

## INFLUENCE OF INTERNATIONAL ARBITRATION INSTITUTIONS ON NIGERIA'S DOMESTIC LEGAL SYSTEM: A CRITICAL APPRAISAL\*

### Abstract

*International arbitration has emerged as a dominant mechanism for the resolution of cross-border commercial and investment disputes, exerting considerable influence on domestic legal systems worldwide. In Nigeria, the growing reliance on international arbitration institutions such as the International Chamber of Commerce (ICC), the London Court of International Arbitration (LCIA), and the International Centre for Settlement of Investment Disputes (ICSID) has significantly shaped arbitration jurisprudence, legislative reforms, and judicial attitudes. This article critically examines the influence of international arbitration institutions on Nigeria's domestic legal system. Employing a doctrinal and analytical methodology, the paper interrogates the extent to which institutional arbitration rules, international conventions, and enforcement mechanisms have transformed Nigeria's arbitration framework. It argues that while international arbitration institutions have strengthened party autonomy, procedural efficiency, and enforceability of arbitral awards in Nigeria, their influence has also exposed structural tensions relating to judicial intervention, sovereignty concerns, and uneven institutional capacity. The article concludes that the Arbitration and Mediation Act 2023 represents a decisive step towards harmonizing Nigeria's arbitration regime with international best practices, but sustained judicial discipline, capacity-building, and support for domestic arbitral institutions remain critical to consolidating these gains.*

**Keywords:** International Arbitration, Arbitration Institutions, Nigerian Legal System, Judicial Intervention, Enforcement of Arbitral Awards Arbitration and Mediation Act 2023

### 1. Introduction

The resolution of commercial and investment disputes has undergone a profound transformation over the last few decades, with international arbitration emerging as the preferred mechanism for resolving cross-border disputes. This preference is largely attributable to the perceived neutrality, flexibility, confidentiality, and enforceability associated with arbitral proceedings. In an increasingly globalised economy, international arbitration institutions now play a pivotal role in shaping dispute resolution practices, particularly in developing economies seeking to attract foreign investment. Nigeria occupies a strategic position in Africa's economic and legal landscape and has witnessed a steady rise in arbitration-related disputes, particularly in sectors such as oil and gas, construction, telecommunications, and international trade. The increasing incorporation of institutional arbitration clauses frequently referencing the rules of the ICC,<sup>1</sup> LCIA,<sup>2</sup> or ICSID,<sup>3</sup> has brought Nigerian legal actors into sustained interaction with international arbitration norms and practices. Consequently, Nigeria's domestic legal system has been compelled to respond through judicial interpretation, legislative reform, and institutional adaptation.

Again, Nigeria's commitment to international arbitration is neither recent nor accidental. The country acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (New York Convention) in 1970<sup>4</sup> and subsequently enacted the Arbitration and Conciliation Act 1988, which incorporated substantial elements of the UNCITRAL Model Law on International Commercial Arbitration.<sup>5</sup> These developments laid the foundation for the reception of international arbitration norms into Nigerian law. However, practical challenges particularly inconsistent judicial attitudes and procedural delays limited the effectiveness of arbitration as a dispute resolution mechanism.

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<sup>1</sup> International Chamber of Commerce (ICC) Arbitration Rules (2021)

<sup>2</sup> London Court of International Arbitration (LCIA) Rules (2020)

<sup>3</sup> International Centre for Settlement of Investment Disputes (ICSID) Convention, 1965

<sup>4</sup> Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (New York Convention) ICSID Convention 1965

<sup>5</sup> UNCITRAL, *Model Law on International Commercial Arbitration* (1985, as amended 2006)

The enactment of the Arbitration and Mediation Act 2023 marks a significant milestone in Nigeria's arbitration journey. The Act repeals the Arbitration and Conciliation Act<sup>6</sup> and introduces several innovations aligned with international best practices, many of which reflect the influence of international arbitration institutions. This legislative reform provides a timely context for assessing how international arbitration institutions have shaped Nigeria's domestic legal system. Despite these developments, the relationship between international arbitration institutions and Nigeria's domestic legal system remains complex. On the one hand, international institutions have contributed to the modernization of arbitration practice, enhanced the enforceability of arbitral awards, and promoted minimal judicial intervention. On the other hand, concerns persist regarding excessive court interference, inconsistent judicial interpretations, and the extent to which international arbitration norms are effectively internalized within Nigeria's legal system.

This paper work critically examines the influence of international arbitration institutions on Nigeria's domestic legal system. It interrogates the doctrinal, jurisprudential, and institutional impact of these institutions, with particular emphasis on judicial intervention, enforcement of arbitral awards, and legislative adaptation. The central argument advanced is that although international arbitration institutions have positively transformed Nigeria's arbitration framework, their influence remains mediated by domestic judicial culture and institutional capacity. Furthermore, the article proceeds by examining the conceptual framework of international arbitration institutions, the evolution of arbitration law in Nigeria, the role of Nigerian courts, and the challenges and prospects for deeper harmonization etcetera.

## **2. International Arbitration Institutions: Structure, Functions, and Normative Influence**

### **Meaning and nature of international arbitration institutions**

International arbitration institutions are permanent bodies established to administer arbitration proceedings under predefined procedural rules. Unlike ad hoc arbitration, institutional arbitration provides parties with structured frameworks, administrative support, and established procedural norms. Prominent examples include the International Chamber of Commerce (ICC), the London Court of International Arbitration (LCIA), and the International Centre for Settlement of Investment Disputes (ICSID). Scholars have observed that these institutions perform functions that transcend mere dispute administration. Redfern and Hunter<sup>7</sup> describe arbitration institutions as custodians of procedural integrity and efficiency, ensuring consistency and predictability in arbitral proceedings. This institutionalization of arbitration has significant implications for domestic legal systems that interact with arbitral processes at the enforcement and supervisory stages.

### **Norm-generating role of international arbitration institutions**

One of the most significant influences of international arbitration institutions lies in their norm-generating capacity. Institutional arbitration rules often reflect globally accepted standards on party autonomy, due process, neutrality of arbitrators, confidentiality, and finality of awards. These standards gradually permeate domestic legal systems through legislative reform and judicial interpretation. Gary Born<sup>8</sup> argues that institutional rules increasingly function as 'soft law' instruments, shaping domestic arbitration practice even where they lack formal legislative status. Courts and legislators often treat these rules as persuasive authority when interpreting arbitration agreements or reforming arbitration statutes.

## **3. Conceptual Framework: International Arbitration Institutions and Domestic Legal Systems**

International arbitration has long been recognized as a preferred mechanism for resolving cross-border commercial and investment disputes due to its neutrality, flexibility, and enforceability of awards. A significant body of literature has examined the relationship between international arbitration institutions

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<sup>6</sup> Arbitration, Conciliation and Mediation Act, 2004

<sup>7</sup> A Redfern and M Hunter, *Law and Practice of International Commercial Arbitration* (5th edn, Oxford University Press 2009).

<sup>8</sup> G B Born, *International Commercial Arbitration* (2nd edn, Kluwer Law International 2014).

and domestic legal orders. To mention but a few include Lew, Mistelis and Kröll<sup>9</sup> who contended that international arbitration institutions contribute to the harmonization of arbitration practice by promoting procedural uniformity across jurisdictions. According to this view, institutional rules such as those of the ICC, LCIA, and ICSID often become reference points for domestic arbitration reforms. Again, Margaret Moses<sup>10</sup> observes that domestic legal systems increasingly align their arbitration statutes with international institutional standards to enhance investor's confidence and global competitiveness. This phenomenon is particularly evident in developing jurisdictions seeking to attract foreign direct investment, where arbitration-friendly legal frameworks are perceived as indicators of legal certainty. Furthermore, scholars such as Redfern and Hunter<sup>11</sup> describe international arbitration institutions as 'architects of procedural order' whose rules and practices significantly shape arbitral proceedings beyond national borders. These institutions provide not only administrative support but also normative frameworks that influence party autonomy, procedural fairness, and efficiency. Gary Born<sup>12</sup> further argues that international arbitration institutions function as transnational norm-setters, whose rules often operate independently of domestic procedural laws, thereby exerting indirect influence on national legal systems. This influence is most evident where domestic courts rely on institutional rules in interpreting arbitration agreements or supervising arbitral proceedings.

Therefore, International arbitration institutions are administrative bodies that provide structured frameworks for the conduct of arbitral proceedings in accordance with established procedural rules agreed upon by the disputing parties. Prominent among these institutions are the International Chamber of Commerce (ICC), the London Court of International Arbitration (LCIA), and the International Centre for Settlement of Investment Disputes (ICSID). While these institutions do not adjudicate disputes themselves, they administer proceedings by appointing arbitrators, supervising procedural timelines, and ensuring compliance with institutional rules. In other words, these institutions do not adjudicate disputes themselves; rather, they provide an administrative framework that enhances efficiency, neutrality, and predictability in arbitral proceedings. The influence of international arbitration institutions on domestic legal systems can be examined through the theoretical lens of legal transplants and norm diffusion.<sup>13</sup> Legal transplants occur where legal rules, principles, or institutional practices developed in one jurisdiction are adopted in another. In the context of arbitration, international institutional rules often serve as templates for domestic arbitration reforms especially in jurisdictions seeking to attract foreign investment. Through the adoption of institutional rules, appointment of arbitrators, and enforcement of awards, domestic legal systems increasingly internalize international arbitration norms. Similarly, norm diffusion occurs as domestic courts and legislators internalize international arbitration standards through repeated interaction with arbitral awards and enforcement proceedings. For instance, the UNCITRAL<sup>14</sup> Model Law on International Commercial Arbitration represents a central mechanism through which institutional norms penetrate domestic legal systems. Several scholars have noted that while the Model Law is not an arbitral institution per se, it reflects institutional best practices derived from leading arbitration bodies.

In the African context, Asouzu<sup>15</sup> argues that the adoption of the Model Law by several African states demonstrates the growing acceptance of institutional arbitration standards as part of domestic legal reform strategies. Nigeria's Arbitration and Mediation Act 2023 substantially mirrors the UNCITRAL Model Law, reflecting the indirect influence of international arbitration institutions on legislative development.

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<sup>9</sup> J D M Lew, L A Mistelis and S. M Kröll, *Comparative International Commercial Arbitration* (Kluwer Law International 2003).

<sup>10</sup> M L Moses, *The Principles and Practice of International Commercial Arbitration* (3rd edn, Cambridge University Press 2017).

<sup>11</sup> A Redfern and M Hunter (N:7)

<sup>12</sup> G B Born (N:8)

<sup>13</sup> Section 12 of the 1999 Nigerian Constitution as amended

<sup>14</sup> UNCITRAL (N:5)

<sup>15</sup> A A Asouzu, *International Commercial Arbitration and African States* (Cambridge University Press 2001).

In Nigeria, the influence of international arbitration institutions manifests in several interconnected ways. First, arbitration clauses in commercial contracts frequently incorporate institutional rules<sup>16</sup> such as the ICC or LCIA Rules, thereby importing international procedural standards into domestic disputes. Secondly, Nigerian courts are called upon to interpret and enforce arbitral agreements and awards made under the auspices of international institutions. This judicial engagement inevitably shapes domestic arbitration jurisprudence. Thirdly, legislative reforms most notably the Arbitration and Mediation Act 2023 reflect a deliberate attempt to harmonize Nigeria's arbitration regime with internationally accepted standards, particularly those embodied in the UNCITRAL Model Law.

Nevertheless, the reception of international arbitration norms into domestic legal systems is not without tension. While international arbitration emphasizes party autonomy and minimal judicial intervention, domestic courts retain constitutional authority vested with judicial powers over dispute resolution. The challenge, therefore, lies in striking an appropriate balance between respect for arbitral autonomy and the exercise of legitimate judicial oversight.

#### **4. Evolution of Arbitration Law and Practice in Nigeria**

The historical development of arbitration in Nigeria reveals a progressive alignment with international arbitration standards. Nigeria's accession to the New York Convention in 1970 signaled its intention to participate actively in the international arbitration regime and also marked a decisive step toward integrating international arbitration norms into its legal system. This commitment was subsequently reinforced by the enactment of the Arbitration and Conciliation Act 1988, which incorporated key provisions of the UNCITRAL Model Law.

Under the Arbitration and Conciliation Act 2023, Nigerian courts increasingly recognized arbitration as a legitimate alternative dispute resolution mechanism and generally adopted a pro-arbitration stance. Thus, in *City Engineering Nigeria Ltd v Federal Housing Authority*,<sup>17</sup> the Supreme Court affirmed that arbitration clauses constitute binding agreements that courts must respect. Similarly, in *M. V Lupex v Nigerian Overseas Chartering & Shipping Ltd*,<sup>18</sup> the Supreme Court emphasized that courts should stay proceedings where parties have agreed to arbitration. Nonetheless, inconsistencies in judicial interpretation and procedural delays often undermined the efficiency of arbitration proceedings. Despite these judicial pronouncements, arbitration practice under the repealed Act<sup>19</sup> was undermined by inconsistent judicial interpretations and procedural delays. Courts frequently entertained interlocutory applications that disrupted arbitral proceedings, thereby eroding the efficiency that arbitration is designed to achieve. However, the enactment of the Arbitration and Mediation Act 2023 represents a deliberate effort to address these shortcomings. The Act introduced significant innovations, including the recognition of emergency arbitrators, third-party funding, interim measures of protection, and enhanced party autonomy. These provisions reflect the influence of international arbitration institutions and their procedural standards. The Act also clarifies the enforcement regime for foreign arbitral awards, thereby strengthening Nigeria's compliance with its international obligations.

#### **5. Nigerian Scholarship on Arbitration and Institutional Impact**

Nigerian legal scholarship has increasingly focused on the interaction between international arbitration institutions and domestic arbitration practice. Orojo and Ajomo,<sup>20</sup> in their seminal work, acknowledged that Nigerian courts have gradually embraced international arbitration principles largely influenced by global institutional practices. However, they caution that judicial intervention remains a critical challenge. Okekeifere<sup>21</sup> argues that Nigeria's historical arbitration framework suffered from excessive court interference, partly due to inadequate exposure to international institutional standards.

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<sup>16</sup> UNCITRAL (N:5)

<sup>17</sup> *City Engineering Nigeria Ltd v Federal Housing Authority* (1997) 9 NWLR (Pt 520) 224 (SC)

<sup>18</sup> *M.v Lupex v Nigerian Overseas Chartering & Shipping Ltd* (2003) 15 NWLR (Pt 844) 469 (SC)

<sup>19</sup> Arbitration and Conciliation Act, Cap 18, Laws of the Federation of Nigeria, 2004

<sup>20</sup> J O Orojo and M A Ajomo, *Law and Practice of Arbitration and Conciliation in Nigeria* (Mbeyi & Associates 1999).

<sup>21</sup> A I Okekeifere, *Law and Practice of Arbitration in Nigeria* (Spectrum Law Publishing 2001).

Worthy of note is that beyond legislation and case law, international arbitration institutions have influenced Nigeria's arbitration culture. For instance, the emergence of domestic institutions such as the Lagos Court of Arbitration (LCA) and the growing relevance of the Chartered Institute of Arbitrators (UK), Nigeria Branch, reflect the domestication of institutional arbitration norms. Moreover, recent scholarship recognizes that Nigeria's engagement with institutions such as ICSID and the ICC has also contributed to a more pro-arbitration judicial attitude, particularly in the enforcement of foreign arbitral awards. These developments indicate a shift from litigation-centric dispute resolution to arbitration-friendly practices influenced by international institutional models.

## 6. Judicial Interaction with International Arbitration Institutions in Nigeria

The judiciary occupies a central position in determining the effectiveness of arbitration within Nigeria's legal system. Nigerian courts perform critical supportive and supervisory functions, including the enforcement of arbitration agreements, appointment of arbitrators, granting of interim measures, and recognition of arbitral awards. In exercising these functions, courts inevitably interact with international arbitration norms and institutional practices especially those derived from institutional rules and conventions such as the New York Convention.<sup>22</sup> Hence, judicial decisions reveal a gradual shift towards a more arbitration-friendly posture. In *Statoil (Nig.) Ltd v Nigerian National Petroleum Corporation*,<sup>23</sup> the Supreme Court reaffirmed the sanctity of arbitration agreements and emphasized the need for courts to give effect to the parties' contractual intentions. The decision reflects a growing judicial appreciation of arbitration as an autonomous dispute resolution mechanism. Similarly, in *City Engineering Nigeria Ltd v Federal Housing Authority*<sup>24</sup>, the Court emphasized the binding nature of arbitration clauses. Furthermore, in *M.V. Panormos Bay v Olam (Nig.) Plc*,<sup>25</sup> Nigerian courts recognized the binding nature of arbitration agreements and the importance of respecting party autonomy. These decisions suggest a gradual judicial internalization of international institutional standards. However, instances of excessive judicial intervention persist. In *Baker Marine (Nig.) Ltd v Chevron (Nig.) Ltd*,<sup>26</sup> the Court of Appeal refused enforcement of a foreign arbitral award on procedural grounds, highlighting the potential for domestic courts to undermine arbitral finality. Such decisions expose the tension between international arbitration standards and domestic procedural formalism wherein such interventions undermine the efficiency and finality that international arbitration institutions seek to promote.

It is pertinent to note that international arbitration institutions exert indirect influence on judicial behavior by setting expectations of minimal court intervention. As Nigerian courts increasingly align their decisions with international best practices, they contribute to the gradual harmonization of domestic arbitration jurisprudence with global norms. In support of this view, Adelegan<sup>27</sup> notes that Nigerian courts' willingness to enforce foreign arbitral awards signals the growing influence of international arbitration institutions on domestic adjudicatory behavior. Nonetheless, concerns remain regarding inconsistency in judicial reasoning and delays in enforcement proceedings. Nonetheless, sustained judicial training and consistent application of arbitration principles remain critical to deepening this influence.

## 7. Enforcement of International Arbitral Awards in Nigeria

The enforceability of arbitral awards constitutes the cornerstone of international arbitration and represents the most tangible point of interaction between international arbitration institutions and domestic legal systems. The New York Convention provides a robust framework for the recognition and enforcement of foreign arbitral awards, subject to limited exceptions. Nigeria's domestication of the Convention has facilitated the enforcement of awards made under the auspices of international arbitration institutions. Thus, the credibility of arbitration as a dispute resolution mechanism depends

<sup>22</sup> New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958.

<sup>23</sup> *Statoil (Nig.) Ltd v Nigerian National Petroleum Corporation* (2013) 14 NWLR (Pt 1373) 1 (SC)

<sup>24</sup> *City Engineering Nigeria Ltd* (N:15)

<sup>25</sup> *M.V. Panormos Bay v Olam (Nig.) Plc* (2004) 5 NWLR (Pt 865) 1.

<sup>26</sup> *Baker Marine (Nig.) Ltd v Chevron (Nig.) Ltd* (2000) 12 NWLR (Pt 681) 393 (CA)

<sup>27</sup> F A Adelegan, 'Enforcement of Foreign Arbitral Awards in Nigeria' (2011) *Nigerian Current Law Review*.

largely on the willingness of national courts to recognize and enforce arbitral awards, particularly those rendered under the auspices of international arbitration institutions.

Nigeria's enforcement regime is primarily anchored on the Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (New York Convention),<sup>28</sup> to which Nigeria acceded in 1970 and which has been domesticated into Nigerian law. Under the Convention, contracting states are obligated to recognize and enforce foreign arbitral awards, subject only to narrowly defined exceptions. This framework has significantly enhanced the enforceability of awards rendered by institutions such as the ICC and LCIA. Scholars like Okekeifere<sup>29</sup> noted that Nigerian courts increasingly rely on international enforcement standards rather than domestic technicalities when adjudicating enforcement applications. This development underscores the practical influence of international arbitration institutions on domestic adjudication.

Indeed, Nigerian courts have, in several cases, demonstrated willingness to enforce foreign arbitral awards in accordance with international standards. In *Statoil (Nig.) Ltd v Nigerian National Petroleum Corporation*,<sup>30</sup> the Supreme Court affirmed that arbitral awards should not be lightly interfered with and that courts must respect Nigeria's international obligations under the New York Convention. Similarly, the Court of Appeal in *Nigerian National Petroleum Corporation v Lutin Investment Ltd*<sup>31</sup> emphasized that public policy exceptions must be narrowly construed so as not to defeat the purpose of arbitration. However, challenges such as prolonged litigation, jurisdictional objections, and public policy arguments continue to impede effective enforcement. In fact, enforcement proceedings are often prolonged by interlocutory applications, jurisdictional objections, and expansive interpretations of public policy. These challenges undermine the efficiency and finality that international arbitration institutions seek to promote. In *Baker Marine (Nig.) Ltd v Chevron (Nig.) Ltd*,<sup>32</sup> the refusal to enforce a foreign arbitral award on technical grounds demonstrated how domestic procedural formalism may frustrate international arbitration outcomes. These challenges highlight the tension between international arbitration norms and domestic procedural practices.

Arbitration and Mediation Act 2023 strengthens the enforcement regime by clarifying procedures and limiting the grounds for refusing enforcement. By aligning domestic law more closely with international standards, the Act enhances the influence of international arbitration institutions and reinforces Nigeria's credibility as an arbitration-friendly jurisdiction.

## **8) Challenges and Prospects of International Arbitration Institutions' Influence in Nigeria**

### **Challenges Limiting Effective Institutional Influence**

*Context of investor state arbitration:* Notwithstanding the positive influence of international arbitration institutions on Nigeria's domestic legal system, several challenges warrant critical examination. One such challenge relates to concerns about sovereignty, particularly in the context of investor state arbitration administered by institutions such as ICSID. The increasing exposure of Nigeria to substantial arbitral awards has generated debate about the extent to which international arbitration constrains regulatory autonomy.

*Cost associated with international institutional arbitration:* Another significant challenge is the high cost associated with international institutional arbitration. Proceedings administered by the ICC or LCIA are often expensive, placing them beyond the reach of many local parties. This raises concerns about access to justice and the marginalization of domestic arbitration institutions.

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<sup>28</sup> New York Convention (n 20)

<sup>29</sup> A I Okekeifere (n 9)

<sup>30</sup> *Statoil (Nig.) Ltd* (n 21)

<sup>31</sup> *Nigerian National Petroleum Corporation v Lutin Investment Ltd* (2006) 2 NWLR (Pt 965) 506 (CA)

<sup>32</sup> *Baker Marine (Nig.) Ltd* (n 24)

*Judicial Intervention and Procedural Delays:* Despite notable improvements, judicial intervention remains one of the most persistent challenges reducing the influence of international arbitration institutions in Nigeria. Nigerian courts occasionally entertain matters that ought to be resolved exclusively through arbitration, thereby undermining party autonomy and institutional arbitration rules.<sup>33</sup> Protracted court proceedings, especially at the enforcement stage, further diminish the efficiency that institutional arbitration seeks to guarantee. These judicial delays, inconsistent interpretation of arbitration statutes, and occasional interventionist tendencies compromises the full realization of institutional arbitration standards in Nigeria as Okekeifere<sup>34</sup> cautions, institutional influence alone cannot transform domestic legal systems without corresponding judicial discipline and procedural efficiency. Therefore, while international arbitration institutions exert substantial normative influence, domestic implementation remains uneven

*Inconsistent Judicial Interpretation:* Another challenge is the inconsistency in judicial interpretation of arbitration-related statutes and international conventions. While Nigerian courts have demonstrated growing awareness of arbitration principles, inconsistencies in judicial interpretation persist. In fact, while some courts demonstrate a pro-arbitration posture consistent with international institutional norms, others adopt restrictive interpretations that frustrate enforcement of arbitral awards.<sup>35</sup> This inconsistency weakens the normative influence of international arbitration institutions on Nigeria's domestic legal system. More so, limited exposure to international arbitration practice among some judges contributes to decisions that undermine arbitral autonomy. Without sustained judicial training, the benefits of international arbitration institutions may not be fully realized.

*Limited Institutional Capacity and Expertise:* Although Nigeria hosts reputable arbitration institutions such as the Lagos Court of Arbitration and the Regional Centre for International Commercial Arbitration, challenges relating to capacity building, funding, and arbitrator expertise persist. Limited exposure to complex international arbitration proceedings constrains the full domestication of international institutional standards.<sup>36</sup>

*Public Policy and Sovereignty Concerns:* In investment arbitration, especially under ICSID, Nigeria has occasionally expressed concerns regarding sovereignty and regulatory autonomy. Such concerns sometimes translate into resistance against full enforcement of arbitral awards, thereby limiting the effectiveness of institutional arbitration in influencing domestic legal outcomes.<sup>37</sup>

*Underdevelopment of domestic arbitration institutions:* A further concern is the underdevelopment of domestic arbitration institutions. Excessive reliance on international institutions risks stunting the growth of local arbitral centers, which are essential for building indigenous expertise and reducing costs. A balanced arbitration ecosystem requires synergy between international and domestic institutions rather than dominance by the former.

### **Prospects for Strengthening Institutional Influence**

*Arbitration and Mediation Act 2023 as a Turning Point:* The enactment of the Arbitration and Mediation Act 2023 marks a significant milestone in Nigeria's arbitration journey. The Act incorporates modern arbitration principles consistent with international institutional rules, including reduced court intervention, recognition of emergency arbitrators, and enhanced enforcement mechanisms.<sup>38</sup> This legislative development presents strong prospects for deeper institutional influence.

*Growing Judicial Awareness and Training:* There is increasing judicial awareness of international arbitration norms through judicial training programmes, seminars, and exposure to comparative

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<sup>33</sup> A I Okekeifere (n 19)

<sup>34</sup> A I Okekeifere (n 19)

<sup>35</sup> *Baker Marine (Nig.) Ltd* (n 24)

<sup>36</sup> J O Orojo and M A Ajomo (n 18)

<sup>37</sup> ICSID Convention on the Settlement of Investment Disputes between States and Nationals of Other States 1965.

<sup>38</sup> Arbitration and Mediation Act 2023 (Nigeria)

jurisprudence. As Nigerian judges become more conversant with institutional arbitration standards, the likelihood of judicial alignment with international best practices increases

*Expansion of Arbitration Culture:* The growing preference for arbitration in commercial contracts, particularly in sectors such as oil and gas, construction, and telecommunications, signals a positive shift in dispute resolution culture. This trend enhances the relevance and authority of international arbitration institutions within Nigeria's legal ecosystem.

*Contextualization of international arbitration institutions within domestic legal realities:* A critical appraisal reveals that while international arbitration institutions have modernized Nigeria's arbitration framework, their impact must be contextualized within domestic legal realities. The effectiveness of arbitration ultimately depends on the capacity of local institutions, the competence of arbitrators, and the consistency of judicial support

*Implications for Nigeria's Legal System:* The influence of international arbitration institutions on Nigeria's domestic legal system manifests in three principal ways:

- a) Legislative harmonization with global arbitration norms;
- b) Judicial alignment with pro-arbitration principles; and
- c) Cultural transformation in dispute resolution practices.

These influences collectively position Nigeria as an emerging arbitration-friendly jurisdiction, albeit one still grappling with structural and institutional challenges.

## **9. Recommendations for Enhancing Institutional Arbitration in Nigeria**

*Judicial Restraint and Specialization:* Nigerian courts should consistently uphold the principle of minimal judicial intervention. The establishment of specialized arbitration divisions within superior courts would enhance efficiency and consistency in arbitration-related decisions.

*Capacity Building and Continuous Training:* It is recommended that continuous judicial training on arbitration law be institutionalized, particularly for judges of superior courts. Additionally, policymakers should encourage the use of domestic arbitral institutions while maintaining openness to international arbitration. Such a balanced approach will ensure that Nigeria remains arbitration-friendly while preserving domestic legal autonomy.

*Strengthening Domestic Arbitration Institutions:* Domestic arbitration institutions should adopt and internalize international best practices to enhance credibility and global acceptance. Collaboration with established international institutions would facilitate skills transfer and institutional growth.

*Clear Public Policy Guidelines:* Nigerian courts should develop clearer jurisprudential guidelines on public policy exceptions to enforcement, ensuring alignment with international arbitration standards.

*Government Support and Policy Coherence:* Government agencies should demonstrate consistent support for arbitration by respecting arbitral outcomes and avoiding contradictory litigation strategies that undermine institutional arbitration.

## **10. Conclusion**

A notable gap exists in the systematic evaluation of how international arbitration institutions specifically impact domestic legal systems in Nigeria. Most studies focus either on doctrinal analysis of arbitration laws or on judicial attitudes without sufficiently interrogating the institutional drivers of legal change. However, this article has critically examined the influence of international arbitration institutions on Nigeria's domestic legal system. It demonstrates that international arbitration institutions play a significant norm-generating and norm-diffusing role, shaping Nigeria's arbitration legislation, judicial practice, and dispute resolution culture. Whereas Nigeria has made commendable progress particularly through legislative reform and judicial realignment, challenges such as judicial inconsistency, procedural delays, and institutional capacity constraints persist. However, the enactment

of the Arbitration and Mediation Act 2023 represents a decisive step towards aligning Nigeria's arbitration regime with international best practices. Thus, for the benefits of international arbitration to be fully realized, Nigeria must continue to strengthen judicial capacity, promote consistency in arbitration jurisprudence, and support the development of domestic arbitration institutions. A balanced approach that leverages international standards while nurturing local expertise will ensure that arbitration remains an effective and credible dispute resolution mechanism within Nigeria's legal system. Ultimately, the effectiveness of international arbitration institutions in transforming Nigeria's domestic legal system depends on sustained legislative commitment, judicial discipline, and institutional capacity development. When these elements align, international arbitration institutions can serve as powerful catalysts for legal certainty, investor confidence, and sustainable commercial justice in Nigeria.