THE ROLE OF ARBITRATION IN COMMERCIAL DISPUTE RESOLUTION IN NIGERIA: A CRITICAL ANALYSIS OF THE LEGAL FRAMEWORK, CHALLENGES AND FUTURE PROSPECTS

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Abstract

This study examines the role of arbitration in commercial dispute resolution in Nigeria, with particular focus on the legal framework, challenges and prospects of arbitration as an alternative dispute resolution mechanism. The research was undertaken in view of the increasing need for an efficient, flexible and cost-effective means of resolving commercial disputes outside the conventional court system. Adopting the doctrinal research methodology, the study relied on primary sources such as statutes, judicial authorities and international instruments, as well as secondary sources. The study finds that the enactment of the Arbitration and Mediation Act 2023 has significantly strengthened Nigeria's arbitration regime by aligning it with international best practices and enhancing the enforceability of arbitral awards. However, challenges such as judicial interference, delays in enforcement proceedings, limited awareness among other factors continue to impede the effective use of arbitration in Nigeria. The study concludes that arbitration remains an indispensable mechanism for commercial dispute resolution and has considerable potential to promote investor confidence, enhance commercial certainty and contribute to economic development. It therefore recommends sustained judicial support, effective implementation of the Arbitration and Mediation Act 2023, institutional strengthening, continuous

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capacity building and increased awareness to further improve the practice of arbitration in Nigeria.

Keywords: Arbitration, Commercial, Dispute Resolution, Legal Framework and Challenges

1. INTRODUCTION

Arbitration, as a form of alternative dispute resolution (ADR), has long been recognized as an essential mechanism for settling commercial disputes outside the traditional court system.[1] In Nigeria, the evolution of arbitration can be traced back to pre-colonial times when customary practices involved elders or community leaders mediating conflicts in trade and commerce.[2] During the colonial era, English common law principles influenced the formalization of dispute resolution, including arbitration, which was integrated into the legal system through ordinances and statutes.[3] Post-independence, Nigeria sought to modernize its legal framework to align with international standards, particularly in the context of growing commercial activities driven by oil exploration, foreign investments, and globalization.[4]

The cornerstone of Nigeria's arbitration regime was initially the Arbitration and Conciliation Act (ACA) of 1988[5], which incorporated

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[1] O Agbakoba, 'Need for National Arbitration Institution in Nigeria Today', in OD Amucheazi and CO Ogbuabor (eds.), *Thematic Issues in Nigerian Arbitration Law and Practice* (Varsity Press Ltd, 2008), 1-8.

[2] F. Adewumi, Mediation and its Emerging Legal Status in Nigeria: A Commentary on the Arbitration and Mediation Act. *African Law Review*, (2023) 11(2), 88–101

[3] Ibid

[4] See Okonkwo, C. ADR Mechanisms in Nigeria: A Comparative Analysis of Arbitration, Mediation, and Litigation Timelines. Journal of Business Law and Policy, (2023) 8(4), 99-114.

[5] Arbitration and Conciliation Act (ACA) of 1988

the United Nations Commission on International Trade Law (UNCITRAL) Model Law. This Act provided a structured approach to both domestic and international arbitration, emphasizing party autonomy, confidentiality, and enforceability of awards.[6] However, recognizing the need for updates to address contemporary challenges, the Nigerian government enacted the Arbitration and Mediation Act (AMA) in 2023,[7] which repealed and replaced the ACA.[8] The AMA introduces key reforms, such as a unified framework for arbitration and mediation, mandatory stays of court proceedings in favor of arbitration where valid agreements exist, and provisions for third-party funding, aligning Nigeria's system with global best practices like the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, to which Nigeria is a signatory.[9] Furthermore, the Act explicitly incorporates mechanisms for online dispute resolution (ODR) and the enforcement of international mediation settlement agreements under the Singapore Convention.[10]

Despite these legislative advancements, the effectiveness of arbitration as a tool for commercial dispute resolution is intrinsically linked to the support of the judiciary and the ease of enforcement.[11] While the new Act attempts to limit judicial overreach, the history of arbitration in Nigeria has been marked by frequent court intervention, which often

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[6] ibid

[7] Arbitration and Mediation Act (AMA) in 2023

[8] C. Egemonye, ‘The Role of Arbitration in Resolving Disputes in Nigeria’ (2025) <https://www.globallawexpert.com> accessed 27 July 2026.

[9] ibid

[10] Ugwu, ‘Online Dispute Resolution (ODR) and the Future of Digital Commercial Arbitration and Mediation in Nigeria’ (2024) *Technology and Law Review* 34

[11] Parida et al., ‘The Legal Regime Shaping International Commercial Arbitration in Nigeria’ (2024) *Global Arbitration Journal* 22

leads to protracted delays and increased costs.[12] The transition from the old regime to the AMA 2023, therefore, presents both opportunities for growth and significant implementation challenges that require a critical legal analysis.

In the realm of commercial dispute resolution, arbitration plays a pivotal role by offering flexibility, speed, and expertise tailored to complex business transactions. Nigeria's economy, characterized by sectors such as oil and gas, telecommunications, banking, and manufacturing, often involves cross-border elements that benefit from arbitration's neutrality. Commercial arbitration in Nigeria is fundamentally rooted in the need for a mechanism that offers speed, confidentiality, and technical expertise qualities often found wanting in the traditional litigation system.[13] For instance, the Lagos Court of Arbitration (LCA) and other institutions like the Chartered Institute of Arbitrators (Nigeria Branch) have bolstered the practice by providing institutional support and training[14]. Despite these advancements, the adoption of arbitration in Nigeria has been uneven, with many commercial entities still resorting to litigation due to familiarity with the court system.[15] The Nigerian courts have also played an important

[12] Erimwinorosee, 'Arbitration in Nigeria: Legal Framework, Enforcement Issues, and Emerging Challenges under the Arbitration and Mediation Act' (2023) *Nigerian Bar Journal* 71

[13] Oduwole, 'The Multi-door Courthouse System in Commercial Maritime Disputes' (2023) *Maritime Law Review* 56

[14] Akinseye-George, Y., "The New Arbitration and Mediation Act 2023: A Game Changer in Nigeria's Dispute Resolution Landscape" (2023) Nigerian Current Law Review 45.

[15] A C Oha 'The Nigerian Legal Framework for Arbitration and Its Effectiveness in Dispute Resolution' (2024) LL. B Project Alex Ekwueme Federal University Ndufu-Alike <https://www.nigerianjournalsonline.com/index.php/FUNAILAWPROJECTS/article/view/5561> accessed 27 July 2026

role in shaping arbitration practice through judicial decisions.[16] Courts have repeatedly emphasized the binding nature of arbitration agreements and the obligation of courts to respect the intention of parties who have chosen arbitration as their preferred dispute resolution mechanism.[17] For instance, in *Statoil (Nig.) Ltd v NNPC*,[18] the Supreme Court reaffirmed the enforceability of arbitration agreements and emphasized that parties who agree to arbitration should ordinarily be bound by their agreement.[19] Similarly, the courts have recognized the principle that arbitral awards are final and binding except in limited circumstances provided by law.[20]

2. CONCEPTUAL CLARIFICATIONS

The word "arbitration" is derived from the Latin word *arbitrari*, meaning "to judge" or "to decide". In legal parlance, arbitration refers to a process whereby parties voluntarily agree to submit existing or future disputes to one or more impartial persons, known as arbitrators, whose decision, called an arbitral award, is final and binding on the parties.[21] Unlike litigation, which derives its authority from the sovereign power of the State, arbitration derives its legitimacy primarily from the agreement of the parties. It is this consensual foundation that distinguishes arbitration from judicial proceedings and other forms of dispute resolution. The legal basis for arbitration in Nigeria is principally contained in the Arbitration and Mediation Act

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[16] Akinola, A. O., Dispute Resolution Mechanisms in Nigeria: Law and Practice (Princeton Publishing, Lagos 2018)

[17] See Mbanefo, F. O., Commercial Arbitration in Nigeria: Law and Practice (Cambridge Scholars, Newcastle 2014).

[18] [2013] 14 NWLR (Pt 1373) 1 SC

[19] Ibid

[20] *M.V. Lupex v Nigerian Overseas Chartering and Shipping Ltd* [2003] 15 NWLR (Pt 844) 469 SC

[21] A Redfern, M Hunter, N Blackaby and C Partasides, Redfern and Hunter on International Arbitration (7th edn Oxford University Press 2022) 1.

2023, which now constitutes the primary legislation regulating both domestic and international arbitration in Nigeria.[22] Although the Act does not provide an elaborate definition of arbitration, its provisions recognize arbitration as a legally enforceable process through which parties may resolve disputes arising from commercial and other legal relationships. The enactment of the Act reflects Nigeria's commitment to promoting arbitration as an effective means of commercial dispute resolution and harmonizing its arbitration regime with internationally accepted standards, particularly the UNCITRAL Model Law on International Commercial Arbitration.

Various legal scholars have attempted to define arbitration from different perspectives, Orojo and Ajomo define arbitration as a procedure whereby parties voluntarily submit disputes to an independent and impartial tribunal whose decision is intended to be binding.[23] Their definition underscores two essential features of arbitration: voluntariness and finality. Similarly, Nwakoby describes arbitration as a private method of dispute resolution in which parties choose to have their disputes determined by persons of their own selection rather than by the ordinary courts.[24] This definition highlights the central role of party autonomy, which remains the cornerstone of arbitration practice.

In *M.V. Lupex v Nigerian Overseas Chartering and Shipping Ltd*,[25] the Supreme Court affirmed that where parties have freely agreed to resolve their disputes through arbitration, the courts should ordinarily give effect to such agreement and refrain from assuming jurisdiction over the dispute except were permitted by law. The decision reinforces the principle that arbitration agreements are legally enforceable and

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[22] Arbitration and Mediation Act 2023.
[23] M Orojo and A Ajomo, Law and Practice of Arbitration and Conciliation in Nigeria (Mbeyi & Associates 1999) 2.
[24] G Nwakoby, Commercial Arbitration in Nigeria (Spectrum Books Ltd 2004) 10.
[25] [2003] 15 NWLR (Pt 844) 469 (SC).

should not be disregarded merely because one party subsequently prefers litigation. Similarly, in *Statoil (Nigeria) Ltd v Nigerian National Petroleum Corporation*,[26] the Supreme Court reiterated that arbitration clauses incorporated into commercial contracts are binding on the parties and that judicial intervention should be limited to circumstances expressly authorized by legislation. The decision demonstrates the Nigerian judiciary's increasing support for arbitration and reflects the modern policy of encouraging alternative dispute resolution in commercial matters.

3. NATURE AND CHARACTERISTICS OF ARBITRATION

A fundamental characteristic of arbitration is its consensual nature. Arbitration is founded upon the mutual agreement of the parties, who voluntarily decide to submit their disputes to arbitration rather than litigation. This agreement may be contained in an arbitration clause incorporated into the principal contract or embodied in a separate arbitration agreement entered into after a dispute has arisen. Without such agreement, an arbitral tribunal generally lacks jurisdiction to determine the dispute.[27] Consequently, consent remains the cornerstone upon which the entire arbitral process is built. Another important characteristic of arbitration is party autonomy; this principle enables parties to exercise considerable control over the conduct of the proceedings. Subject to the provisions of the applicable law, parties may determine the number of arbitrators, the procedure to be followed, the language of the proceedings, the applicable law, the place or seat of arbitration, and the institution, if any, that will administer the arbitration. Party autonomy distinguishes arbitration from litigation, where procedural rules are largely imposed by statute and the courts.

[26] [2013] 14 NWLR (Pt 1373) 1 (SC).

[27] Section 2-5 of the Arbitration and Mediation Act 2023.

Arbitration is also characterized by neutrality and impartiality. Parties are free to appoint arbitrators possessing the necessary expertise and independence to determine their dispute fairly. This feature is particularly important in international commercial transactions where parties from different jurisdictions may be reluctant to submit disputes to the national courts of either party. The neutrality of arbitrators enhances confidence in the arbitral process and contributes to its growing acceptance in international commerce. Confidentiality constitutes another significant characteristic of arbitration. Unlike court proceedings, which are generally conducted in public, arbitration proceedings are ordinarily private. Documents produced during arbitration, witness testimonies, and arbitral awards are usually protected from public disclosure except where disclosure is required by law or necessary for the enforcement or challenge of an award.[28] Confidentiality is particularly attractive in commercial disputes involving trade secrets, proprietary information, financial records, or sensitive business relationships. The binding and final nature of arbitral awards further distinguishes arbitration from other ADR mechanisms. Once an arbitral tribunal renders its award, the parties are generally bound by the decision, subject only to limited grounds for setting aside or refusing recognition under the applicable law. The courts are therefore reluctant to interfere with arbitral awards except where statutory grounds have been established. In *Niger Progress Ltd v North East Line Corporation*,[29] the Supreme Court affirmed that arbitral awards are intended to be final and should not be lightly disturbed by the courts.

Another notable characteristic of arbitration is its procedural flexibility. Unlike litigation, which is governed by strict rules of civil procedure and evidence, arbitration permits parties to adopt procedures

[28] M Orojo and A Ajomo, Law and Practice of Arbitration and Conciliation in Nigeria (Mbeyi & Associates 1999) 18–22.
[29] [1989] 3 NWLR (Pt 107) 68 (SC).

best suited to the nature of their dispute. This flexibility often enables disputes to be resolved more efficiently while reducing unnecessary technicalities. Nevertheless, arbitral proceedings must still comply with the principles of natural justice, including the right of each party to present its case and be heard.

Arbitration is equally recognized for its enforceability. One of the major reasons for its popularity in international commerce is the ease with which arbitral awards may be recognized and enforced under both domestic legislation and international conventions, particularly the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958,[30] to which Nigeria is a party. The Arbitration and Mediation Act 2023 similarly provide a comprehensive framework for the recognition and enforcement of arbitral awards within Nigeria.[31] Although arbitration possesses numerous advantages, its nature does not entirely exclude judicial involvement. Courts continue to perform supportive functions by enforcing arbitration agreements, granting interim measures where appropriate, appointing arbitrators in limited circumstances, and recognizing or setting aside arbitral awards on statutory grounds. Such judicial intervention is intended to support rather than undermine the arbitral process.[32]

4. THEORETICAL FRAMEWORKS OF ARBITRATION

This section explores the theoretical frameworks that underpin arbitration as a mechanism for resolving commercial disputes. While the conceptual clarification in the preceding section established what

[30] New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958.

[31] Arbitration and Mediation Act 2023, Part III; New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958.

[32] *City Engineering (Nig.) Ltd v Federal Housing Authority* [1997] 9 NWLR (Pt 520) 224 (SC).

arbitration is, an understanding of the theories that explain why and how arbitration derives its binding force is equally necessary, as these theories shape the extent to which courts intervene in arbitral proceedings and the degree of autonomy accorded to parties and arbitral tribunals.

1. **The Contractual Theory**: is one of the earliest and most influential theories explaining the legal foundation of arbitration. It is predicated on the principle that arbitration derives its validity and enforceability from the agreement voluntarily entered into by the parties. According to this theory, the jurisdiction of an arbitral tribunal is not conferred by the State but rather by the mutual consent of the parties, who agree to submit existing or future disputes to arbitration instead of litigation.[33] Consequently, arbitration is viewed primarily as an extension of the law of contract, with the arbitration agreement serving as the source of the arbitrator's authority.

The contractual theory is founded on the principle of freedom of contract, which allows parties to determine the manner in which disputes arising from their legal relationship should be resolved. Under this theory, parties are at liberty to choose arbitration, determine the applicable procedural rules, appoint arbitrators, specify the seat of arbitration and identify the substantive law governing their dispute. These decisions reflect the autonomy of contracting parties and distinguish arbitration from litigation, where procedural matters are generally regulated by statutory provisions and court rules.

[33] D Anifowose, 'Key Highlights of the Innovations in the Arbitration and Mediation Act, 2023' <https://www.researchgate.net/publication/373605914_key_highlights_of_the_innovations_in_the_arbitration_and_mediation_act_2023> accessed 15 July 2026.

One of the principal strengths of the contractual theory is its recognition of party autonomy as the cornerstone of arbitration. Since arbitration originates from the agreement of the parties, the arbitral tribunal cannot assume jurisdiction over a dispute unless there is a valid arbitration agreement. The tribunal's authority is therefore limited by the terms of the agreement entered into by the parties. This explains why courts generally decline jurisdiction over disputes that fall within the scope of a valid arbitration agreement, except in circumstances permitted by law.[34] The Nigerian courts have consistently affirmed the contractual basis of arbitration. In *City Engineering (Nig.) Ltd v Federal Housing Authority*,[35] the Supreme Court held that an arbitration agreement is a binding contractual undertaking which should ordinarily be respected and enforced by the courts. Similarly, in *M.V. Lupex v Nigerian Overseas Chartering and Shipping Ltd*,[36] the Supreme Court reiterated that parties who have voluntarily agreed to submit their disputes to arbitration should be held to their agreement unless there are compelling legal reasons to the contrary. These decisions demonstrate judicial recognition of the contractual foundation of arbitration within the Nigerian legal system.

Despite its significance, the contractual theory has attracted criticism. Critics argue that the theory does not adequately explain certain aspects of arbitration, particularly the binding nature of arbitral awards and the role of the courts in enforcing such awards. Although arbitration originates from contract, an arbitral award derives legal force not merely from the parties' agreement but also from statutory recognition under the AMA 2023.[37] Furthermore, courts retain

[34] F Adekoya, Commercial Arbitration in Nigeria (2nd edn, LexisNexis 2017) 106–110.
[35] [1997] 9 NWLR (Pt 520) 224 (SC).
[36] [2003] 15 NWLR (Pt 844) 469 (SC)
[37] Section 2, 7–13, 55 of the Arbitration and Mediation Act 2023.

supervisory powers over arbitration through the appointment of arbitrators in appropriate cases, the grant of interim measures and the recognition, enforcement or setting aside of arbitral awards. These statutory powers suggest that arbitration possesses a public law dimension which the contractual theory alone cannot sufficiently explain.

2. **The Party Autonomy Theory**: is one of the fundamental theories underpinning modern arbitration. It is premised on the principle that parties to a commercial transaction are best placed to determine the manner in which disputes arising from their relationship should be resolved. The theory recognizes the freedom of contracting parties to decide whether to submit their disputes to arbitration, select the applicable procedural rules, appoint arbitrators, determine the seat and language of arbitration, and choose the substantive law governing their dispute. Consequently, party autonomy distinguishes arbitration from litigation, where procedural rules and judicial officers are imposed by law. The doctrine of party autonomy reflects the broader principle of freedom of contract, which permits individuals and commercial entities to regulate their legal relationships according to mutually agreed terms. In arbitration, this freedom extends beyond the formation of the arbitration agreement to virtually every aspect of the arbitral proceedings. Subject to mandatory statutory provisions, parties may determine the number and qualifications of arbitrators, adopt institutional or ad hoc arbitration, decide the venue of hearings, and agree on the procedural timetable.[38] This flexibility enhances the attractiveness of arbitration, particularly in commercial transactions involving parties from different jurisdictions.

[38] F Adekoya, Commercial Arbitration in Nigeria (2nd edn, LexisNexis 2017) 110–115.

The Party Autonomy Theory has received statutory recognition in Nigeria through the Arbitration and Mediation Act 2023, which allows parties considerable freedom in organizing arbitral proceedings. The Act permits parties to agree on matters such as the composition of the arbitral tribunal, the procedure to be followed during arbitration, the place of arbitration, and other procedural issues, provided that such agreements do not conflict with mandatory provisions of the Act.[39] This legislative approach demonstrates Nigeria's commitment to internationally accepted principles of commercial arbitration and reflects the influence of the UNCITRAL Model Law on International Commercial Arbitration. Judicial decisions have equally reinforced the principle of party autonomy.

In *M.V. Lupex v Nigerian Overseas Chartering and Shipping Ltd*,[40] the Supreme Court emphasized that parties who have voluntarily agreed to arbitration should ordinarily be held to their agreement, and that courts should refrain from interfering with the arbitral process except where authorized by law. Similarly, in *Statoil (Nigeria) Ltd v Nigerian National Petroleum Corporation*,[41] the Supreme Court reaffirmed that arbitration agreements represent the intentions of the parties and should therefore be respected and enforced. These decisions illustrate the judiciary's recognition of party autonomy as the foundation of arbitration.

The significance of the Party Autonomy Theory lies in its promotion of efficiency and commercial certainty. By allowing parties to tailor arbitral proceedings to their specific needs, arbitration becomes more responsive to the complexities of commercial transactions than conventional litigation. For instance, parties engaged in specialized

[39] Arbitration and Mediation Act 2023, section 6–10, 30–32.
[40] [2003] 15 NWLR (Pt 844) 469 (SC).
[41] [2013] 14 NWLR (Pt 1373) 1 (SC).

industries such as construction, maritime transport, banking, insurance and oil and gas may appoint arbitrators possessing technical expertise in those fields. This often leads to more informed decisions and enhances confidence in the arbitral process.

3**. The Jurisdictional Theory**: explains arbitration from the perspective that the arbitral tribunal exercises a judicial function derived not only from the agreement of the parties but also from the authority conferred upon it by law. While an arbitration agreement provides the basis upon which parties submit their disputes to arbitration, the tribunal's power to hear and determine such disputes is recognized and regulated by the legal system. Accordingly, the theory maintains that arbitration is not merely a private contractual arrangement but a legally sanctioned adjudicatory process that derives its legitimacy from both party consent and statutory recognition.[42]
Proponents of the Jurisdictional Theory argue that arbitrators perform functions closely analogous to those of judges. They receive and evaluate evidence, interpret contractual provisions and applicable legal rules, determine the rights and obligations of the parties, and render binding decisions capable of enforcement by the courts. Unlike mediators or conciliators, whose recommendations are generally non-binding, arbitrators exercise adjudicatory powers that culminate in an enforceable arbitral award. Consequently, arbitration possesses characteristics ordinarily associated with judicial proceedings, notwithstanding its private and consensual nature.

The jurisdiction of an arbitral tribunal is, however, not unlimited. It is confined to disputes falling within the scope of the arbitration agreement and must be exercised in accordance with the provisions of

[42] Julian D M Lew, Loukas A Mistelis and Stefan M Kröll, Comparative International Commercial Arbitration (Kluwer Law International 2003) 73–76.

the Arbitration and Mediation Act 2023.[43] The Act empowers arbitral tribunals to determine disputes submitted to them while also recognizing the supervisory jurisdiction of the courts in matters such as the appointment of arbitrators, the grant of interim measures, the recognition and enforcement of arbitral awards, and applications to set aside awards on specified statutory grounds. This legislative framework demonstrates that arbitration operates within the broader administration of justice rather than entirely outside it.

The Nigerian Supreme Court acknowledged the judicial character of arbitration in *Baker Marine (Nig.) Ltd v Chevron (Nig.) Ltd,*[44] where it emphasized that although arbitral awards are generally final and binding, the courts retain limited supervisory jurisdiction to ensure that arbitral proceedings comply with the law. Similarly, in *Mekwunye v Lotus Capital Ltd*,[45] the Supreme Court reaffirmed that while parties are free to choose arbitration, the enforcement and validity of arbitral awards remain subject to judicial oversight in accordance with statutory provisions. These decisions illustrate the balance between the autonomy of arbitration and the supervisory role of the courts. One of the principal strengths of the Jurisdictional Theory is that it explains why arbitral awards are enforceable as judgments of the court once recognized under the applicable legal framework. Unlike an ordinary contractual promise, an arbitral award carries legal consequences because the law recognizes and enforces it. The theory also justifies judicial intervention in exceptional circumstances, particularly where questions of jurisdiction, procedural fairness, public policy or arbitrability arise.

4. **The Consent Theory**: is a fundamental principle of arbitration which posits that the legitimacy of arbitral proceedings is derived from

[43] Section 14–18, 55 of the Arbitration and Mediation Act 2023.
[44] [2000] 12 NWLR (Pt 681) 393 (SC).
[45] [2018] 13 NWLR (Pt 1637) 479 (SC).

the voluntary consent of the parties. The theory is founded on the notion that no person should be compelled to submit a dispute to arbitration unless he or she has expressly or impliedly agreed to do so. Consequently, the authority of an arbitral tribunal is not inherent but is created by the mutual agreement of the parties, who voluntarily choose arbitration as the mechanism for resolving their disputes.[46] Unlike litigation, where the jurisdiction of the court is established by the Constitution and other statutes, arbitration depends primarily on the willingness of the parties to submit their disputes to a private tribunal. Consent therefore constitutes the jurisdictional basis of arbitration and determines the scope of the tribunal's authority. An arbitral tribunal cannot determine disputes beyond those which the parties have agreed to submit to arbitration, nor can it exercise powers over persons who are not parties to the arbitration agreement except in circumstances recognized by law.

The significance of the Consent Theory is particularly evident in commercial transactions, where parties negotiate contractual terms with considerable freedom. By incorporating arbitration clauses into their agreements, parties consciously elect to resolve future disputes through arbitration rather than litigation. This voluntary choice promotes commercial certainty, preserves business relationships and enables parties to adopt procedures best suited to the nature of their commercial dealings. The theory therefore reinforces the principle that arbitration is essentially a consensual process rather than a compulsory judicial mechanism.[47]

b. **Relevance of Arbitration Theories to Commercial Dispute Resolution in Nigeria**

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[46] Gary Born, International Commercial Arbitration (3rd edn, Kluwer Law International 2021) 209–215.

[47] Russell on Arbitration (24th Ed., Sweet & Maxwell 2015) 9–12.

The theories of arbitration discussed above provide the jurisprudential basis for understanding the operation and effectiveness of arbitration in Nigeria's commercial dispute resolution framework. While each theory explains arbitration from a distinct perspective, they collectively establish the legal and philosophical foundations upon which contemporary arbitration practice is built. Their relevance is particularly evident in Nigeria, where commercial transactions have become increasingly sophisticated and frequently involve domestic and cross-border parties seeking efficient alternatives to litigation. Contractual theory remains relevant because it underscores the importance of the arbitration agreement as the source of the arbitral tribunal's jurisdiction. Commercial relationships are fundamentally contractual in nature, and arbitration clauses have become standard features of construction, banking, maritime, telecommunications, energy and international trade agreements.

By recognizing arbitration agreements as legally enforceable contractual undertakings, Nigerian law promotes certainty in commercial transactions and encourages parties to honor their contractual obligations. This approach has contributed significantly to the confidence reposed in arbitration by both domestic and foreign investors.[48] While Party Autonomy theory enhances the attractiveness of arbitration by allowing parties to tailor the arbitral process to their commercial needs. The freedom to select arbitrators with specialized expertise, determine the applicable procedural rules, choose the seat of arbitration and agree on the governing law enables parties to adopt procedures that are both efficient and commercially appropriate. In sectors such as oil and gas, construction and international trade, where disputes often involve highly technical issues, this flexibility represents a considerable advantage over conventional litigation.[49] The

[48] Arbitration and Mediation Act 2023, section 2; F Adekoya, Commercial Arbitration in Nigeria (2nd edn, LexisNexis 2017) 95–100.

[49] Russell on Arbitration (24th edn, Sweet & Maxwell 2015) 18–25.

Jurisdictional theory is significant because it explains the complementary relationship between arbitral tribunals and the courts. Although arbitration is intended to minimize judicial intervention, the supervisory role of the courts remains indispensable in ensuring procedural fairness, enforcing arbitral awards and protecting the integrity of the arbitral process. The Arbitration and Mediation Act 2023 strike a balance between respecting the independence of arbitral tribunals and preserving the authority of the courts to intervene only in circumstances expressly permitted by law. This balance strengthens public confidence in arbitration while safeguarding the rule of law.[50] Finally Consent theory reinforces the legitimacy of arbitration by emphasizing that arbitral jurisdiction arises solely from the voluntary agreement of the parties. This principle is particularly important in commercial practice because it assures investors and business entities that they cannot be compelled to arbitrate disputes in the absence of a valid arbitration agreement. The emphasis on voluntary participation also encourages greater compliance with arbitral awards, as parties are more likely to respect decisions reached through procedures they have freely accepted.

5. Literature Review

The subject of arbitration has attracted considerable scholarly attention both within and outside Nigeria. Numerous jurists and commentators have examined the conceptual foundations of arbitration, its legal framework, advantages over litigation and its growing significance in commercial dispute resolution. While these studies have contributed immensely to the development of arbitration jurisprudence, many were undertaken before the enactment of the Arbitration and Mediation Act 2023 and therefore do not sufficiently examine the implications of the new legal regime. This section reviews some of the leading scholarly

[50] Sections 16, 55 of the Arbitration and Mediation Act 2023.

works relevant to this study and identifies the gap which the present research seeks to address.

Orojo and Ajomo, in their seminal work Law and Practice of Arbitration and Conciliation in Nigeria, examine the historical development of arbitration in Nigeria and discuss the legal principles governing arbitration under the repealed Arbitration and Conciliation Act.[51] The authors argue that arbitration provides parties with a faster, more confidential and less technical means of resolving commercial disputes than litigation. They further emphasized the importance of party autonomy and judicial support in promoting the effectiveness of arbitration. Although the work remains one of the foundational texts on Nigerian arbitration law, it predates the Arbitration and Mediation Act 2023 and therefore does not analyze the significant innovations introduced by the new legislation, including emergency arbitration, third-party funding and the revised provisions on interim measures.
Similarly, Adekoya, in Commercial Arbitration in Nigeria, provides a comprehensive analysis of arbitration practice in Nigeria, with particular emphasis on commercial disputes.[52] The author examines arbitration agreements, the conduct of arbitral proceedings, the enforcement of arbitral awards and the role of Nigerian courts in supporting arbitration. A notable strength of the work is its practical treatment of commercial arbitration and its extensive reliance on Nigerian judicial authorities. However, because the work was published before the enactment of the Arbitration and Mediation Act 2023, it necessarily reflects the legal position under the former Arbitration and Conciliation Act and does not consider the reforms introduced by the current legislation.

[51] M Orojo and A Ajomo, Law and Practice of Arbitration and Conciliation in Nigeria (Mbeyi & Associates 1999) 1–15.
[52] F Adekoya, Commercial Arbitration in Nigeria (2nd edn, LexisNexis 2017) 1–25.

Nwakoby, in his authoritative text Commercial Arbitration in Nigeria, traces the evolution of arbitration in Nigeria from customary, elder-mediated methods of dispute settlement to its modern statutory form.[53] He contends that arbitration gained ready acceptance among Nigerian commercial actors precisely because it mirrors indigenous, informal methods of resolving disagreements, thereby carrying a cultural legitimacy that litigation, as an inherited colonial institution, has struggled to command. This cultural-continuity argument adds a useful dimension to the present study's assessment of why arbitration continues to appeal to Nigerian commercial parties, although Nwakoby's analysis was undertaken under the repealed Arbitration and Conciliation Act 1988 and could not anticipate the structural reforms later introduced by the Arbitration and Mediation Act 2023.

From the foregoing review, it is evident that existing literature has extensively examined the nature, principles and advantages of arbitration, both from Nigerian and international perspectives. Nevertheless, most Nigerian studies were undertaken under the repealed Arbitration and Conciliation Act, while the international texts focus primarily on comparative and cross-border arbitration. Consequently, there is limited scholarly analysis of the impact of the Arbitration and Mediation Act 2023 on commercial dispute resolution in Nigeria, particularly regarding the effectiveness of the new legal framework, the practical challenges confronting arbitration and the prospects for future development.

6. CONSTITUTIONAL FRAMEWORK

Although the Constitution does not contain express provisions regulating arbitration, it provides the constitutional foundation upon which arbitration operates within the Nigerian legal system. The

[53] G Nwakoby, Commercial Arbitration in Nigeria (Spectrum Books Ltd 2004) 3–9.

Constitution establishes the judicial system, guarantees access to justice and protects the fundamental rights that underpin arbitral proceedings. Consequently, arbitration derives constitutional legitimacy from the broader legal framework governing the administration of justice in Nigeria.

One of the most significant constitutional provisions relevant to arbitration is section 6 of the Constitution, which vests the judicial powers of the Federation and the States in the courts established by the Constitution.[54] While arbitration serves as an alternative dispute resolution mechanism, arbitral tribunals do not exercise judicial powers in the constitutional sense. Rather, they derive their authority from the agreement of the parties and the enabling provisions of the Arbitration and Mediation Act 2023.

The Nigerian appellate courts have consistently adopted this constitutional approach. In *M.V. Lupex v Nigerian Overseas Chartering and Shipping Ltd,*[55] the Supreme Court held that courts should respect valid arbitration agreements freely entered into by parties and should refrain from entertaining disputes that the parties have agreed to resolve through arbitration. Similarly, in *Mekwunye v Lotus Capital Ltd*,[56] the Supreme Court reaffirmed that judicial intervention in arbitration should be limited to circumstances expressly permitted by law in order to preserve the autonomy and effectiveness of the arbitral process. These decisions demonstrate the judiciary's commitment to promoting arbitration as an integral component of Nigeria's commercial justice system. It is therefore evident that although the Constitution does not expressly legislate on arbitration, its provisions provide the legal environment within which arbitration

[54] Section 6 of the CFRN 1999 (as amended).
[55] [2003] 15 NWLR (Pt 844) 469 (SC).
[56] [2018] 13 NWLR (Pt 1637) 479 (SC).

functions. By guaranteeing fair hearing, establishing judicial authority and recognizing the enforceability of legal rights and obligations, the Constitution reinforces arbitration as a legitimate and effective mechanism for the resolution of commercial disputes in Nigeria.

6.2. Statutory Framework

This section examines the statutory framework governing arbitration in Nigeria. Whereas the preceding section considered the constitutional foundation upon which arbitration operates, this section turns to the specific legislation that has, at different times, regulated the practice of arbitration in the country.

1. Arbitration and Conciliation Act Cap A18, Laws of the Federation of Nigeria 2004: Prior to the enactment of the Arbitration and Mediation Act 2023, arbitration in Nigeria was principally governed by the Arbitration and Conciliation Act.[57] The Act, originally enacted in 1988, represented Nigeria's first comprehensive legislation on modern commercial arbitration and conciliation. It was largely modelled on the 1985 UNCITRAL Model Law on International Commercial Arbitration and incorporated several internationally accepted principles designed to promote arbitration as an effective alternative dispute resolution mechanism.[58] The Arbitration and Conciliation Act regulated both domestic and international commercial arbitration. Among its notable provisions were the recognition of arbitration agreements, the procedure for appointing arbitrators, the conduct of arbitral proceedings, the powers of arbitral tribunals, the making of arbitral awards and the recognition

[57] Arbitration and Conciliation Act (ACA), Cap A18, Laws of the Federation of Nigeria 2004

[58] Arbitration and Conciliation Act, Cap A18, Laws of the Federation of Nigeria 2004 (repealed); UNCITRAL, UNCITRAL Model Law on International Commercial Arbitration 1985 (as amended in 2006).

and enforcement of both domestic and foreign arbitral awards.[59] The Act also domesticated the Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (New York Convention), thereby facilitating the enforcement of foreign arbitral awards in Nigeria subject to the conditions prescribed by law.[60]

One of the major strengths of the Act was its recognition of party autonomy, which enabled parties to determine the applicable law, appoint arbitrators of their choice and agree on the procedural rules governing arbitration. This flexibility contributed significantly to the increasing acceptance of arbitration within Nigeria's commercial sector, particularly in construction, maritime, banking and oil and gas transactions.

The Nigerian courts consistently interpreted the Act in a manner that promoted arbitration. In *City Engineering (Nig.) Ltd v Federal Housing Authority*,[61] the Supreme Court affirmed that where parties have voluntarily agreed to resolve disputes through arbitration, the courts should ordinarily give effect to such agreements by staying judicial proceedings where appropriate. Similarly, in *Taylor Woodrow (Nig.) Ltd v Suddeutsche Etna-Werk GmbH*,[62] the Supreme Court emphasized that courts should exercise restraint in matters which parties have contractually agreed to submit to arbitration, except where intervention is authorized by law. These decisions reflected the judiciary's growing support for arbitration as an effective means of commercial dispute resolution.

2. The Arbitration and Mediation Act 2023: The enactment of the Arbitration and Mediation Act 2023 (AMA 2023) represents a

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[59] Arbitration and Conciliation Act, Cap A18, LFN 2004 (repealed), pts I–III.

[60] Section 51–57 of the Arbitration and Conciliation Act, Cap A18, LFN 2004 (repealed).

[61] [1997] 9 NWLR (Pt 520) 224 (SC).

[62] [1993] 4 NWLR (Pt 286) 127 (SC).

landmark development in the evolution of arbitration law in Nigeria. Signed into law on 26 May 2023, the Act repealed the Arbitration and Conciliation Act Cap A18, Laws of the Federation of Nigeria 2004 and established a modern legal framework governing both arbitration and mediation in Nigeria. The principal objective of the Act is to align Nigeria's arbitration regime with contemporary international standards, enhance the country's attractiveness as an investment destination and strengthen arbitration as an efficient mechanism for the resolution of commercial disputes.[63]

The Act substantially adopts the principles of the UNCITRAL Model Law on International Commercial Arbitration while introducing several innovative provisions that reflect current developments in international arbitration practice. Unlike the repealed legislation, the Act contains clearer provisions on judicial intervention, emergency arbitration, third-party funding, interim measures and confidentiality, thereby bringing Nigerian arbitration law into conformity with international best practices. One of the fundamental features of the Act is its recognition and enforcement of arbitration agreements. Sections 2 to 5 of the Act[64] recognize the validity of arbitration agreements and prescribe the conditions under which such agreements may be enforced. An arbitration agreement may be contained in a contractual arbitration clause or constituted by a separate agreement entered into after a dispute has arisen. The Act also recognizes electronic communications as satisfying the requirement of writing, reflecting the realities of modern commercial transactions conducted through digital platforms. This innovation promotes commercial convenience and accommodates the increasing use of electronic contracts in domestic and international business transactions.

[63] Section 91 of the Arbitration and Mediation Act 2023.
[64] Section 2-5 of the Arbitration and Mediation Act 2023.

The importance of arbitration agreements has been consistently recognized by Nigerian courts. In *Stabilini Visinoni Ltd v Mallinson & Partners Ltd*,[65] the Court of Appeal reaffirmed that where parties have voluntarily agreed to resolve their disputes through arbitration, the courts should ordinarily give effect to that agreement except where recognized legal grounds justify judicial intervention. This judicial approach reinforces the principle of party autonomy and strengthens confidence in arbitration as an alternative dispute resolution mechanism. Furthermore, arbitrators are required to disclose any circumstances likely to give rise to justifiable doubts regarding their impartiality or independence. These provisions promote transparency and preserve public confidence in the arbitral process.

3. The Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958: The Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958, commonly referred to as the New York Convention, is widely regarded as the most important international instrument governing commercial arbitration. Adopted on 10 June 1958 under the auspices of the United Nations, the Convention seeks to facilitate the recognition and enforcement of foreign arbitral awards among contracting states while promoting respect for arbitration agreements. Nigeria acceded to the Convention on 17 March 1970, thereby assuming the obligation to recognize and enforce qualifying foreign arbitral awards in accordance with the Convention's provisions.[66] The Convention requires courts of contracting states to recognize written arbitration agreements and, where appropriate, refer parties to arbitration instead of entertaining

[65] [2014] 12 NWLR (Pt 1420) 134 (CA).

[66] United Nations Treaty Collection, *Convention on the Recognition and Enforcement of Foreign Arbitral Awards 330 UNTS 3(New York Convention).* <https://treaties.un.org> accessed 6 July 2026.

litigation on matters covered by such agreements. It also establishes a uniform regime for the recognition and enforcement of foreign arbitral awards, subject only to limited grounds for refusal, including incapacity of the parties, invalidity of the arbitration agreement, denial of fair hearing, excess of jurisdiction and public policy. By limiting judicial interference, the Convention enhances certainty in international commercial transactions and strengthens confidence in arbitration as a reliable dispute resolution mechanism.
The influence of the New York Convention is evident in Nigeria's arbitration legislation. The Arbitration and Mediation Act 2023 incorporate provisions that are consistent with the Convention and reinforces Nigeria's commitment to enforcing foreign arbitral awards. This alignment encourages foreign investors to transact with Nigerian businesses, knowing that arbitral awards are capable of effective recognition and enforcement within the Nigerian legal system. Consequently, the Convention remains a cornerstone of Nigeria's international arbitration framework. Notable cases illustrating judicial application include *Tulip Nigeria Ltd v Noleggioe Transport Maritime SAS*[67] and recent decisions affirming pro-enforcement bias.

4. The UNCITRAL Model Law on International Commercial Arbitration: The UNCITRAL Model Law on International Commercial Arbitration,[68] adopted in 1985 and amended in 2006, was developed by the United Nations Commission on International Trade Law (UNCITRAL) to encourage uniformity in national arbitration legislation. Unlike international conventions, the Model Law does not create binding legal obligations but serves as a legislative guide which

[67] [2011] 4 NWLR (Pt 1237) 254.
[68] UNCITRAL, UNCITRAL Model Law on International Commercial Arbitration (2006) <https://uncitral.un.org/en/texts/arbitration/modellaw/commercial_arbitration> accessed 6 July 2026.

states may adopt wholly or with modifications.[69] The Model Law embodies fundamental principles of modern arbitration, including party autonomy, limited judicial intervention, the doctrine of separability, the principle of Kompetenz-Kompetenz, interim measures and the recognition and enforcement of arbitral awards. These principles have significantly influenced arbitration legislation worldwide, including Nigeria's Arbitration and Mediation Act 2023. Nigeria's adoption of many provisions of the Model Law demonstrates its commitment to harmonizing domestic arbitration practice with internationally accepted standards. For example, the provisions of the Arbitration and Mediation Act 2023 relating to arbitration agreements, interim measures, and arbitral jurisdiction and court intervention substantially reflect the philosophy of the Model Law.[70] This harmonization enhances predictability in commercial dispute resolution and strengthens Nigeria's competitiveness as a seat for international arbitration.

5. Relevant Court Rules: The effective operation of arbitration in Nigeria is further supported by various rules of court that encourage alternative dispute resolution and regulate judicial interaction with arbitral proceedings. These procedural rules complement the Arbitration and Mediation Act 2023 by providing practical mechanisms for referring disputes to arbitration and enforcing arbitral awards.

The Federal High Court (Civil Procedure) Rules 2019 empower the court to facilitate the settlement of disputes through alternative dispute resolution where appropriate. Likewise, the High Court of the Federal Capital Territory (Civil Procedure) Rules 2025 and the High Court of Lagos State (Civil Procedure) Rules 2019 encourage judges to

[69] Ibid.
[70] Section 2-31 of the Arbitration and Mediation Act 2023

promote amicable settlement and refer suitable matters to arbitration or other ADR mechanisms during case management.[71] These procedural innovations reduce court congestion and promote the speedy resolution of commercial disputes.

An equally significant institutional innovation is the establishment of Multi-Door Courthouses, particularly the Lagos Multi-Door Courthouse (LMDC)[72] and the Abuja Multi-Door Courthouse (AMDC). These institutions integrate arbitration, mediation, conciliation and other ADR mechanisms into the judicial system, enabling litigants to resolve commercial disputes more efficiently while preserving business relationships. Their success has encouraged the establishment of similar ADR centers across several states in Nigeria. The cumulative effect of these court rules and institutional mechanisms is the creation of a judiciary that increasingly supports, rather than competes with, arbitration. This collaborative approach aligns with international best practices and reinforces Nigeria's aspiration to become a leading arbitration-friendly jurisdiction in Africa.

7. CHALLENGES OF ARBITRATION IN NIGERIA

1. Judicial Interference: One of the most persistent challenges affecting arbitration in Nigeria is judicial interference in arbitral proceedings. Although arbitration is intended to operate independently of the courts, judicial intervention sometimes extends beyond the supportive role contemplated by the Arbitration and Mediation Act 2023. Excessive court involvement may frustrate arbitral proceedings, increase costs and undermine the principle of party autonomy, which

[71] Federal High Court (Civil Procedure) Rules 2019; High Court of Lagos State (Civil Procedure) Rules 2019; High Court of the Federal Capital Territory, Abuja (Civil Procedure) Rules 2025.

[72] Lagos Multi-Door Courthouse Law, Cap L89, Laws of Lagos State 2015.

is fundamental to arbitration.[73] The Arbitration and Mediation Act 2023 adopt the internationally recognized principle that courts should intervene only in circumstances expressly provided for by the Act. These circumstances include the appointment of arbitrators where parties fail to agree, the grant of interim measures, assistance in the taking of evidence, and the recognition or setting aside of arbitral awards on specified statutory grounds.[74] Outside these limited situations, judicial intervention should ordinarily be avoided.

2. Delay and Cost: Arbitration is widely regarded as a faster and more cost-effective alternative to litigation. However, in practice, these perceived advantages are not always realized within the Nigerian commercial environment. Although arbitration generally avoids the procedural rigidity associated with court proceedings, delays and escalating costs have become significant concerns, particularly in complex commercial disputes involving substantial financial claims or multiple parties. Consequently, arbitration has, in some instances, become almost as time-consuming and expensive as litigation, thereby diminishing its attractiveness to commercial actors.[75] One major cause of delay is the frequent recourse to the courts before, during and after arbitral proceedings. Parties occasionally institute court actions challenging the validity of arbitration agreements, contesting the jurisdiction of arbitral tribunals or seeking to set aside arbitral awards. While the Arbitration and Mediation Act 2023 limits judicial intervention to specified circumstances, the time required to determine such applications may considerably prolong the resolution of disputes.[76]

[73] Section 4 of the Arbitration and Mediation Act 2023.
[74] Section 7-13; 28-30 & 55-58 of the Arbitration and Mediation Act 2023.
[75] Emilia Onyema, *International Commercial Arbitration and the Arbitrator's Contract* (Routledge 2010) 214–220.
[76] Section 55–58 of the Arbitration and Mediation Act 2023.

3. Enforcement of Arbitral Awards: The effectiveness of arbitration ultimately depends on the successful recognition and enforcement of arbitral awards. Although the Arbitration and Mediation Act 2023 and the New York Convention provide a robust legal framework for the enforcement of both domestic and foreign arbitral awards, practical challenges continue to impede the speedy and effective enforcement of awards in Nigeria. These challenges have, at times, reduced confidence in arbitration, particularly among foreign investors and commercial entities engaged in cross-border transactions.[77] One of the principal difficulties arises from the tendency of unsuccessful parties to challenge arbitral awards before the courts. Applications to set aside awards or resist their recognition and enforcement, though permitted on limited statutory grounds, are sometimes employed as delaying tactics rather than genuine legal objections. Such applications prolong the dispute resolution process and undermine the principal advantages of arbitration, namely finality and expedition.[78]

4. Recent Reforms and Developments in Nigerian Arbitration Practice

Nigeria's arbitration landscape has undergone significant transformation in recent years, largely due to legislative reforms, institutional development and the increasing adoption of international best practices. These developments are aimed at strengthening the efficiency, credibility and competitiveness of arbitration as a preferred mechanism for commercial dispute resolution. The most notable of these reforms is the enactment of the Arbitration and Mediation Act 2023, which repealed the Arbitration and Conciliation Act and

[77] Arbitration and Mediation Act 2023 pt VIII; United Nations Treaty Collection, *Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention)* https://treaties.un.org accessed 27 July 2026.
[78] Section 56–58 of the Arbitration and Mediation Act 2023.

introduced a modern legal framework that reflects contemporary developments in international commercial arbitration.

One of the most significant innovations introduced by the Act is the statutory recognition of emergency arbitration. Under the previous legal regime, parties requiring urgent interim relief before the constitution of an arbitral tribunal often had to resort to the courts. The 2023 Act now permits parties to seek urgent protective measures from an emergency arbitrator, thereby preserving the effectiveness of arbitration while reducing unnecessary judicial intervention. This reform aligns Nigeria's arbitration law with internationally accepted standards adopted by leading arbitral institutions such as the International Chamber of Commerce (ICC) and the Singapore International Arbitration Centre (SIAC).[79]

Another important development is the recognition of third-party funding in arbitration. Commercial arbitration, particularly in high-value disputes, can be financially demanding. By recognizing third-party funding arrangements, the Act enables parties with meritorious claims but limited financial resources to pursue arbitration without bearing the full financial burden of the proceedings. This reform enhances access to justice while promoting the effective resolution of commercial disputes.[80]

The Act also strengthens the legal framework governing interim measures and preliminary orders. Arbitral tribunals are empowered to grant interim relief aimed at preserving assets, protecting evidence or maintaining the status quo pending the determination of the dispute. Such measures enhance the effectiveness of arbitration by preventing actions capable of frustrating the eventual enforcement of an arbitral award.[81]

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[79] Section 16-27 of the Arbitration and Mediation Act 2023.
[80] Section 61 of the Arbitration and Mediation Act 2023.
[81] Section 28-30 of the Arbitration and Mediation Act 2023.

Another notable reform is the express recognition of electronic communications and the growing integration of technology into arbitral proceedings. The increasing use of electronic filing, virtual hearings and digital document management has significantly improved the efficiency and accessibility of arbitration, particularly in cross-border commercial disputes. These developments have reduced geographical barriers, lowered certain administrative costs and enabled proceedings to continue even where physical hearings are impracticable.[82]

Institutional development has equally contributed to the advancement of arbitration in Nigeria. Organizations such as the Lagos Court of Arbitration (LCA), the Lagos Chamber of Commerce International Arbitration Centre (LACIAC), the Nigerian Institute of Chartered Arbitrators (NICArb) and the Chartered Institute of Arbitrators (UK), Nigeria Branch have continued to promote professional training, ethical standards and awareness of arbitration through conferences, certification programmes and continuing professional development initiatives. These efforts have improved the quality of arbitration practice and increased public confidence in alternative dispute resolution.[83]

Notwithstanding these commendable reforms, their long-term success depends upon effective implementation. Legislative innovation alone cannot guarantee an efficient arbitration system unless it is accompanied by consistent judicial support, institutional strengthening, continuous professional training and greater awareness among commercial stakeholders. Sustained collaboration between

[82] Section 91-92 of the Arbitration and Mediation Act 2023.
[83] Chartered Institute of Arbitrators (UK), *Practice Guidelines*; Lagos Court of Arbitration, *About the LCA*.

government, the judiciary, arbitral institutions and the private sector remain essential for consolidating Nigeria's position as an arbitration-friendly jurisdiction. In conclusion, recent reforms and developments demonstrate Nigeria's commitment to modernizing its arbitration framework and aligning it with global best practices. If effectively implemented, these reforms are capable of enhancing investor confidence, reducing commercial disputes through efficient arbitral processes and positioning Nigeria as one of the leading centers for commercial arbitration in Africa.

8. RECOMMENDATIONS

In light of the findings of this study, the following recommendations are made to improve the effectiveness of arbitration in commercial dispute resolution in Nigeria.

Firstly, the judiciary should continue to adopt and strengthen its pro-arbitration approach by limiting judicial intervention strictly to the circumstances expressly provided under the Arbitration and Mediation Act 2023. Courts should give full effect to valid arbitration agreements, minimize unnecessary delays in arbitration-related proceedings and ensure the prompt recognition and enforcement of arbitral awards. Consistent judicial interpretation of the Act will enhance commercial certainty and reinforce investor confidence in Nigeria's arbitration system.

Secondly, arbitral institutions in Nigeria should strengthen their institutional capacity by investing in modern technology, efficient case management systems and continuous professional development for arbitrators and administrative personnel. Improved institutional efficiency will reduce delays, enhance transparency and increase public confidence in arbitration as an effective means of commercial dispute resolution.

Thirdly, legal practitioners and commercial parties should ensure that arbitration clauses are carefully drafted to reflect the intentions of the contracting parties. Clearly drafted arbitration agreements specifying the seat of arbitration, applicable law, arbitral institution and procedural rules will minimize jurisdictional disputes and reduce unnecessary litigation over the interpretation of arbitration clauses.[84]

9. CONCLUSION

This study examined the role of arbitration in commercial dispute resolution in Nigeria by analyzing the legal framework governing arbitration, the challenges affecting its operation and the prospects for its continued development. The study established that arbitration has become an indispensable component of Nigeria's commercial dispute resolution system owing to its flexibility, confidentiality, party autonomy, procedural efficiency and the finality of arbitral awards. These attributes have made arbitration the preferred mechanism for resolving disputes arising from commercial transactions in sectors such as construction, oil and gas, banking, maritime transport, telecommunications and international trade.[85]

[84] Section 2–13 of the Arbitration and Mediation Act 2023.
[85] Arbitration and Mediation Act 2023; *MV Lupex v Nigerian Overseas Chartering and Shipping Ltd*.