

Strengthening systems for commercial dispute resolution in Nigerian states

Improving business enabling environment for contract enforcement

The Challenge

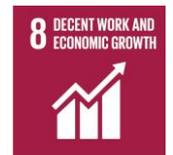
Business activities largely involve creation of contracts at different levels. These contracts create rights and obligations that are expected to be fulfilled for businesses to thrive. However, very often, there are breaches, partially or fully, or disagreements over the terms of the contracts between and among business entities and individuals. When this happens, as it often does, it is expected that there are frameworks, structures and systems within an economy for timely resolution of disputes and enforcement of the contract to keep the sanctity of the business environment and investor's confidence.

Therefore, the ability to enforce contracts and resolve disputes is fundamental for economies and markets to function properly. Good contract enforcement practices enhance the predictability of commercial relationships and reduce uncertainty and risk by assuring firms and individuals that their contractual rights will be upheld efficiently.

In Nigeria, even though there are comprehensive laws in place to govern the settlement of contractual disputes, the processes for resolving commercial disputes and enforcing contracts have remained cumbersome. From the World Bank Ease of Doing Business Report and other judicial assessment reports in Nigeria, on the average, it takes about two years to resolve a commercial dispute at the first court while the appeals take even longer.

When procedures for enforcing commercial transactions are bureaucratic and cumbersome or when contractual disputes

SUSTAINABLE
DEVELOPMENT
GOALS



Project Name	Pro-poor Growth and Employment Promotion in Nigeria – SEDIN
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Implementing Organisation	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Project Area	Federal Capital Territory (Abuja); Federal States of Niger, Plateau und Ogun
Executing Partner Agency	Nigerian Ministry of Budget and National Planning
Project Duration	April 2017 to March 2020 (third phase)
Funding Budget	€ 22.1 Million (third phase)

cannot be resolved in a timely and cost effective manner, economies become less efficient.

The Approach

The Pro-Poor Growth and Promotion of Employment in Nigeria Programme - SEDIN, implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit and funded by the German Federal Ministry for Economic Cooperation and Development (BMZ), aims at improving the system for commercial dispute resolution and contract enforcement in three states (Niger, Plateau and Ogun) by supporting reforms of the formal judicial system, establishment of alternative dispute resolution (ADR) mechanisms and building capacity of Micro Small and Medium sized Enterprises (MSMEs) for efficient management of contracts.



Picture from left:

Participants at the Mediation and Conciliation Training for judicial staff in Minna, Niger State

Dignitaries at the special induction ceremony in Abeokuta, Ogun State



Detlev Holloh
Team Leader
giz-nigeria@giz.de

Picture from left:
Special induction in Jos,
Plateau State
Inauguration of Jos
North BDC Commercial
Mediation Centre
GIZ receiving award at
2018 ADR conference in
Abuja

The approach is to work on preventive as well as curative measures to improve the system of contract enforcement. The **preventive measure** centres principally around the MSMEs, building their capacity to understand contracts as a key business management tool. The **curative measure** on the other hand seeks to support reforms in the judicial system, supporting the establishment of ADR mechanisms and building the capacity of public and private sector stakeholders on ADR and commercial dispute resolution.



Key Targets

- Production of a “Contract Guide for Small Businesses”.
- Training of 3,000 MSMEs on the basics of contracts for small businesses.
- Supporting the establishment of multi-door courthouses and ADR centres in partner states.
- At least 1,000 persons trained on ADR and at least 300 certified as mediators and conciliators by a mediation institute in Nigeria.

- Strengthening commercial dispute resolution mechanisms in business associations and markets in the states.
- Supporting the establishment of specialised commercial courts in the states.
- Reaching at least 6,000 stakeholders and MSMEs with sensitization on ADR generally and on available ADR centres.

So far

The programme has achieved some of its key targets so far. Specifically, the following milestones have been achieved;

- “Contract Guide for Small Businesses” has been developed and printed.
- Ogun State Multi-door Courthouse has been supported with trainings, technical reviews and M&E and there is an ongoing support to the Niger State Judiciary and Plateau State Judiciary for the establishment of Multi-door Courthouses in the two states.
- The ADR centres in the Ministry of Justice in the three partner states have been strengthened with trainings, technical reviews and M&E.
- New ADR centres (7) have been established in the three states with the support of the programme.
- 210 persons from formal judicial systems and the private sector have been trained and certified as mediators and conciliators.

Stakeholders/Beneficiaries' views

The programme has been widely commended by stakeholders in the judicial and commercial sector particularly for its support to commercial ADR and establishment of multi-door courthouses in its partner states. On 3rd December, 2018, the Institute of Chartered Mediators and Conciliators of Nigeria (ICMC) at its 2018 ADR Conference in Abuja honoured the programme with an award of excellence for its work in the area of ADR, commercial dispute resolution and establishment of multi-door courthouses.

Published by: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GIZ Registered office in Eschborn: Dag-Hammarskjöld Weg 1-5
D-65760 Eschborn
Deutschland
T: +49 (0)61 96 79-11 75
F +49 (0)61 96 79-11 15
Author: SEDIN
Layout: GIZ
As at : 12/2018

In cooperation with: Ministry of Budget and National Planning

On behalf of: Federal Ministry for Economic Cooperation and Development (BMZ)

Addresses of the BMZ offices:
BMZ Bonn
Dahlmannstraße 4
D-53113 Bonn
T: +49 (0)228 99 535-0
BMZ Berlin
D-10963 Berlin
T +49 (0)30 18 535-0