



LAGOS CHAMBER OF COMMERCE INTERNATIONAL ARBITRATION CENTRE

GUIDELINES ON THE INTEGRATED DISPUTE RESOLUTION
SCHEME FOR MICRO, SMALL AND MEDIUM
ENTERPRISES 2020



LACIAC assists local and international businesses
by creating cost-effective and efficient dispute
management and resolution solutions

www.laciac.org

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1. What is LACIAC-IDRIS and how does it work?

The LACIAC Integrated Dispute Resolution Scheme (LACIAC-IDRIS) is a scheme developed by the Lagos Chamber of Commerce International Arbitration Centre (LACIAC) for micro, small and medium enterprises (MSMEs). The objective of the scheme is to allow MSMEs benefit from cost-effective and efficient Alternative Dispute Resolution (ADR) processes in the resolution of their commercial disputes. The scheme may also be used for regulatory disputes, subject to the consent of the relevant regulator.

Under the scheme, LACIAC will offer dispute resolution services to the parties under a scheme that consists of two or more stages.

- (i) The first stage is a free mediation service through which a neutral agreed by the parties or a LACIAC-appointed neutral will assist the parties to try to reach an amicable settlement of their dispute.
- (ii) The second stage: In the event that the parties are unable to settle their dispute through mediation, the dispute may thereafter, at the option of either party, be resolved through a LACIAC-administered procedure that will result in a binding decision. LACIAC offers three types of binding ADR procedures:
 - a. Arbitration: this is a binding procedure in which parties submit their dispute to one or more neutral persons (known as the arbitrator[s]) who will make a decision (an award) after a formal procedure that may or may not include the hearing of witnesses. The award is final¹ and binding on the parties.
 - b. Adjudication: this involves an independent third party (adjudicator) who considers the claims of parties to a dispute and makes a decision. The object of adjudication is to obtain a binding decision in relation to any dispute arising under a contract or other commercial relationship, in a process that is speedy, fair and cost-effective. The decision is not final. It binds the parties in the interim, but the merits of the dispute may be re-determined by another body (for example, by a court or an arbitration tribunal). Adjudication is usually used for building and other construction projects.
 - c. Expert Determination: this is relatively short and informal process which is often used where the dispute involves a technical or scientific issue, or requires some other specialist skill such as accounting or valuation. Here, parties agree to submit their dispute to one or more experts who make a determination on the

¹ A decision is "final" when its merits cannot be re-determined by another body. For example, an arbitral award is final because the decision of the arbitrators cannot be reviewed on the merits in the same way that an appellate court can re-hear the merits of a case decided by a judge. However, a court can review the decision of an arbitrator on narrower grounds provided for by applicable arbitration legislation, for example a court may set aside the decision of an arbitrator on the ground that the arbitrator had no jurisdiction.

matter. This determination is final and binding unless the parties have agreed otherwise.

In the event that the dispute proceeds to the second stage, it will be resolved with binding results through one of these three mechanisms, depending on which mechanism the parties have chosen in their LACIAC-IDRIS Agreement (see Annex 1 below). At the option of the parties, LACIAC may advise them, when they are negotiating a LACIAC-IDRIS Agreement, as to which mechanism is best suited to their dispute.

The neutral who provides a service through any of the three procedures at the second stage will charge a fee for providing such service. LACIAC will also charge an administrative fee. However, by applying the principles in the COVID-19 Alternative Dispute Resolution Initiative (CADRI) as contained in LACIAC's CADRI Guidelines, LACIAC will endeavor to keep costs within a range that is reasonably affordable.

2. The benefits of LACIAC-IDRIS:

- Cost effective process: this scheme provides disputants with a first step dispute resolution process which is free of charge. Where disputants are unable to resolve their disputes using mediation, they may proceed to utilise a cost-controlled dispute resolution mechanism under the LACIAC Rules or the LACIAC-CADRI Guidelines.
- Administration of the dispute process by LACIAC: all the dispute resolution processes will be administered by LACIAC. Therefore, parties will be provided with adequate registrar and administrative services and support such as transcription and recording services, keeping track of calendars, notices, meetings, etc.
- Privacy and confidentiality: all dispute resolution processes administered under the Scheme remain private and confidential.
- Speedy dispute resolution process.

Eligibility

A dispute is eligible to be resolved through LACIAC-IDRS where all of the following conditions exist:

- One or more of the parties to the dispute is an MSME.
- The MSME has the features described in Annex 2.
- The parties agree to resolve their dispute through the scheme, evidenced by the signing of a submission agreement in the terms stated in Annex 1.

ANNEX 1

SUBMISSION AGREEMENT FOR MEDIATION AND SUBSEQUENT [ARBITRATION] [ADJUDICATION] [EXPERT DETERMINATION] [ETC]²

This Submission Agreement ("Agreement") is made this __ day of ____, 20__, between _____ ("Claimant") and _____ ("Respondent"). Claimant and Respondent are collectively referred to as the "Parties."

Recitals:

- A. A dispute has arisen between the Parties with respect to (the Dispute) as to which the parties have agreed to pursue Mediation.
- B. The parties have agreed to resolve the dispute by submitting it to Mediation and in the event that Mediation does not lead to settlement to submit the dispute to [Arbitration] [Adjudication] [Expert Determination] in accordance with this Agreement.

Agreement:

1. **Appointment of Mediator:** [The Mediator shall be (name of Mediator agreed by the parties) of (address)] or [The parties request the Court of Arbitration of the Lagos Chamber of Commerce International Arbitration Centre ("the LACIAC Court") to appoint the Mediator]
2. **Proceedings:** The Mediation proceedings or aspects of it shall, as much as practicable, be carried out on the LACIAC ODR Portal.
3. **Governing Law:** The Governing Law of this Agreement and the Mediation initiated under it shall be the substantive law of [insert jurisdiction].
4. **Language:** The language of the Mediation shall be [English].
5. **Confidentiality:**

5.1 Subject to the Paragraph 7, the Parties agree that the mediation proceedings are private and confidential and neither Party nor their employees, agents, and representatives, shall,

² In this template agreement, words in [parentheses] are to be chosen by the parties depending on which Alternative Dispute Resolution mechanism they have agreed to employ. For example, the word "[hearings]" should be used if the parties have chosen [arbitration] while "[sessions]" are appropriate for adjudication, expert determination and mediation. Likewise, "[award]" is appropriate for arbitrations, "[determination]" is appropriate for expert determination, "[decision]" is appropriate for adjudication and "[settlement]" is appropriate for mediation.

in any manner, use opinions, suggestions, proposals, offers or any admissions made, obtained or disclosed during the mediation by any party or the mediator as evidence in any legal action including arbitration, unless with the written authorization of all parties to the mediation, or where such Party, their employees, agents or representatives are compelled by law to do so.

5.2 Notwithstanding 5.1 above, the Parties agree that the fact that a mediation has occurred shall not be deemed confidential.

6. **Enforceability of Settlement Agreement:** The Parties agree that any agreement reached as a result of the mediation and reduced to writing (“Settlement Agreement”) shall be binding and enforceable and such Settlement Agreement shall not be subject to the provisions of confidentiality under Paragraph 5 for the purposes of enforcement.

7. **Termination of Mediation Proceedings**

7.1 The Mediation will be deemed terminated where: (i) Parties have reached a settlement; (ii) Parties have, after the commencement of the mediation, failed to reach a settlement within [30] days; or (iii) the parties agree that the mediation should be terminated.

7.2 Where mediation is terminated prior to Parties reaching a settlement or parties fail to reach a settlement, the Parties agree that either or any one of them may commence [Arbitration] [Adjudication] [Expert Determination] to resolve the dispute in accordance with the following paragraphs.

8. **Appointment of [Arbitrator] [Adjudicator] [Expert][etc]:** [The [Arbitrator] [Adjudicator] [Expert] [etc] shall be (name of [Arbitrator] [Adjudicator] [Expert] [etc] agreed by the parties) of (address)] or [The parties request the Court of Arbitration of the Lagos Chamber of Commerce International Arbitration Centre (“the LACIAC Court”) to appoint the [Arbitrator] [Adjudicator] [Expert] [etc]”]³

9. **[Seat and] Applicable Rules:** [The seat of the arbitration will be (.....)].⁴ The [Arbitration] [Adjudication] [Expert Determination] [etc] shall be conducted in accordance with the [Arbitration Rules] [Adjudication Rules] [Expert Determination Rules] of the Lagos Chamber of Commerce International Arbitration Centre (LACIAC) [2016] [2020]⁵ and in accordance with the LACIAC Integrated Dispute Resolution Scheme (“the Scheme”) issued by LACIAC.

³ Choose the second option if the parties have attempted without success to agree who should act as Arbitrator, Adjudicator, Expert or Mediator, or if the parties wish for the LACIAC Court to make such appointment without first attempting to agree one by themselves.

⁴ Use if chosen mechanism is arbitration.

⁵ Choose “[2016]” if the submission is to arbitration or mediation, and “[2020]” if the submission is to adjudication or expert determination.

10. **Fees/Expenses:** The fees of the [Arbitrator] [Adjudicator] [Expert] [etc] shall be determined in accordance with the LACIAC CADRI Guidelines. The [Arbitrator] [Adjudicator] [Expert] [etc] shall also be reimbursed for all reasonable and necessary expenses. The fees and expenses of the [Arbitrator] [Adjudicator] [Expert] [etc] shall be borne by the Parties equally. Each Party shall, however, be responsible for the expense of its counsel, experts and witnesses.
11. **Virtual Hearings:** Except where the [Arbitrator] [Adjudicator] [Expert] [Mediator] [etc] directs otherwise in respect of all or any aspect of the proceedings following representations by the Parties, the Parties agree to proceed with [virtual hearings]⁶ [virtual sessions]⁷ regarding the [claims, defences and arguments, pleaded in their written submissions]⁸ [representations made by the Parties in their -Memoranda]⁹ and evidenced in the materials on record. [The hearings] [The sessions] shall be conducted virtually in accordance with the LACIAC Virtual Hearing Protocol 2020. All other aspects of the [Arbitration] [Adjudication] [Expert Determination] [Mediation][etc] shall be administered in accordance with this Submission Agreement. The Parties further agree that no objection shall be taken to the [Award] [Decision] [Determination] rendered by the [Arbitrator] [Adjudicator] [Expert] [etc] [the settlement reached by the parties following the mediation] on the ground that the [hearings] [sessions] regarding the dispute were conducted virtually.
12. **[Finality] [Bindingness] of [Award] [Decision] [Determination] [Settlement]:** The Parties agree that the [Award] [Decision] [Determination] rendered by the [Arbitrator] [Adjudicator] [Expert] [etc] [the settlement reached by the parties following the mediation] is binding and final, and shall be [capable of enforcement by a court having jurisdiction at the seat of the arbitration and enforcement in any other jurisdiction]¹⁰ [eligible for entry of judgement and enforcement by a court having jurisdiction at the place where the hearings or sessions were held, and any judgement upon such Decision, Determination or Settlement shall be eligible for enforcement in any other jurisdiction in accordance with the laws of such jurisdiction].¹¹
13. **Cancellation:** No charges are incurred for postponement of the [Arbitration] [Adjudication] [Expert Determination] [Mediation][etc]. In the event the [Arbitration] [Adjudication] [Expert Determination] [Mediation][etc] is cancelled within two weeks of any scheduled [hearing] [session] date, the fees of the [Arbitrator] [Adjudicator] [Expert] [Mediator] [etc] and expenses for time actually incurred as determined by the LACIAC Court shall be payable, together with 50% of the time reserved for the [Arbitration] [Adjudication] [Expert Determination] [Mediation][etc] [hearings] [sessions].

⁶ Use if chosen mechanism is arbitration.

⁷ Use if chosen mechanism is adjudication, expert determination, or mediation.

⁸ Use if chosen mechanism is arbitration, adjudication, or expert determination.

⁹ Use if chosen mechanism is mediation.

¹⁰ Use if chosen mechanism is arbitration

¹¹ Use if chosen mechanism is adjudication, expert determination, or mediation.

14. **Modification:** No modification of this Agreement may be made except by a writing signed by each of the Parties and by the Arbitrator] [Adjudicator] [Expert] [Mediator] [etc].

<p>CLAIMANT</p> <p>Name</p> <p>Date</p> <p>Signature</p> <p>IN THE PRESENCE OF:</p> <p>Name</p> <p>Date</p> <p>Signature</p>	<p>CLAIMANT'S ATTORNEY</p> <p>Name</p> <p>Date</p> <p>Signature</p> <p>IN THE PRESENCE OF:</p> <p>Name</p> <p>Date</p> <p>Signature</p>
<p>RESPONDENT</p> <p>Name</p> <p>Date</p> <p>Signature</p> <p>IN THE PRESENCE OF:</p> <p>Name</p> <p>Date</p> <p>Signature</p>	<p>RESPONDENT'S ATTORNEY</p> <p>Name</p> <p>Date</p> <p>Signature</p> <p>IN THE PRESENCE OF:</p> <p>Name</p> <p>Date</p> <p>Signature</p>

ANNEX 2

DEFINITION OF MSMEs

For purpose of clarification MSMEs refer to Micro, Small and Medium Enterprises which fit into the descriptions below.

Category	Number of Employees	Total Asset (₦'Million)	Annual Turnover (₦'Million)
Micro	Not more than 10	Less than 5	Less than 20
Small	Between 10 to 50	Between 5 to 100	Less than 100
Medium	Between 50 to 200	Between 100 to 500	Less than 500