incorporate specific and enforceable time limits for arbitration-related court processes. This should include clear judicial guidance requiring courts to prioritize arbitration matters or designate specific courts to conclude these arbitration-related court processes expeditiously, in line with the 60-day and 270-day benchmarks proposed in the Policy. Additionally, the Nigerian judiciary could adopt procedural rules or practice directions that institutionalize these timelines, ensuring greater accountability and predictability in the handling of arbitration-related matters. Such measures would strengthen the effectiveness of the AMA 2023, bolster investor confidence, and reinforce Nigeria's commitment to an efficient and arbitration-friendly legal environment.

Additionally, for the punitive costs provision to be effectively implemented, the Arbitration Proceedings Rules[20] should be amended to authorize the imposition of fines or other penalties on parties or legal practitioners who intentionally obstruct or delay arbitration proceedings. This would require a detailed set of guidelines on how and when such punitive costs can be levied, as well as clear criteria for determining the severity of the obstruction or delay.

Furthermore, the Policy proposes that the Court of Appeal should serve as the final appellate authority in arbitration and ADR-related cases, effectively precluding further appeals to the Supreme Court in such matters[21]. While this recommendation may be aimed at reducing delays and fostering finality in arbitration matters, its implementation would face significant legal hurdles. Under the 1999 Constitution of the Federal Republic of Nigeria (as amended), the Supreme Court retains original and appellate jurisdiction over civil and criminal matters, including appeals from the Court of Appeal. As such, any attempt to exclude the Supreme Court's jurisdiction—whether by statute or policy—would be unconstitutional unless supported by a formal constitutional amendment. Therefore, to give legal effect to this proposal, the National Assembly would need to initiate and pass an amendment to the Constitution, pursuant to the provisions of Section 9[22], which governs the process for constitutional reform. Without such an amendment, the recommendation remains aspirational and legally unenforceable.

LOCALISING ARBITRATION SEATS

An important part of the Policy is its goal to make Nigeria a top choice for arbitration. In the past, many arbitration cases involving Nigerian parties have been held in other countries, usually London, Paris or Singapore[23], due to the challenges earlier stated as well as the difficulties with enforcing decisions. These jurisdictions have long been preferred due to several key factors, for instance, these cities offer established legal frameworks that provide a high degree of certainty and predictability in the dispute resolution process[24]. Their arbitration laws and procedures are well-defined, globally respected, and consistently upheld, making them reliable venues for resolving complex commercial disputes. Also, neutrality and impartiality are crucial for arbitration, especially when parties come from different countries with potentially divergent legal systems. London, Paris, and Singapore are considered neutral jurisdictions, where no party is at a perceived disadvantage due to local legal biases[25]. This impartiality is essential in fostering trust between international parties and ensuring that the outcome of the arbitration process is seen as fair and legitimate.

The enforcement of arbitral awards constitutes a fundamental reason why jurisdictions such as London, Paris, and Singapore are consistently selected as preferred seats for international arbitration. While each of these jurisdictions operates under a distinct legal framework, they are all signatories to the New York Convention of 1958, an international treaty that significantly facilitates the recognition and enforcement of arbitral awards across national boundaries[26]. This shared adherence to the Convention ensures a degree of uniformity and predictability, thereby enhancing legal certainty for parties engaging in cross-border dispute resolution.

In this context, French arbitration law is particularly notable for its robust and comprehensive support of arbitration throughout the entirety of the arbitral process. As a general rule, it is extremely difficult to obstruct arbitral proceedings or to have an arbitral award set aside, except under exceptional and narrowly defined circumstances[27]. It is also important to note

that an arbitral award may ordinarily be challenged only before the competent court at the seat of arbitration.[28] Furthermore, the enforcement of arbitral awards in France is notably efficient: challenges to arbitral awards or to decisions granting enforcement are non-suspensive, meaning they do not automatically stay enforcement. Consequently, such recourses rarely hinder the execution of arbitral awards in France, underscoring the jurisdiction's pro-arbitration stance and its commitment to the finality and effectiveness of the arbitral process.[29]

This framework increases the likelihood that arbitral awards rendered in these jurisdictions will be upheld and enforced, reducing the risk for parties who want certainty that their legal victories will be honored.

To localize arbitration seats, Paragraph 13 of the Policy[30] outlines several key steps:

1. Nigeria should be promoted as the standard location for arbitration cases.
2. Arbitrations involving Nigerian government bodies should take place in Nigeria, with the Regional Centre for International Commercial Arbitration Lagos (RCICAL) acting as the default authority for appointing arbitrators if needed.
3. State governments and agencies are encouraged to resolve certain cases through Alternative Dispute Resolution (ADR) at Multi-Door Courthouses (MDCs), especially for disputes within a certain monetary range.
4. Businesses in the private sector are also encouraged to use ADR first, at MDCs or other government-run ADR centers.

The strategic intent of localizing arbitrations involving Nigerian government entities is to conserve foreign exchange and strengthen domestic dispute resolution infrastructure. However, a critical question arises: how can this policy be effectively enforced across government parastatals and agencies? To ensure consistent implementation among Ministries, Departments, and Agencies (MDAs), it is essential to establish a clear and enforceable compliance ng the Who, Where, and Why – Templars Law.framework. This can be achieved through a combination of legal instruments and administrative mechanisms.

First, a binding directive—issued by the President through an executive order—should mandate that all government contracts include arbitration clauses designating Nigeria as the seat of arbitration, with the Regional Centre for International Commercial Arbitration Lagos (RCICAL) as the default appointing authority[31]. Second, the standardization of arbitration clauses across public sector contracts, administered by the relevant oversight bodies, would promote uniformity and reduce discretion at the agency level. A pre-contract review process should be introduced, whereby arbitration clauses are vetted by the Ministry of Justice prior to contract execution. Also, to reinforce compliance, internal audits should be put in place to monitor adherence.

Furthermore, training and sensitization programs targeting legal officers and contract managers within MDAs would help promote a better understanding of the benefits of MDCs and institutionalize ADR as a cost-effective and efficient tool for dispute resolution. These combined measures would align arbitration practice with national policy objectives, enhance fiscal responsibility, and contribute to the development of Nigeria's arbitration framework, ultimately ensuring greater accountability in the resolution of public sector disputes.

The importance of localizing arbitration seats in Nigeria cannot be overstated, particularly in light of high-profile investment disputes such as the one involving the Ogun State Government and Zhongfu International (Nigeria) FZE.[32] According to news reports on the matter, Ogun State entered into a Joint Venture Agreement (JVA) with Zhongfu, a subsidiary of Zhongshan Fucheng Industrial Investment Co. Ltd of China, to develop the Ogun

Guangdong Free Trade Zone in 2013. Over the next three years, Zhongfu invested millions of U.S. dollars in the project. However, in 2016, the Ogun State Government unilaterally terminated the agreement, triggering a breakdown in relations that would have lasting consequences. The situation deteriorated rapidly. Nigerian authorities, including officials from the Ogun State Government and the Nigeria Export Processing Zones Authority (NEPZA), reportedly threatened Zhongfu's personnel, demanding they vacate the zone. The threats escalated into action: one employee, Mr. Wenxiao Zhao, was arrested at gunpoint, physically assaulted, and detained for ten days by the Nigerian Police. During this period, police officers also sought another employee, Dr. Han, who ultimately fled the country along with Mr. Zhao in October 2016. These events marked a turning point in the relationship between the investor and the host state, eroding trust and damaging Nigeria's image as a secure investment destination.

In response, Zhongshan initiated arbitration proceedings against the Federal Republic of Nigeria under the China-Nigeria Bilateral Investment Treaty (BIT) in London, United Kingdom, citing violations of treaty obligations including fair and equitable treatment, protection against expropriation, and non-discriminatory practices.

Local arbitration could also serve as a check on the conduct of public officials. Moreover, localized arbitration tends to be more cost-effective than international proceedings, reducing the financial/travel and administrative burden on all parties involved.

Ultimately, there is an urgent need to strengthen Nigeria's domestic arbitration institutions and put in place structures to make them the default venues for resolving investment-related disputes. By localizing arbitration, Nigeria not only enhances legal predictability and investor confidence but also supports the development of its legal infrastructure. This, in turn, can position the country as a more attractive, secure, and credible destination for foreign direct investment.

CAPACITY-BUILDING AND LOCAL COUNSEL PARTICIPATION

Another notable feature of the Policy is its emphasis on promoting the involvement and development of Nigerian legal practitioners in arbitration. It encourages Federal and State Ministries, Departments, and Agencies (MDAs) to adopt a transparent and merit-based process when selecting Nigerian counsel for arbitration and ADR matters.[33] Furthermore, in instances where foreign counsel must be engaged due to their specialized expertise, the Policy stipulates that they must work alongside Nigerian counsel to ensure that local lawyers gain practical experience. While this is a commendable move towards strengthening domestic legal capacity, the provision raises several implementation concerns.

First, the Policy lacks an enforcement mechanism to ensure that MDAs actually follow transparent selection processes or meaningfully involve Nigerian lawyers in arbitration cases. Without clear regulatory backing or oversight, this well-intentioned provision risks becoming aspirational rather than effective. There is also the risk of tokenism, where local counsel is listed on arbitration teams without being substantively involved in the proceedings, thereby defeating the core objective of capacity building. To address these gaps, it is recommended that binding guidelines, subsidiary regulations or executive orders be introduced to operationalize the Policy. These could include adopting objective selection criteria, and submitting periodic compliance reports. Additionally, where foreign counsel is appointed, the involvement of Nigerian co-counsel should be structured to require meaningful participation in case strategy, drafting, and hearings.

ARBITRATION AND ALTERNATIVE DISPUTE RESOLUTION (ADR) BY FEDERAL AND STATE GOVERNMENTS AND MDAS.

The Policy encourages that the Federal and State Governments, along with their Ministries, Departments, and Agencies (MDAs), must build capacity in managing arbitration and ADR processes. This includes training personnel—particularly within the Ministries of Justice—in contract negotiation, drafting, and the oversight of arbitration and ADR-related agreements and procedures.[34]

The Policy further provides that disputes arising from investment agreements are to be handled jointly by the Ministries of Justice and the Nigerian Investment Promotion Commission (NIPC).[35] This collaborative framework is intended to strengthen institutional capacity, promote inter-agency coordination, and improve Nigeria's handling of international investment arbitrations.[36] The necessity of such reform is highlighted by the inefficiencies evident in Nigeria's management of the Zhongshan arbitration case.

Following Nigeria's withdrawal of its challenge under Section 67 of the English Arbitration Act—thereby removing a significant procedural impediment—Zhongshan promptly initiated proceedings before the English Commercial Court, seeking recognition and enforcement of the arbitral award on an ex parte basis. In December 2021, Mrs. Justice Cockerill granted the enforcement order, while also granting Nigeria a 74-day period, from the date of service, within which to file a challenge.

The enforcement order was served on Nigeria on 30 May 2022, thereby establishing August 2022 as the deadline for any such challenge. In a manner reflective of a recurring trend in the State's approach to international arbitration, Nigeria failed to file its challenge within the stipulated timeframe.[37] It was not until September 2022—after the expiry of the 74-day period—that Nigeria applied to the court for an extension of time. Procedural inefficiencies persisted even thereafter: Nigeria missed a further filing deadline in its response to Zhongshan's submissions and was compelled to seek an additional extension.

These avoidable procedural lapses underscore enduring systemic deficiencies within Nigeria's dispute resolution infrastructure and reinforce the pressing need for institutional reform. It is hoped that the recent policy provision—mandating the joint management of investment-related disputes by the Federal Ministry of Justice and the Nigerian Investment Promotion Commission (NIPC)—will contribute meaningfully to remedying these inefficiencies.

The Policy also commendably encourages all Federal and State MDAs to adopt a standard dispute resolution clause included in its Schedule[38], aimed at promoting consistency and best practices in managing contractual disputes. Standardization can enhance legal coherence, streamline negotiations, and support Nigeria's aspiration to become a preferred arbitration hub.

However, the presumption that international investors will readily accept a clause designating Nigeria as the seat and venue of arbitration is overly optimistic. While some investors—particularly those under bilateral investment treaties—prefer mechanisms like ICSID and foreign-seated arbitration, others with long-term interests in Nigeria may be open to domestic seats, especially if the local arbitration framework demonstrates neutrality and efficiency.

Moreover, arbitration may not be suitable for all contract types.[39] The Policy would benefit from a more flexible approach, treating the model clause as a default rather than a mandatory standard. Allowing MDAs to modify clauses based on contract value, subject matter, or investor profile would balance consistency with commercial pragmatism.

To support effective implementation, MDAs should be provided with clear guidelines on when deviations are appropriate, supported by legal training and standardized clause templates. Such measures would ensure the Policy's objectives are met without undermining the practical realities of cross-border contracting and investor expectations.

Additionally, the Policy encourages arbitration and ADR institutions in Nigeria to work towards developing a unified code of conduct and to ensure the effective enforcement of arbitral awards and decisions.[40]

Federal and State MDAs must also maintain a detailed and up-to-date register of all ongoing and pending arbitration and ADR cases. These records are to be kept at the respective Ministries of Justice.[41] Furthermore, the Ministries are required to keep a repository of all treaties entered into by Nigeria with other nations.[42] To enhance efficiency, transparency, and inter-agency coordination, it is strongly recommended that these registers and repositories be digitized and maintained as secure, cloud-based platforms. A centralized online register would facilitate real-time updates, enable prompt access to case information by authorized personnel, and reduce the risk of data loss or administrative bottlenecks. Furthermore, a virtual system would improve Nigeria's capacity to monitor compliance with treaty obligations and respond proactively to emerging disputes, thereby supporting more effective management of Nigeria's international legal engagements.

Additionally, the Policy reaffirms the commitment of both Federal and State Governments to continuously improve the legal and institutional framework governing arbitration and ADR in Nigeria.[43] It also places the responsibility of implementing the Policy on the Attorneys General of the Federation and the States. All MDAs are expected to comply with the provisions of the Policy in all contracts they enter into.[44] To ensure that the objectives of the Policy are met in a timely and measurable manner, it is recommended that a framework for periodic review be established. These reviews should be conducted at clearly defined intervals—such as annually or every six months—and should assess both compliance and effectiveness across MDAs. Timelines for review, along with key performance indicators, should be clearly articulated to track institutional progress, identify areas requiring reform, and make data-driven adjustments to implementation strategies.

The adoption of Alternative Dispute Resolution (ADR) mechanisms by Ministries, Departments, and Agencies (MDAs) will significantly speed up the resolution of government-related commercial disputes. Unlike traditional court proceedings, ADR methods—such as arbitration and mediation—are typically faster, confidential, less formal, and more cost-effective.[45] This allows disputes to be resolved efficiently without prolonged litigation, reducing delays that can hinder project execution and service delivery.

By streamlining dispute resolution processes, the use of ADR also contributes to a more stable and predictable business environment. Investors are more likely to commit capital in jurisdictions where disputes can be resolved fairly and promptly. This predictability reduces risk, increases confidence in contractual enforcement, and ultimately enhances Nigeria's reputation as an investment-friendly destination.

CONCLUSION

The Policy is a commendable initiative aimed at easing the burden on Nigeria's overextended court system by fostering a judicial culture that embraces arbitration and alternative dispute resolution (ADR). It seeks to raise public awareness of the practical advantages of ADR mechanisms and provides a structured framework to guide government ministries, departments, and agencies (MDAs) in the adoption, negotiation, and implementation of arbitration and ADR clauses. Moreover, the Policy prioritizes capacity-building among key stakeholders and professionals within the arbitration ecosystem, recognizing that a strong institutional foundation is essential to sustaining meaningful reform. By doing so, it aspires to enhance Nigeria's attractiveness to foreign investors and contribute to long-term economic growth.

However, while the intent of the Policy is laudable, its true value will only be realized through effective implementation. The recommendations outlined—such as establishing a virtual register of disputes, introducing periodic reviews with clear timelines, and ensuring consistent inter-agency coordination—are critical to transforming the Policy from a well-intentioned document into a practical and impactful instrument of reform. Addressing these gaps will help institutionalize ADR practices within government processes and encourage the private sector to follow suit.

Ultimately, the time has come for Nigerian businesses and public institutions alike to move beyond reactive litigation and embrace proactive dispute resolution strategies. ADR should not be viewed merely as an alternative or a measure of last resort, but as an integral tool for preserving commercial relationships, protecting reputations, and creating sustainable value. A well-implemented Policy, reinforced by the necessary structural and procedural improvements, will serve as a catalyst for a more efficient, investment-friendly, and resilient dispute resolution landscape in Nigeria.

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