



Redefining Arbitration: Nigeria's Landmark Win and New Legal Framework

Unpacking the P&ID Verdict: A Milestone in Nigeria's Arbitration Landscape

Recently, Nigeria celebrated a notable win in a long-standing legal battle against Process and Industrial Developments Ltd. (P&ID). The dispute, which lasted over a decade, centered around a failed agreement for P&ID to construct and operate a gas processing plant in southern Nigeria. Initially, the London Court of International Arbitration had ruled against Nigeria, awarding P&ID \$6.6 billion due to Nigeria's failure to fulfill contract terms. However, a few years later, the Commercial Court of England and Wales' set aside the arbitral award and prevented P&ID from enforcing the arbitration award, which had risen to \$11.5 billion, against

Nigeria. Despite P&ID's efforts to overturn this decision—citing reasons that included perjury, bribery, and document irregularities—London's High Court of Justice denied their appeal. The High Court's decision was driven by the principle that a grant of leave to appeal is not just in all circumstances. This effectively ends the contentious arbitration dispute, where the stakes escalated to a staggering \$11.5 billion.

Rethinking Arbitration Appeals under Nigeria's Arbitration and Mediation Act 2023

While the Arbitration and Mediation Act 2023 (the "Act") did not influence the P&ID judgment, the case reflects the evolving landscape of arbitration in



Nigeria, signaling a shift towards stricter arbitral award challenges. Here is what the Act introduces:

- **Defined Grounds for Award Challenges:**

The Act specifies conditions under which an arbitral award can be contested, including legal incapacity, improper notice, disputes outside the arbitration agreement’s scope, and issues with the tribunal’s composition or procedural deviations.

- **Award Review Tribunal:**

This novel mechanism allows for an arbitral award to be reviewed by a second tribunal, offering a potential for setting aside the award based on similar grounds a court would consider. This Tribunal is expected to make a decision within 60 days of formation, with the courts having the authority to reinstate an award the Tribunal sets aside under certain conditions.

Implications for Stakeholders:

- **Enhancing Investor Trust:**

It strengthens investor confidence by enhancing the enforceability and reliability of arbitral awards in Nigeria.

- **Simplifying Dispute Resolution:**

It streamlines the resolution of disputes, reducing

time and costs associated with prolonged legal battles and minimizing disruptions to business operations.

- **Timeous Resolution:**

With the Award Review Tribunal to make its decision, aiming to expedite the resolution of challenges to arbitral awards.

- **Protection of Rights:**

By specifying conditions under which an arbitral award can be contested, the Act aims to safeguard the rights of parties involved in arbitration proceedings.

Get Ahead with SimmonsCooper Partners

As Nigeria’s arbitration and judicial frameworks continue to evolve, understanding the landscape is crucial for businesses and individuals alike.

For expert advice on alternative dispute resolution strategies or insights into how these changes may impact you, SimmonsCooper Partners is your go-to resource. Visit us at www.scp-law.com or email info@scp-law.com for a consultation. Stay informed and secure with our guidance.