



CONTRACT DRAFTING GUIDE FOR DISPUTE RESOLUTION CLAUSES

2026



CLEAR CLAUSES.
STRONGER AGREEMENTS.
SMARTER DISPUTE RESOLUTION.

CONTRACT DRAFTING GUIDE FOR DISPUTE RESOLUTION CLAUSES 2026

INTRODUCTION

This Guide has been prepared by **Praxis Conflict Centre (PCC)** to assist companies, lawyers, government entities, NGOs, financial institutions, employers, contractors, consultants, and private individuals in drafting effective dispute resolution clauses for contracts and agreements.

A well-drafted dispute resolution clause:

- Reduces uncertainty,
- Minimizes procedural disputes,
- Saves time and costs,
- Protects business relationships,
- Improves enforceability, and
- Ensures disputes are resolved efficiently and professionally.

Poorly drafted clauses often lead to:

- Jurisdictional disputes;
- Delays;
- Parallel court proceedings;
- Unenforceable awards or settlements; and
- Increased legal costs.

This Guide provides practical drafting models and guidance for:

- Negotiation clauses
- Mediation clauses
- Arbitration clauses
- Multi-tier dispute resolution clauses
- Governing law clauses
- Jurisdiction clauses
- Cross-border agreements
- Construction and commercial contracts
- Employment and partnership agreements

The Guide should always be adapted to the particular transaction and the parties' needs.

Part I – General Principles of Drafting Dispute Resolution Clauses

Keep clauses clear and simple. Use mandatory language such as 'shall'. Draft broad clauses that cover disputes arising out of or relating to the agreement. Avoid pathological clauses that are contradictory or impossible to implement.

i. Keep the Clause Clear and Simple. Avoid unnecessary complexity. A dispute resolution clause should answer:

- How disputes will be resolved;
- Who will administer the process;
- Which law applies;
- Where proceedings will take place;
- Who appoints the neutral;
- Whether the process is binding.
- Avoid contradictory provisions.

ii. Use Mandatory Language

Avoid vague wording such as:

“may refer disputes”

“can consider arbitration”

“parties may attempt mediation”

Use mandatory wording instead:

“shall”

“must”

“will”

Example:

“Any dispute arising out of or relating to this Agreement shall be referred to arbitration...”

iii. Define the Scope Broadly

A narrow clause may leave some disputes outside the process.

Preferred wording:

"Any dispute, controversy or claim arising out of or relating to this Agreement, including its interpretation, performance, breach, termination or validity..."

This captures:

- Contractual disputes;
- Tort-related claims;
- Interpretation issues;
- Validity challenges.

iv. Avoid Pathological Clauses

A "pathological clause" is one that is unclear or impossible to implement.

Examples:

- Referring disputes to a non-existent institution;
- Combining incompatible procedures;
- Failing to specify the appointment mechanism;
- Naming a dead institution;
- Requiring unanimous appointment without fallback procedures.
- Always provide a fallback mechanism.

Part II – Negotiation Clauses

The purpose of negotiation clauses is to encourage parties to resolve disputes amicably before formal proceedings begin. They preserve relationships and reduce costs.

Recommended Clause:

"In the event of any dispute arising out of or relating to this Agreement, the parties shall first attempt in good faith to resolve the dispute through negotiations between senior representatives of the parties.

If the dispute is not resolved within fourteen (14) days of written notice of the dispute, either party may proceed to mediation or arbitration in accordance with this Agreement."

Drafting Tips:

Include:

- Timeframe;

- Notice mechanism;
- Escalation level;
- Next procedural step.

Avoid:

- Indefinite negotiation periods;
- Vague escalation procedures.

Part III – Mediation Clauses

Why Include Mediation?

Mediation:

- Preserves relationships;
- Is confidential;
- Is flexible;
- Saves costs;
- Allows creative settlements.

It is particularly suitable for:

- Employment disputes;
- Family disputes;
- Land Disputes;
- Commercial Disputes;
- Shareholder disputes;
- Construction matters;
- NGO and donor disputes;
- Community conflicts.

Standard PCC Mediation Clause:

"Any dispute arising out of or relating to this Agreement shall first be referred to mediation administered by Praxis Conflict Centre (PCC)

If the dispute is not resolved within thirty (30) days from the appointment of the mediator, either party may refer the dispute to arbitration or litigation as provided under this Agreement."

Optional Provisions

Confidentiality: *"All mediation proceedings shall remain confidential."*

Online Mediation: *"The mediation may be conducted physically, virtually, or in hybrid form."*

Part IV – Arbitration Clauses

Why Arbitration? Arbitration is:

- Private;
- Enforceable internationally;
- Flexible;
- Faster than ordinary litigation;
- Neutral for cross-border transactions.

A. Standard PCC Arbitration Clause

*"Any dispute, controversy or claim arising out of or relating to this contract, including its formation, validity, interpretation, performance, breach or termination, shall be referred to and finally resolved by arbitration administered by **Praxis Conflict Centre** in accordance with the **Praxis Conflict Centre Arbitration Rules** in force at the time of commencement of the arbitration.*

The arbitral tribunal shall consist of [one/three] arbitrator(s).

The seat of arbitration shall be [City, Country].

The language of arbitration shall be [English].

This Agreement shall be governed by the laws of [Jurisdiction]."

B. Expedited Arbitration Clause¹

Expedited arbitration is a fast-track arbitration procedure designed to resolve disputes more quickly, with fewer procedural steps and usually at lower cost than standard arbitration. The purpose is to:

- Reduce delay;
- Reduce cost;
- Simplify procedure;
- Obtain an enforceable award quickly.

It is especially suitable for:

- Smaller commercial disputes;
- Straightforward contractual disputes;
- Urgent business matters;
- SME disputes;

¹ Many disputes in Uganda are suited for the expedited process and lawyers/Counsel are encouraged to consider it.

- Debt claims;
- Construction payment disputes;
- Supply contracts.

Main Differences Between Expedited and Standard Arbitration

Issue	Standard Arbitration	Expedited Arbitration
Speed	Normal timeline	Fast-track
Tribunal	Often 1 or 3 arbitrators	Usually sole arbitrator
Pleadings	Multiple rounds possible	Limited rounds
Hearings	Longer/full hearings	Short or documents-only
Evidence	Extensive discovery possible	Limited evidence
Costs	Higher	Lower
Procedure	Flexible and detailed	Streamlined
Award timeline	Several months to years	Usually 3–6 months
Complexity (Suitable)	For complex disputes	For simpler disputes

When Expedited Arbitration Is Appropriate

It works best where:

- Facts are relatively straightforward
- Dispute value is moderate
- Parties need quick resolution
- Technical complexity is low
- Preserving business relationships matters.

When It Is NOT Appropriate

It may not suit:

- Highly complex disputes
- Major infrastructure claims
- Fraud allegations
- Disputes requiring extensive evidence
- Multi-party international disputes.

Th above often require standard arbitration.

Important Legal Point

- Even though the process is simplified, the award is still:
- Binding
- Enforceable
- A valid arbitral award.

The tribunal must still observe:

fairness;

equality of parties;
right to be heard.

Sample Clause:

"The parties agree that disputes under this Agreement shall be resolved through expedited arbitration administered by Praxis Conflict Centre."

C. Construction Arbitration Clause

"Any dispute arising from or connected with the construction works, certifications, delays, defects, valuations, variations or termination of this Contract shall be referred to arbitration administered by Praxis Conflict Centre."

D. International Arbitration Clause

For cross-border contracts:

"The parties agree that the arbitration shall be international in nature and conducted in accordance with the Praxis Conflict Centre Arbitration Rules."

Additional provisions should include:

- Governing law;
- Currency;
- Language;
- Place of hearings;
- Confidentiality;
- Emergency relief.

Key Elements Of An Arbitration Clause

1. Seat of Arbitration: The seat determines:

- Procedural law;
- Supervisory courts;
- Enforcement framework.

Example:

"The seat of arbitration shall be Kampala, Uganda." Do not confuse the seat with the physical hearing venue.

2. Governing Law: This determines which substantive law applies.

Example:

"This Agreement shall be governed by the laws of Uganda."

3. Language: Especially important in international contracts.

Example:

"The language of the arbitration shall be English."

4. Number of Arbitrators

a) Sole Arbitrator: Suitable for:

- Lower-value disputes;
- Simpler matters.

b) Three Arbitrators. Suitable for:

- Complex disputes;
- High-value transactions;
- International contracts.

5. Appointing Authority. Always specify the institution or fallback mechanism.

Preferred:

"The arbitration shall be administered by [insert Appointing Authority]."

Part V – Multi-Tier Dispute Resolution Clauses

What Are They? These clauses require parties to follow stages such as: Negotiation; Mediation; Arbitration.

PCC Recommended Multi-Tier Clause

"The parties shall first attempt to resolve any dispute arising from this Agreement through good faith negotiations. If the dispute is not resolved within fourteen (14) clear days, the dispute shall be referred to mediation administered by Praxis Conflict Centre.

If the dispute is not settled through mediation within thirty (30) clear days, the dispute shall be referred to and finally resolved by arbitration administered by Praxis Conflict Centre in accordance with its Arbitration Rules.

Benefits of a multi- Tier Clause

- Encourages settlement
- Preserves relationships
- Reduces costs
- Narrows issues

Interim Relief Clauses: Useful In:

- Asset protection
- Injunctions
- preservation of evidence

Sample Clause

"Nothing in this clause shall prevent either party from seeking urgent interim relief from a competent court pending constitution of the arbitral tribunal."

Common Drafting Mistakes

Avoid:

1. Naming the wrong institution

Example:

"International Arbitration Centre of Uganda Limited"

Ensure the institution legally exists.

2. Contradictory clauses

Example:

"Disputes shall be referred exclusively to the High Court and arbitration."

3. Missing seat of arbitration

This creates procedural uncertainty.

4. Unclear timelines

Specify clear periods.

5. Overly complicated clauses

Complexity often creates litigation before arbitration even starts.

Enforceability Considerations

Before finalizing a dispute resolution clause, consider:

- Is arbitration permitted under applicable law?
- Are there mandatory statutory forums?
- Is the dispute arbitrable?
- Will the award be enforceable internationally?

- Is the institution credible and operational?

PCC RECOMMENDATIONS

Praxis Conflict Centre recommends that parties:

- Use institutional arbitration rather than ad hoc arbitration where possible
- Include mediation before arbitration
- Specify the seat and governing law clearly
- Use professionally drafted clauses

Confidentiality Clauses- Recommended Clause

"The parties agree that all dispute resolution proceedings, pleadings, evidence, correspondence, awards and settlements shall remain confidential except where disclosure is required by law or for purposes of enforcement."

seek legal review for cross-border agreements.

Conclusion

A properly drafted dispute resolution clause is one of the most important provisions in any agreement.

It protects:

- Relationships
- Investments
- Confidentiality
- Enforceability
- Commercial certainty

Praxis Conflict Centre remains available to assist parties, businesses, counsel, and institutions in:

- Drafting dispute resolution clauses
- Reviewing contracts
- Designing ADR systems
- Administering mediations and arbitrations
- Conducting ADR training and advisory services

Praxis Conflict Centre

Plot 2 Lugard Road, Nakasero Hill, Kampala, Uganda

ADR Services | Arbitration | Mediation | Training | Consultancy

Email: arbitration@praxis.ug