



European Investment Bank (EIB)

Luxembourg, 16/12/2022

## Environmental and Social Completion Sheet (ESCS)

### Overview

Project Name:	ETAP SOUTH TUNISIAN GAS
Project Number:	(2012-0053)
Country:	Tunisia
Project Description:	The project will allow gas discovered in the Nawara concession in the south of Tunisia to be delivered to the existing national gas grid in the northern part of the country. The principal components of the project are production wells, flowlines, a central gas receiving, processing facility, a 370 km gas pipeline from Nawara to Gabes, a 10 km condensate pipeline and a gas treatment plant at Gabes.

### Summary of Environmental and Social Assessment at Completion

**EIB notes the following Environmental and Social performance and key outcomes at Project Completion.**

The Project allows gas discovered in the South of Tunisia (Tataouine Governorate) to be produced and delivered to the existing national gas grid in the northern part of the country, through the construction and operation of:

- a 2.9 Mm<sup>3</sup>/d Central Processing Facility (CPF) in the Nawara petroleum concession area, including 9 production wells and a 10 km 6" condensate pipeline connecting to the TRAPSA pipeline,
- a 370 km 10 Mm<sup>3</sup>/d compressed capacity carbon steel pipeline connecting Nawara to Gabes (24", 111 bar design pressure) and
- a Gas Treatment Plant in Gabes (including a 1.4 km 20" pipeline to deliver commercial gas to the gas transmission network and 1.3 km 6"/4" twin pipeline to deliver commercial propane and butane).

The project has two promoters, each having 50% shares in the project:

- OMV (Austria), the project implementation manager (operator), is an experienced international oil and gas company and
- Entreprise Tunisienne d'Activités Pétrolières (ETAP), is the Tunisian state-owned company that engages in upstream petroleum activities.

The Nawara concession covers an area of approximately 528 km<sup>2</sup> and is part of the Ghadames basin, which extends through Algeria, Tunisia and Libya and contains several large oil and gas fields. Most of the project components were constructed in desert areas.

All the above-mentioned main project components, including the condensate pipeline, have been individually subject to a full EIA procedure, including cumulative impact assessments and social impact assessments in accordance with national legislation (*Tunisian Law no. 99-93 of August 17th, 1999 (and amendments) and Decree no. 2005-1991 of July 11th, 2005*).

The main environmental concerns identified at appraisal were typical of those associated with projects with similar characteristics, with limited social and environmental impacts as most of



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the implementation took place in uninhabited desert zones or industrial areas. Where some parts of the project crossed inhabited areas or agricultural areas, appropriate public dialogue, and compensation frameworks mostly for pipelines rights of way were undertaken.

Based on the information provided by the promoters at project completion, there were no significant adverse environmental impacts or risks which were not already mitigated, compensated, or addressed in the ESMP and respective EIA's requirements, with the latter having been appropriately managed by each EPCC contractors.

The promoters' reporting on environmental monitoring and management processes was documented to a limited extent during the project implementation. Some notable activities consisted of the boosting of local small and medium sized enterprises authorized by the Ministry of Environment for hazardous and non-hazardous waste management in line with the 3R's principle (Reduce, Recycle, Reuse).

Reporting on social, safety and security issues as well as on HSSE performance on all project sites was however extensive during project monitoring.

Although the environmental and social impact assessments were available and reviewed at appraisal by the Bank's services, the corresponding approvals were still on-going prior to the operation's financing approval by the Bank.

Thus, the finance contract contains a condition requiring both promoters to provide to the Bank the necessary environmental approvals (also covering social aspects) as well as the confirmation from the competent authorities that the project would not have significant negative effects on sites of nature conservation importance, prior to the disbursement of the Bank's funds. The finance contract also contains undertakings for the promoters to provide the final and approved versions of the Environmental and Social Management Plan, the Resettlement Action Plan (including the Land Acquisition Plan) and the final Security Management Plan for the project as soon as available and in any case prior to the end of 2014.

All the above-mentioned documentation was provided to the Bank's services on time. In particular, the final environmental approvals from the competent authority (ANPE) were issued in 2014 including a statement from the authority that the project will not have significant negative effects on sites of nature conservation importance.

The Resettlement Action Plan was submitted to EIB in December 2014. Three phases of the Land Acquisition and Resettlement Plan (LARP) have been achieved fulfilling all requirements of International Finance Corporation (IFC) guidelines.

An undertaking was also applied by the operator, which was to include the requirements of the environmental and social impact assessments, of the environmental management plans, of any resettlement plan/action as well as the respect of core ILO labour standards, as mandatory parts of construction contracts.

The operator is ISO 14001 and ISO 50001 certified, has a well-established HSSE management system and is being audited by third parties on those aspects. During provisional acceptance, compliance of CPF and GTP facilities with the directive ATEX (Atmospheric Explosion) was checked. Nawara pipeline successfully passed transitions from execute to operate with a full review of HSSE performance during the execute phase.

The operator also reinforced preventive measures and efforts around Covid-19 mitigation and response.



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According to EIB GHG footprint calculations at completion and using the same assumptions as at appraisal (adjusted for actual project deliverables and increased methane GWP to reflect the updated GHG footprint methodology), the project would result in 44 kton CO<sub>2</sub>e/year emissions in a standard year of operation (946 kton CO<sub>2</sub>e/year when accounting for the use of natural gas for power generation - outside the project's boundary). Using the same alternative assumptions as at appraisal, the project would contribute to the savings of -304 kton CO<sub>2</sub>e/year. The emissions at completion are lower than estimated at project appraisal<sup>1</sup>, mostly due to downside adjustments to actual project deliverables.

### Social issues

The project implementation progress was affected by several social demonstrations and blockades at the production sites since 2017, mostly from people seeking employment from the project, being demobilized and subcontractors strikes due to issues such as local labour content. The social situation remained critical over the rest of the implementation period and social unrests erupted again as the Government didn't succeed to implement the extensive action plan promised to the protestors. In 2019, sub-contractor workers were denying demobilization from Nawara project worksites (especially the CPF). New incidents of social unrest occurred in November 2020 in Gabes city where the GTP is located. The movement was led by a group of youth who started the so-called sit-in '**Assoumoud**' (resistance in Arabic), claiming employment. They have also denied entries to industrial zone and blocked activities of Gabes seaport.

The situation stabilized with the extensive engagement from the Tunisian Government in 2020, intensified stakeholder engagement, as well as with the establishment of different social measures, community investment projects and Corporate Social Responsibilities programs (cf. Social Issues section below).

There were also some claims from farmers in the Gabes area over a compensation from the operator due to damages by dust of their trees around the GTP area, which were resolved in Court in the operator's favour.

In addition, given the region's exposure to potential terrorism activities, the operator rolled out safety awareness programs focused on target risk areas and operations, for both its employees and contractors.

As part of its social development plan and to mitigate and/or avoid the social risks on its operations, a Corporate Social Responsibility (CSR) program was established and implemented by OMV in the context of the project. The program covers a set of projects and activities to enhance employment creation and local services in the region (Tataouine and Gabès).

Besides, in order to promote local employment as a means of alleviating social tensions in the region (Gabès, Tataouine), an agreement was concluded between OMV and ETAP.

Despite these issues, the project has nevertheless benefited surrounding communities overall, through local and permanent employment, the boosting of economic activities associated to the project, as well as through the social measures outlined above.

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<sup>1</sup> Although the ESDS indicated that the expected absolute emissions would be 39 kton CO<sub>2</sub>e/year, these figures were corrected later and resulted instead to 50 kton CO<sub>2</sub>e/year.



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**Summary opinion of Environmental and Social aspects at completion:**

EIB is of the opinion based on reports from the promoter and inputs provided by Lenders' Supervisors and others, where applicable, during Construction that the project has been implemented in line with EIB Environmental and Social Standards, applicable at the time of appraisal.